



ANTI-MONEY LAUNDERING POLICY

June 2025

1. Introduction

- 1.1 This Policy applies to all employees, contractors, suppliers, and agency staff of the Council and aims to maintain the high standards of conduct which currently exist within the Council by preventing the Council from being exposed to criminal activity through money laundering. The Policy sets out the procedures which must be followed.
- 1.2 Further information is set out in the accompanying **Procedure Note**. Both the Policy and the Procedure Note sit alongside the Council's Whistleblowing Policy.
- 1.3 Failure by a member of staff to comply with the procedures set out in this Policy may lead to disciplinary action being taken against them. Any disciplinary action will be dealt with in accordance with the Council's Disciplinary Policy and Procedures.

2. Legislation

- 2.1 Legislation concerning money laundering, namely the Money Laundering, Terrorist Financing & Transfer of Funds (Information on the Payer) Regulations 2017, the Proceeds of Crime Act 2002 and the Terrorism Act 2000 broadened the definition of money laundering and increased the range of activities caught by the statutory framework. As a result, the obligations impact on areas of local authority business and they require local authorities to establish internal procedures to prevent the use of their services for money laundering or terrorist financing.

3. Roles and responsibilities

- 3.1 Employees are expected to maintain the highest standards as defined by the Council's Employee Code of Conduct. All staff are expected to adhere to this policy and report any incident of payments that exceed the threshold to the Money Laundering Reporting Officer MLRO.
- 3.2 Service Managers and Managers are responsible for supporting staff, ensuring procedures are adhered to and reminding staff of their duty.
- 3.3 The officer nominated to receive disclosures about potential money laundering activity within the Council is the Council's Section 151 Officer, who is the MLRO, and can be contacted as follows:

Alan Bethune Section 151 Officer
New Forest District Council
Appletree Court
Beaulieu Road
Lyndhurst SO43 7PA
Telephone: 02380 285001
Alan.bethune@nfdc.gov.uk

- 3.4 In the absence of the MLRO, the Assistant Director – Strategy and Engagement (Monitoring Officer) should be contacted.

3.5 The role of the MLRO is to be a point of contact for all employees who have queries relating to the regulations or who wish to report a suspicion and to ensure compliance with the relevant provisions of the Money Laundering Regulations 2007. The MLRO has responsibility to decide if suspicions should be disclosed to the National Crime Agency (NCA). They will also need to decide on what actions to take so to avoid tipping off customers that a suspicion has occurred. The MLRO may need to disclose details to NCA before a transaction is completed.

3.6 The MLRO may also:

- Train other staff and give guidance
- Carry out money laundering risk assessments
- Implement anti money laundering controls
- Prepare annual reports on the business' anti money laundering activity and keep appropriate records
- Monitor business relationships

4. Definitions

4.1 Money laundering is the process of transforming the proceeds of crime and corruption into seemingly legitimate assets. It can also be defined as "a process that makes money with an illegal origin appear legal so that it may be used."

4.2 It is a criminal offence to fail to report suspicions of money laundering activities. The following are offences under the legislation:

- failing to make a disclosure to the designated MLRO as soon as is practicable, information obtained in the course of carrying out business which gives rise to reasonable grounds for knowing or suspecting a person may be engaging in money laundering.
- an MLRO fails to disclose to the National Crime Agency as soon as practicable that they know or suspect, or have reasonable grounds to know or suspect, as a result of information disclosed to them, that a person may be engaging in money laundering activities.
- Tipping Off: If a person knows or suspects that another person's suspected involvement with money laundering is under investigation or in contemplation of investigation and discloses that an investigation into a money laundering offence is being contemplated and that disclosure is likely to prejudice any investigation which might be conducted.
- Prejudicing the investigation: A person knows or suspects that a money laundering investigation has or is about to be commenced in respect of another and makes a material disclosure to any other person which is likely to prejudice the investigation or interferes with relevant material.

5. The Council's obligations

5.1 Organisations conducting "relevant business" must:

- appoint a Money Laundering Reporting Officer (MLRO) to receive

disclosures from employees of suspected money laundering activity (their own or anyone else's);

- Implement a procedure to enable the reporting of suspicions of money laundering;
- apply customer due diligence measures in certain circumstances
- maintain record keeping procedures.

5.2 Relevant business is usually defined as the carrying on of statutory audit work or the participation in financial or real property transactions. However, the safest way to ensure compliance with the law is to apply it to all areas of work undertaken by the Council; therefore, all staff are required to comply with the reporting procedure set out in this policy.

6. The impact on the Council

6.1 Potentially any member of staff could be caught by the money laundering provisions if they suspect money laundering and either become involved with it in some way and/or do nothing about it. The **Procedure Note** gives practical advice, and this Policy sets out how any concerns should be raised.

6.2 Whilst the risk of the Council contravening the legislation is very low, the consequences are extremely serious; therefore, ***it is extremely important that all employees are familiar with their legal responsibilities: serious criminal sanctions may be imposed for breaches of the legislation.***

7. Approach to reporting money laundering

7.1 All payments to the Council accepted in cash that exceed £6,000 should be reported to the MLRO using the Money Laundering Report Form. Evidence of the customer's identity should also be taken.

7.2 Where money laundering activity is suspected of taking, or has taken place, or you become concerned that your involvement in a matter may amount to a prohibited act under the legislation, you must disclose this as soon as practicable to the MLRO by using the Money Laundering Report Form. **The disclosure should be within "hours" i.e. at the earliest opportunity of the information coming to your attention, not weeks or months later. Should you not do so, then you may be liable to disciplinary procedures.**

7.3 The disclosure should be made to the MLRO using the instructions in the attached **Procedure Note and Money Laundering Reporting Form Appendix 1**. The report must include as much detail as possible, for example:

- full details of the people involved (including yourself, if relevant), e.g. name, date of birth, address, company names, directorships, phone numbers, etc.
- full details of the property involved and its whereabouts (if known)
- full details of the nature of their/your involvement
- if any suspicions have been discussed with anyone else
- the types of money laundering activity involved:

- the dates of such activities, including:
 - whether the transactions have happened, are ongoing or are imminent
 - where they took place
 - how they were undertaken
 - the (likely) amount of money/assets involved
- why, exactly, you are suspicious – the MLRO will require full reasons along with any other available information to enable them to make a sound judgment as to whether there are reasonable grounds for knowledge or suspicion of money laundering. This will enable them to prepare their report to National Crime Agency, where appropriate and you should also enclose copies of any relevant supporting documentation

7.4 Once you have reported the matter to the MLRO you must follow any directions they may give you. **You must NOT make any further enquiries into the matter yourself;** any necessary investigation will be undertaken by National Crime Agency. All members of staff will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.

7.5 Similarly, **at no time and under no circumstances should you voice any suspicions** to the person(s) whom you suspect of money laundering, even if National Crime Agency has given consent to a particular transaction proceeding, without the specific consent of the NCA or MLRO; otherwise you may commit a criminal offence of “tipping off”.

7.6 There should be no reference to money laundering on the customer’s file of a report having been made to the MLRO as should the customer exercise their right to see their file via a Subject Access Request, then such a note may tip them off to the report having been made. The MLRO will keep the appropriate records in a confidential manner.

8. Consideration of the disclosure by the Money Laundering Reporting Officer (MLRO)

8.1 The MLRO will send a Suspicious Activity Report (SAR) to the National Crime Agency via their on-line portal if there are sufficient grounds of suspicion or knowledge of money laundering.

8.2 The MLRO will evaluate the report and any other available internal information they consider relevant when determining reasonable grounds, including:

- does the reported conduct fall within that which is potentially criminal?
- Is the reported individual suspected of having gained proceeds of money laundering?
- what factors and information led to the suspicion or knowledge of moneylaundering?
- review other transaction patterns and volumes
- the length of any business relationship involved

- the number of any one-off transactions and linked one-off transactions
 - all due diligence information held and undertake as necessary any such other reasonable inquiries they think appropriate in order to ensure that all available information is considered in deciding whether a report to NCA is required
- 8.3 Once the MLRO has evaluated the disclosure report and any other relevant information, they must make a timely determination as to whether, there is actual or suspected money laundering taking place, or there are reasonable grounds to know or suspect that is the case.
- 8.4 Where the MLRO does so conclude, then they must disclose the matter as soon as practicable to National Crime Agency in the prescribed manner
- 8.5 In cases where legal professional privilege may apply, the MLRO must liaise with the legal adviser to decide whether there is a reasonable excuse for not reporting the matter to National Crime Agency.
- 8.6 Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then they shall mark their report accordingly and give their consent for any ongoing or imminent transaction(s) to proceed.
- 8.7 All disclosure reports referred to the MLRO and reports made to the National Crime Agency must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.

9. Customer due diligence procedure

- 9.1 Where the Council is carrying out certain 'regulated activities', (regulated activity is defined as the provision 'by way of business' of: advice about tax affairs; accounting services; treasury management, investment or other financial services; audit services; legal services or estate) then extra care needs to be taken to check the identity of the customer or client – this is known as carrying out 'Customer Due Diligence'. The situations where Customer Due Diligence is required are outlined below, and included in the procedure notes available to staff. Customer Due Diligence consists of:
- identifying the client and verifying the client's identity on the basis of documents, data or information obtained from a reliable and independent source
 - identifying the beneficial owner (where they are not the client) so that we are satisfied that we know who the beneficial owner is, including, in the case of a legal person, trust or similar legal arrangement, measures to understand the ownership and control structure of the person, trust or arrangement, and
 - obtaining information on the purpose and intended nature of the business relationship.
- 9.2 Where customer due diligence is required, staff in the relevant Service of the Council must obtain satisfactory evidence of the identity of the prospective client, and full details of the purpose and intended nature of

the relationship/transaction, as soon as practicable after instructions are received. The Regulations regarding customer due diligence are detailed and complex, but there are some simple questions that will help decide if it is necessary:

- Is the service a regulated activity (see above)?
- Is the Council charging for the service i.e. is it 'by way of business'?
- Is the service being provided to a customer other than a UK public authority?

If the answer to any of these questions is '**no**' then you do not need to carry out customer due diligence.

Please note that unlike the reporting procedure, the Customer Due Diligence Procedure is restricted to those employees undertaking regulated activities (e.g. Finance and Legal Services)

9.3 If the answer to all these questions is 'Yes' then you must carry out customer due diligence before any business is undertaken for that client. If you are unsure whether you need to carry out customer due diligence, then you should contact the MLRO. Where you need to carry out customer due diligence then you must seek evidence of identity, for example:

- Checking with the customer's website to confirm their business address;
- Conducting an on-line search via Companies House to confirm the nature and business of the customer and confirm the identities of any directors.
- Seeking evidence from the key contact of their personal identity, for example their passport, and position within the organisation.

9.4 The requirement for customer due diligence applies immediately for new customers and should be applied on a risk sensitive basis for existing customers. In the Council, details of proposed transactions are usually, as a matter of good case management practice, recorded in writing in any event and proposed ongoing business relationships are usually the subject of Agreements (legally binding agreements entered into between the Council and third parties) or other written record which will record the necessary details.

9.5 There is also an ongoing legal obligation to check the identity of existing clients and the nature and purpose of the business relationship with them at appropriate times. Opportunities to do this will differ, however one option is to review these matters as part of the ongoing monitoring of the business arrangements, as is usually provided for in the Agreement or other written record. The opportunity should also be taken at these times to scrutinise the transactions undertaken throughout the course of the relationship (including, where necessary, the source of funds) to ensure they are consistent with your knowledge of the client, its business and risk profile. Particular scrutiny should be given to the following:

- complex or unusually large transactions;
- unusual patterns of transactions which have no apparent economic or visible lawful purpose; and
- any other activity particularly likely by its nature to be related to money laundering or terrorist financing.

If satisfactory evidence of identity is not obtained at the outset of the matter, then generally the business relationship or one-off transaction(s) cannot proceed any further and any existing business relationship with that client must be terminated.

10. Monitoring and keeping records

- 10.1 Each Service Unit of the Council conducting regulated business must monitor, on an ongoing basis, their business relationships in terms of scrutinising transactions undertaken throughout the course of the relationship (including, where necessary, the source of funds) to ensure that the transactions are consistent with their knowledge of the customer, its business and risk profile.
- 10.2 The Council must also maintain records of:
- customer identification/verification evidence obtained (or references to it), and
 - details of all regulated business transactions carried out for customers for at least five years from the end of the transaction/relationship. This is so that they may be used as evidence in any subsequent investigation by the authorities into money laundering.
- 10.3 The precise nature of the records is not prescribed by law however they must be capable of providing an audit trail during any subsequent investigation, for example distinguishing the customer and the relevant transaction and recording the source of, and in what form, any funds were received or paid. In practice, the Service Units of the Council will be routinely making records of work carried out for customers in the course of normal business and these should suffice in this regard.
- 10.4 All disclosure reports referred to the MLRO and reports made to the National Crime Agency must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.

11. Supply Chain

- 11.1 The Council procures supplies, services, and works from a wide range of suppliers in full compliance with the Procurement Act 2023 and the Council's Contract Standing Orders.
- 11.2 As part of the tendering process, potential suppliers must complete a self-declaration questionnaire which seeks confirmation and assurances of their professional business standing, and specifically whether their organisation or any director has been convicted of any fraud, bribery, or concealment offences, including money laundering.

- 11.3 Should Council officers have serious concerns around a supplier's policies and behaviours in relation to money laundering, this should immediately be referred to the Council's procurement team as well as the supplier's Contract Manager and the Council's Monitoring Officer.

12. Training

- 12.1 The Council will take appropriate measures to ensure that all employees are made aware of the law relating to money laundering and will arrange targeted, ongoing, training to key individuals most likely to be affected by the legislation. The Council has a new Learning Management System LMS with a specific Fraud Prevention E-learning package, which includes the topic of Money Laundering, and all staff will be required to complete these every 2 years. A reminder of the procedures will be undertaken annually.

13. Risk management and controls

- 13.1 The risk to the Council of contravening the anti-money laundering legislation will be assessed on a periodic basis and the adequacy and effectiveness of the Anti-Money Laundering Policy, Guidance and procedures will be reviewed in light of such assessments.
- 13.2 The adequacy and effectiveness of, promotion of, and compliance by employees with, the documentation and procedures will be monitored by the MLRO.

14. Review of the policy

- 14.1 The Policy will be subject to review every three years.

NFDC ANTI MONEY LAUNDERING PROCEDURES

INTRODUCTION

Money Laundering is the process by which criminally obtained money or other assets are exchanged for 'clean' money or other assets leaving no obvious link to their criminal origins.

This could affect NFDC in the following areas:

- Right to buy payments
- Purchases of Council assets such as land and buildings
- Payment of Rent, Council Tax or Business Rates
- Payment of Housing Benefit Overpayments

TRAINING

The Council will train you if you are an employee who may come into contact with people involved in money laundering or terrorist financing, so that you are aware of the legislation and your personal responsibilities.

The Council will also train you in how to recognise and deal with transactions that may be related to money laundering or terrorist financing.

Particular topics include:

- The law regarding money laundering offences
- The businesses policy and procedures relating to prevention of money laundering
- Identification and 'know your customer' procedures
- Recognition and handling of transactions
- Internal reporting
- Record keeping

This training should be repeated at least every two years.

IDENTIFICATION

In the following circumstances the Council must take appropriate steps to confirm the identity of a person or business who is (or who is applying to) do business with the Council:

- where the Officer dealing with the transaction knows or suspects that money laundering is going on; or
- where a one-off transaction involves a cash payment by the other person or business of £6,000 or more; or
- where there are multiple cash, payments totalling £6,000 or more with the same person or business and which appear to be linked.

You must check and retain evidence of everyone in the chain. This includes when your customer is, or appears to be, acting on behalf of someone else.

You must complete the Money Laundering Report Form and send it to the Money Laundering Reporting Officer for all cash transactions over £6,000.

You should:

- Check evidence of ID when you receive the first high value payment
- Retain a photocopy of the original evidence provided (date and sign copy with 'original seen' and photo ID – 'good likeness of applicant')

Why is the evidence important?

You must be satisfied that your customer is who they say they are by checking evidence of their name and address, non-compliance is a criminal offence.

FORMS OF IDENTIFICATION EVIDENCE - INDIVIDUALS

The following combinations of evidence are acceptable:

- Full passport OR full driving licence or
- TWO forms of secondary identification

Secondary forms of identification may include:

- Bank account statements, or recent official correspondence like telephone, utilities, or water bills.

We must take reasonable steps to satisfy ourselves that the customer is who they claim to be. If the customer refuses to supply sufficient evidence of identity, then we will refuse the payment.

GOOD PRACTICE

It is good practice to try and obtain a date of birth (DOB) and keep a record of it. Then check to see if the DOB is consistent with the apparent age of the customer.

Check the customers' signature with the signatures on the customers' identification evidence.

FORMS OF IDENTIFICATION EVIDENCE - BUSINESSES

You should consider why the customer is purchasing goods in cash.

Where the customer is a limited company you should identify the individuals you deal with who have authority within that company to move funds and obtain details of the company's:

Registered number
Corporate name
Trading names
Registered address
Business activity

All these details should be held in an account file and kept for five years after you finish 'dealing' with the customer.

The Account file should include:

- The name of the customer
- Evidence of identification
- A record of the transaction and
- Copies of disclosures you may have made

WHAT IS MEANT BY SUSPICIOUS?

Activity which does not fit with the normal course of business.

Indicators leading to Suspicions:

- Is checking their identity proving difficult?
- Is there a genuine reason to be paying in large sums of cash?
- Is the customer paying with used notes or in small denominations?
- Is the source of the cash known and reasonable?
- Are there any unusual requests?
- With existing customers is the payment reasonable, consistent and within the normal payment pattern?

Any suspicions should be reported to the MLRO as soon as possible. If suspicion is raised before the transaction is completed, report to the MLRO and await consent before completing the transaction. The report should be made in writing.

RECORD KEEPING

In accordance with the Data Protection Act 1998, information should not be held for longer than necessary. However, S.19 Money Laundering Regulations 2007 require that records of a customer's identity, evidence and supporting records in respect of a business relationship or occasional transaction that is the subject of customer due diligence should be kept for 5 years after the end of a business relationship to enable law enforcement to reconstruct business transactions and to provide a clear audit trail of the business we have conducted.

CONFIDENTIAL

Report to Money Laundering Reporting Officer

Reporting of Money Laundering Activity

To: Money Laundering Reporting Officer or Deputy

From:
[insert name of employee, including post title]

Service Area:
Ext/Tel No:
Date by which response needed:

REPORTING OF CASH TRANSACTION IN EXCESS OF £6,000:

Full name(s) and address(s) of person(s) involved:
If a company/public body, please include details of nature of business

Summary of transaction and customers role:
Please include full details e.g. value, source of funds, what they are paying for, why, when, where, how, e.g. cash.

Please provide details of the identification seen:

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REPORTING OF SUSPECTED MONEY LAUNDERING ACTIVITY:

Name(s) and address(s) of person(s) involved:
If a company/public body, please include details of nature of business

Summary of transaction and customers role:
Please include full details e.g. value, source of funds, what they are paying for & why, date, where, how, cash, bank transfers.

Reason for suspicions regarding such activity:

Has any investigation been undertaken (as far as you are aware)? Yes/No
If yes, please include details below:

Have you discussed your suspicions with anyone else? Yes/No

If yes, please specify below, explaining why such discussion was necessary:

Do you feel there is a reasonable excuse for the Money Laundering Reporting Officer to not disclose the matter to the NCA? (e.g. are you a lawyer and wish to claim legal professional privilege? Yes/No
Please give any further information you feel is relevant

Signed: Dated:
Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping off offence.

THE FOLLOWING PART OF THIS FORM IS FOR COMPLETION BY THE MLRO

Date Report Received:

CONSIDERATION:

Consider: type of transaction, large amounts of cash, offshore funds. Third party involvement, identity of party difficult to establish or reluctance. Is the source of the funds available. Previous cancellation of earlier transactions, patterns?

OUTCOME OF CONSIDERATION:

Are there reasonable grounds for suspecting money laundering activity? Yes/No

If there are reasonable grounds for suspicion, will a report be made to the National Crime Agency (NCA)? Yes/No

If yes, please confirm date of report to NCA:
[Please complete the details below]

Details of liaison with the NCA regarding the report:
Name of liaison person:

Notice Period:

Moratorium Period:

Is consent required from the NCA to any on-going or imminent transactions which would otherwise be prohibited acts? Yes/ No
If yes, please confirm full details below:

Date consent received from NCA:
Date consent given by you to employee:

If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to the NCA, please set out below the reason(s) for non-disclosure:
[Please set out any reasonable excuse for non-disclosure]

Date consent given by you to employee for any prohibited act transactions to proceed:

Signed:
Dated:

THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS