



DISTRICT COUNCIL  
NORTH OXFORDSHIRE

# **ANTI-MONEY LAUNDERING POLICY**

## **Index**

<b>Section</b>	<b>Contents</b>
<b>1</b>	Introduction
<b>2</b>	Scope of the policy
<b>3</b>	What is Money Laundering?
<b>4</b>	How to Report Concerns
<b>5</b>	Responsibilities
<b>6</b>	Policy Review

**Annex A** – Signs of Potential Money Laundering

**Annex B** – Money Laundering Officer Disclosure Process

**Annex C** – Suspicious Activity Reporting Form

# 1 Introduction

- 1.1 Money laundering is the process of taking profits from crime and corruption and transforming them into legitimate assets. It takes illegally obtained money and converts it into other assets so they can be reintroduced into legitimate commerce. This process conceals the true origin or ownership of the funds, and so 'cleans' or 'launders' them. Money or assets gained as a result of crime can ultimately be used to fund terrorism.
- 1.2 Cherwell District Council undertakes transactions and delivers services which can fall under UK anti-money laundering legislation, which includes, but is not limited to:
  - the Terrorism Act 2000
  - the Proceeds of Crime Act 2002
  - the Money Laundering, Terrorist Financing, and Transfer of Funds (Information on Payer) Regulations 2017
  - the Criminal Finance Act 2017
  - the Money Laundering Regulations.
- 1.3 Anti-money laundering legislation has been updated regularly by the Government in recent years. While the legislation does not specifically target local authorities, some types of council activity can fall under the requirements of the law. It is therefore important for councils to assess money laundering risks and put sufficient controls in place to prevent their organisation from being used for money laundering.
- 1.4 All employees should be aware of the threat of money laundering, the need to report suspicions of money laundering, and the consequences of not following the principles and processes set out in this policy. A list of key risk factors for employees to be aware of is included in Annex A.
- 1.5 The Council has a Money Laundering Reporting Officer (MLRO) who is responsible for raising awareness of the issue within the Council and reporting appropriate concerns to the National Crime Agency (NCA) when they arise. The MLRO is the Assistant Director of Finance (Section 151 Officer) who can be contacted on 01295 221845. If the MLRO is unavailable the Council has a Deputy MLRO. The Deputy MLRO is the Head of Finance (Deputy Section 151 Officer) who can be contacted on 01295 221545.

- 1.6 This policy contains a form that should be submitted to the MLRO when money laundering concerns arise (Annex C). This form may be used by any employee to report a suspected issue.

## **2 Scope of the policy**

- 2.1 This policy applies to all employees of the Council. It aims to maintain the high standards of conduct expected by the Council by preventing criminal activity through money laundering.
- 2.2 To ensure the Council complies with its legal obligations, all employees must be aware of the content of this policy. Failure by an employee to comply with the procedures set out in this policy may lead to disciplinary action being taken against them and could constitute a criminal offence. Any disciplinary action will be dealt with in accordance with the Council's Disciplinary Policy and Procedure.
- 2.3 Money laundering legislation sets out some activities that are subject to specific requirements. These are areas that are at greater risk of being targeted by criminals for money laundering (for example certain financial and legal services, and those dealing in property sales and acquisitions). These areas, amongst others, are known as regulated activities. Work undertaken by the Council for external clients may fall under the definition of regulated activity. This is generally in higher risk areas such as:
- accounting and treasury management services
  - legal and company related work
  - property services
  - payroll services.
- 2.4 Employees considering undertaking work for external clients that could be considered regulated activity need to be aware of more detailed requirements required by the money laundering regulations. Any employee or service considering undertaking work for external parties should consult the MLRO before taking action to ensure money laundering requirements are met.

## **3 What is money laundering?**

- 3.1 Money laundering is a general term for any method of disguising the origin of assets obtained through crime. Assets including money and property are described as "criminal property" in legislation. Criminal property may be the proceeds of any criminal activity including terrorism, drugs trafficking, corruption, tax evasion and theft. The purpose of money laundering is to hide the origin of the criminal property so that it appears to

have come from a legitimate source. Unfortunately, no organisation is safe from the threat of money laundering, particularly where it is receiving funds from sources where the identity of the payer is unclear. There is therefore a real risk that the Council may be targeted by criminals seeking to launder the proceeds of crime.

3.2 It is possible that the proceeds of crime may be received from individuals or organisations who do not know that the assets involved originated from criminal activity. However, this could still be an offence under the legislation. It is no defence for a payer or recipient of funds to claim that they did not know that they were committing an offence if they should have been aware of the origin of assets. All employees dealing with the receipt of money or having contact with third parties from whom money may be received need to be aware of the possibility of money laundering taking place.

3.3 Money laundering offences include:

- concealing, disguising, converting, transferring criminal property or removing it from the UK;
- entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person;
- acquiring, using or possessing criminal property;
  - an attempt, conspiracy or incitement to commit such an offence; or
  - aiding, abetting, counselling or procuring such an offence;
- becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property.

3.4 The broad definition of money laundering means that the legislation applies to a very wide range of everyday activities within the Council. This means that any employee (irrespective of what sort of work they do at the Council) could encounter money laundering and be required to report it.

3.5 Whilst the risk to the Council of contravening the legislation is relatively low, **it is important that all employees are familiar with their responsibilities. Serious criminal sanctions may be imposed for breaches of the legislation.** Any person found guilty of a money laundering offence is liable to imprisonment (maximum sentence of 14 years), a fine or both. However, an offence is not committed if any suspected money laundering activity is reported to the Council's MLRO

and, where necessary, official permission is obtained to continue with a transaction<sup>1</sup>.

### **Potential signs of money laundering**

- 3.6 It is not possible to give a definitive list of how to spot potential money laundering. The following are examples of major risk factors which may, either alone or cumulatively with other factors, suggest the possibility of money laundering activity. A more exhaustive list is contained in Annex A.

#### Risk factors

- Payment of a substantial sum in cash (over £10,000).
  - A secretive client or customer: for example, they refuse to provide requested information without a reasonable explanation, don't want to provide identification, or they supply unsatisfactory identification.
  - Concerns about the honesty, integrity, identity, or location of a client or customer.
  - The cancellation or reversal of an earlier transaction (where the client or customer is likely to request the return of previously deposited monies).
  - Any other activity which by its nature is likely to be related to money laundering, tax evasion, or terrorist financing.
- 3.7 Facts which tend to suggest that something odd is happening may be sufficient for a reasonable suspicion of money laundering to arise. Be on the look-out for anything out of the ordinary. If something seems unusual, stop and question it. If any employee is unsure of a transaction, then further advice should be sought from the MLRO.

## **4 How to report concerns**

- 4.1 Where an employee knows or suspects that money laundering activity is taking place (or has already) they must disclose this as soon as possible to the MLRO.
- 4.2 The disclosure should be made to the MLRO using the form in Annex C. The report must include as much detail as possible. It should contain all available information to help the MLRO decide whether there are reasonable grounds to show knowledge or suspicion of money laundering. The MLRO will use this information to prepare a report to the National

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<sup>1</sup> Where money laundering is suspected the MLRO will report this to the National Crime Agency (NCA). The NCA may give permission to proceed with a suspect transaction – for example to avoid those involved becoming alert to suspicions having been raised.

Crime Agency (NCA) if needed. Copies of any relevant supporting documentation should be sent to the MLRO along with the form.

- 4.3 Once an issue has been reported to the MLRO, employees must follow any directions they may give. Employees must not make any further enquiries into issues themselves. If an investigation is needed it will be carried out by the NCA. All employees are required to cooperate with the MLRO and the NCA (or other external authorities such as the police) during any subsequent money laundering investigation.
- 4.4 Employees must at no time and under no circumstances voice any suspicions to people who they suspect of money laundering (or to anyone other than a line manager (unless possibly implicated) or the MLRO). Doing so could result in a criminal offence (“tipping off”) being committed.
- 4.5 No references should be made on any council files or systems that a report has been made to the MLRO. If a customer exercised their right to see a record (for example through a subject access request under data protection legislation) then a note could tip them off to a report having been made. The MLRO will keep appropriate records in a confidential manner.
- 4.6 The MLRO will advise the employee of the timescales in which they will respond to the report. They may wish to discuss the report with the employee and gather further information.

## **5 Responsibilities**

- 5.1 The Council has a responsibility to prevent money laundering from occurring within the organisation whether that be in the course of day-to-day business or any work that is considered to be regulated activity. It is the responsibility of every employee to be vigilant and report any concerns of money laundering.
- 5.2 The Money Laundering Reporting Officer (and deputy) have responsibility for receiving reports of suspicions of money laundering, considering those reports and, where appropriate, submitting reports to the National Crime Agency (see Annex B). The MLRO will convey instructions from the NCA eg, to halt or proceed with a transaction. They will also maintain records of all reports on behalf of the Council.
- 5.3 The Head of Internal Audit will ensure there is an independent audit function to evaluate and make recommendations about the policies, controls, and compliance in relation to anti-money laundering. Veritau will regularly promote awareness of the Anti-Money Laundering policy to all employees.

## **6 Policy review**

- 6.1 This policy will be reviewed every three years or as soon as any significant changes to anti-money laundering legislation, regulations, or guidance occurs. If no revisions are made to the policy, it will remain in place until any changes are proposed.

**POLICY APPROVED 20 November 2024**



## Annex A

### Signs of potential money laundering

It is not possible to give a definitive list of ways in which to identify money laundering, however the following are types of risk factors which may, either alone or cumulatively, suggest possible money laundering activity.

#### Concerns about transactions

- Payment of a substantial sum in cash (over £10,000).
- Complex or unusually large transactions or systems.
- The source or destination of funds differs from the original details given by the client.
- Movement of funds overseas, particularly to a higher risk country or a tax haven<sup>2</sup>.
- Where, without reasonable explanation, the size, nature and frequency of transactions or instructions (or the size, location, or type of a client) is out of line with normal expectations. For example, the use of cash where other means of payment are normal.
- Unusual patterns of transactions which have no apparent economic, efficient, or visible lawful purpose.
- Transactions at substantially above or below fair market rates.

#### Other activity of concern

- Transactions that don't seem logical from a third party's perspective. For example, receipt of unexpected funds, or unnecessary routing of transactions through another party's accounts.
- Overpayments by a client (or money given on account). Care needs to be taken, especially with requests for refunds. For example, if a significant overpayment is made which results in repayment being needed – this should be properly investigated and authorised before payment.
- Helping to set up trusts or company structures, which could be used to obscure ownership of property.
- The cancellation or reversal of an earlier transaction (where the client is likely to request the return of previously deposited monies).
- Requests for release of client account details other than in the normal course of business.

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<sup>2</sup> See Financial Action Task Force list of high risk countries, <https://www.fatf-gafi.org/en/topics/high-risk-and-other-monitored-jurisdictions.html>

- Companies and trusts:
  - Bodies with a complicated ownership structure, which could conceal underlying beneficiaries.
  - Extensive use of corporate structures and trusts in circumstances where the client's needs are inconsistent with the use of such structures.
- Any other activity which by its nature is likely to be related to money laundering, tax evasion, or terrorist financing.

#### Concerns about a client

- A secretive client: for example, they refuse to provide requested information without a reasonable explanation, don't want to provide identification, or they supply unsatisfactory identification.
- A client you have not met.
- Difficulties in establishing the identity of the client.
- Concerns about the honesty, integrity, identity, or location of a client. For example, a client who is not present in the area and where there is no good reason why they would have dealings with the Council; or information reveals that a client is linked with criminality.
- Involvement of an unconnected third party without logical reason or explanation.
- Absence of an obvious legitimate source of the funds.
- Poor business records or internal accounting controls.
- Individuals or companies that are insolvent yet have funds.
- A previous transaction for the same client which has been, or should have been, reported to the MLRO.

#### Concerns about property transactions

- A cash buyer.
- Sudden change of buyer.
- The client's financial profile does not fit.
- Unusual property investment transactions if there is no apparent investment purpose or rationale.
- Instructions to receive and pay out money where there is no linked substantive property transaction involved (surrogate banking).

- Funds received for deposits or prior to completion from an unexpected source, or where instructions are given for settlement funds to be paid to an unexpected destination.
- No clear explanation as to the source of funds along with a lack of clarity as to how the client would be in a position to finance the purchase.
- Money comes from an unexpected source.

## Annex B

### Money Laundering Report Officer Disclosure Process

- 1.1 It is important that the appointed MLRO (and deputy) are aware of the National Crime Agency's (NCA) processes for submitting suspicious activity reports (SARs). SARs should be submitted via the SAR Online platform. On appointment the MLRO (and deputy) should create an account on SAR Online promptly<sup>1</sup>.
- 1.2 Upon receipt of a disclosure report, the MLRO must note the date of receipt on their section of the AML Reporting Form (Annex C) and acknowledge receipt of it.
- 1.3 The MLRO should consider the report and any other available internal information they think relevant, for example:
  - reviewing other transaction patterns and volumes;
  - the length of any business relationship involved;
  - the number of any one-off transactions and linked one-off transactions;
  - any due diligence information held;and undertake such other reasonable enquiries they think appropriate in order to ensure that all available information is taken into account in deciding whether a report to NCA is required (such enquiries being made in such a way as to avoid any appearance of tipping off those involved).
- 1.4 The MLRO should consider NCA guidance on how and when to submit a SAR<sup>2</sup> in evaluating the AML Reporting Form and any other relevant information. The MLRO should make a timely determination as to whether:
  - there is actual or suspected money laundering taking place;
  - there are reasonable grounds to know or suspect that is the case;
  - the identity of the money launderer or the whereabouts of the property involved is known, or they could be identified, or the information may assist in such identification;
  - whether they should seek consent from NCA for a particular transaction to proceed.
- 1.5 The MLRO should also consider whether the report indicates suspicions of other crimes that should be reported to the Police, eg a vulnerable person

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<sup>1</sup> See NCA [SAR Online User Guidance](#).

<sup>2</sup> See NCA [Guidance on submitting better quality Suspicious Activity Reports](#).

or child at immediate risk of harm, supply of firearms, or modern slavery/human trafficking.

- 1.6 If the MLRO concludes that the matter should be reported then they should do that as soon as practicable via NCA's [Online SAR Portal](#), unless there is a reasonable excuse for non-disclosure to NCA (for example, if the form has been completed by a lawyer and they wish to claim legal professional privilege<sup>3</sup> for not disclosing the information).
- 1.7 Where the MLRO suspects money laundering but has a reasonable excuse for non-disclosure, then they must note this on the AML Reporting Form; they can then immediately give their consent for any ongoing or imminent transactions to proceed.
- 1.8 Where consent is required from NCA for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until the NCA has specifically given consent, or there is deemed consent through the expiration of the relevant time limits without objection from NCA.
- 1.9 If the MLRO concludes that there are no reasonable grounds to suspect money laundering then they should record this on the AML Reporting Form and give their consent for any ongoing or imminent transaction(s) to proceed.
- 1.10 All disclosure reports referred to the MLRO, reports made to NCA, and any subsequent communications from the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.

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<sup>3</sup> 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 NCA.



Current Address?	Yes, No, Unknown
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Company Name		Companies House Number	
Company Type		Name of Officer(s) representing Company	
Address			
Address Type	Accommodation Address, Foreign Address, Home Address, Other, Previous, Registered Office, Trading Address, UK Address, Unknown		
Current Address?	Yes, No, Unknown		

**Additional Information** - fill in any of these, if known

Email address	
Website address	
Car registration	
Mobile number (home or work)	
NHS number	
National Insurance number	
Passport No	
Phone number (home or work)	
Tax Ref number	

**Associated Subject** – any joint account holders, on the account to be used for the transaction

<b>Subject Status</b>	Victim, Suspect, Unknown		
<b>Surname</b>		<b>Forename(s)</b>	
<b>Title</b>		<b>Gender</b>	
<b>Date of Birth</b>		<b>Occupation</b>	
<b>Address</b>			
<b>Address Type</b>	Accommodation Address, Foreign Address, Home Address, Other, Previous, Registered Office, Trading Address, UK Address, Unknown		
<b>Current Address?</b>	Yes, No, Unknown		

**Details of Transaction**

<b>Date</b>		<b>Amount</b>	
<b>Credit/Debit</b>		<b>Currency</b>	
<b>Property</b>			
<b>Type</b>	Cash, Property Transaction, Cash/Cheque, Cheque, Credit Card, Currency, Draft, Electronic Transfer, Loan, Mixed, Mortgage, On-Line, Other, policy, Purchase, Share Transfer, Smart Card, Travellers Cheques, Unknown, Wire Transfer		



## Details of the subject's account

Account Holder		Account Number	
Institution Name		Sort Code	
Date Opened		Date Closed	
Account Balance		Balance Date	
Turnover Credit		Turnover Debit	
Turnover Period			

## Reason for Suspicion

Please provide as much information as possible, including,

- (i) the information or other matter which gives the grounds for your knowledge, suspicion or belief;
- (ii) a description of the property that you know, suspect or believe is criminal property; and
- (iii) a description of the prohibited act for which you seek a defence (by prohibited act, we mean the proposed activity that you are seeking a defence to undertake).

## Enquiries already undertaken

Please answer the questions below and provide as much information as possible, including,

- (i) Is the report about an ongoing transaction? What is the current state of the transaction?
- (ii) Has the matter been investigated? By whom and what were the findings?
- (iii) Have you discussed your suspicions with anyone else? If yes then to whom and why was this necessary?
- (iv) Have you consulted any supervisory body guidance eg the Law Society?
- (v) Do you feel you have a reasonable explanation for not disclosing this matter to NCA (eg you are a lawyer and wish to claim legal professional privilege?)

## **To be completed by MLRO**

Date report received	Click or tap to enter a date.		
Date receipt of report acknowledged	Click or tap to enter a date.		
Are there reasonable grounds for suspecting money laundering activity?	Yes	<input type="checkbox"/>	No <input type="checkbox"/>

Do you know the identity of the alleged money launderer, or whereabouts of the property concerned?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Do the circumstances described above meet the NCA's threshold to submit a Suspicious Activity Report (SAR) to obtain a Defence Against Money Laundering (DAML)?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to NCA, or it would not meet their threshold, please set out the reasons for non-disclosure				
Date SAR is sent to the NCA (if applicable)	Click or tap to enter a date.			

Signed .....

Date: Click or tap to enter a date.

Signed (MLRO).....

Date: Click or tap to enter a date.

**THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS**