

# Appendix A



## **Anti-Fraud, Bribery and Corruption Strategy (including Anti-Money Laundering Policy) October 2023**

### **POLICY STATEMENT**

Derbyshire Dales District Council expects that both Members and Officers will demonstrate the highest standards of behaviour in the conduct of public business.

In undertaking its functions and activities, the Council will not tolerate any form of fraud, corruption, bribery, abuse of position or other malpractice, whether it is attempted by persons or organisations within or external to the Council.

The Council is committed to working in an open, honest and fair way and will:

- Maintain a policy and culture characterised by zero tolerance of fraud and malpractice
- Encourage and promote the prevention of fraud, bribery and corruption or other malpractice
- Promote the detection of fraud, bribery, corruption or other malpractice
- Maintain clear procedures for investigation and further action where necessary

It is expected that Members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures, practices and probity.

The Council also expects that individuals and organisations, with which it comes into contact, will act towards the Council with honesty and integrity.

The Council expects all partners in both public and private sectors to establish robust and transparent governance arrangements.



## **Anti-Fraud, Bribery and Corruption Strategy**

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# Anti-Fraud Bribery and Corruption Strategy

## 1. INTRODUCTION

1.1 The Council is opposed to all forms of fraud and corruption. It recognises that fraud and corruption undermine the standards of public service which it promotes and reduce the resources available for the good of the whole community and erodes public confidence in our governance.

1.2 The Anti-Fraud, Bribery and Corruption Strategy is designed to: -

- provide a clear statement of values;
- encourage prevention;
- promote detection,
- act as a deterrent; and
- set out a clear approach for investigation of any concerns, complaints etc.

1.3 **Fraud** is defined as:

- The intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets or otherwise for gain.
- Failure to disclose information where there is a legal duty to do so.
- False Representation.
- Abuse of Position

**Corruption** is defined as:

*The offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.*

**Theft** is defined as:

*A person shall be guilty of theft if they dishonestly appropriate property belonging to another with the intention of permanently depriving the other of it.*

**Bribery** is defined as:

*An inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.*

Or

Giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward that person for already having done so.

Bribery Includes:

- Bribery of another person
- Accepting a Bribe
- Failure to prevent or disclose Bribery

- 1.4 Benefit fraud is where a person,
- a) makes a false statement or representation; or
  - b) causes or allows a false statement or representation; or
  - c) fails to notify a change of circumstances; or causes or allows another person to fail to notify a change of circumstances for the purpose of obtaining or increasing entitlement to housing benefit/council tax support for themselves or another.
- 1.5 This document presents a Strategy for an Open and Honest Council characterised by a clear policy of Zero tolerance of Fraud, Bribery, Corruption and related activities. The sections which follow set out the framework which it is intended will help secure that objective.

## 2. **CULTURE**

- 2.1 The Council is determined that the culture and tone of the organisation will continue to be one of honesty and opposition to fraud and corruption, bribery, money laundering and any activity of this nature.
- 2.2 All individuals and organisations associated with the Council are required to act with integrity and probity. Council staff and Members, at all levels, will lead by example.
- 2.3 The Council's staff are an important element in its stance on fraud, corruption, bribery, money laundering etc. They are encouraged to raise any concerns and can do this in the knowledge that these will be treated in confidence and properly investigated.
- 2.4 This commitment to investigate the concerns of any members of staff has been formally acknowledged by the Council by the adoption of a Confidential Reporting (Whistleblowing) Policy. The Confidential Reporting (Whistleblowing) Policy aims to set out how issues can be raised in good faith and without fear of recrimination to help ensure that the District Council operates in a safe and ethical manner. It is recognised that most cases will need to be dealt with confidentially.
- 2.5 Full copies of the Confidential Reporting (Whistleblowing) Policy are available on the Council's Intranet or in printed format if required. It should be noted that the Confidential Reporting (Whistleblowing) Policy covers all issues (not just fraud and corruption, bribery, money laundering etc).

2.6 Where either staff or members of the public have concerns there are a number of channels available to report these concerns through:

- The Chief Executive
- Directors
- Managers
- The Monitoring Officer
- The Internal Audit Consortium Manager/Senior Auditor
- The Council's External Auditors
- The Confidential Reporting (Whistleblowing) Policy
- Or through the Council's Complaints Procedure

Alternatively, benefit fraud can be reported directly to the Department for Work and Pensions at their website.

2.7 Senior Management are responsible for following up any allegation of fraud or corruption received and will do so by taking the following action: -

- immediately informing the Director of Resources or the Internal Audit Consortium Manager/Senior Auditor or the Chief Executive;
- recording and securing and keeping safe all evidence received and collected;
- ensuring that evidence is sound and adequately supported;
- implementing Council disciplinary procedures where appropriate;
- where the matter is raised through the Confidential Reporting (Whistleblowing) Policy, responding in accordance with that Policy.

2.8 Senior Management are expected to deal swiftly and firmly with those who defraud the Council or who are corrupt.

2.9 The investigation process must not be misused and any abuse, such as raising malicious allegations, will be dealt with as a disciplinary matter.

### 3. **PREVENTION**

#### 3.1 **Staff**

3.1.1 Staff recruitment will be in accordance with the Council's Recruitment and Selection procedures particularly with regard to the obtaining of written references. These will be used to assist in verifying the previous record of potential staff in terms of propriety, integrity and probity. All recruitment processes must involve the Human Resources Section.

3.1.2 Employees of the Council must follow the Code of Conduct which is included in the Council's Constitution

3.1.3 Employees must declare in writing any circumstances where their personal interests (financial and non-financial) may conflict with those of the Council e.g. processing a planning application form for a relative or friend. Forms are available from the Monitoring Officer

on which to make declarations. Any concerns regarding a potential conflict of interest must be discussed with a senior manager.

- 3.1.4 The Council has in place agreed disciplinary procedures which management and employees must follow.
- 3.1.5 Many procedures have been designed to ensure that the work of one member of staff is checked by another. These types of checks are important deterrents to fraud. Managers must ensure that all staff have access to procedural guidance and should periodically confirm that the agreed procedures are being operated.
- 3.1.6 Where necessary staff will receive appropriate training to ensure that they are equipped to identify and tackle fraud related matters.
- 3.1.7 Investigation officers will receive appropriate levels of training ensuring high quality investigations. This will include training by other professional investigation bodies such as the police.
- 3.1.8 Any data matches raised by the National Fraud Initiative will be investigated. The provisions of the 2018 Data Protection Act will be applied.

## 3.2 **Members**

3.2.1 Councillors and co-opted members must follow the rules in Part 5 of the Council's Constitution, including:

- General Principles of Conduct
- Members' Code of Conduct
- Code of Conduct on Planning Matters
- Summary of other rules affecting members' conduct
- Protocol on Member / Officer Relations

Councillors learn about these rules as part of the induction process and further ongoing training will be provided as appropriate.

- 3.2.2 The Council has a Governance and Resources Committee to deal with standards of conduct and probity of Councillors.
- 3.2.3 Members are expected to declare any interests at the start of all committee meetings and in addition to this complete the register of Members interests.

## 3.3 **Systems**

3.3.1 It is a management responsibility to maintain the internal control system. This includes the responsibility for the prevention of fraud and other illegal acts. By undertaking an agreed plan of work,

internal audit will evaluate the adequacy and effectiveness of these controls as a means of assisting management to discharge its responsibilities.

- 3.3.2 The Director of Resources has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper arrangement of the Council's financial affairs. In addition, the Monitoring Officer is responsible for ensuring that the Council's business is conducted in accordance with legislation and good practice.
- 3.3.3 To help him/her do this, all service financial recording systems must be designed in consultation with and to the satisfaction of the Director of Resources.
- 3.3.4 The Council's Financial Regulations and Procedures are set down in Part 4 of the Council's Constitution. These Regulations and Procedures set out in detail how the Council's financial affairs are to be administered and controlled.

#### **3.4 Combining with Others**

- 3.4.1 Arrangements are in place to encourage the exchange of information between the Council and other agencies on fraud and corruption activity as an aid to prevention/detection. The agencies involved include: -
  - External Audit ;
  - Department for Work and Pensions
  - Inland Revenue
  - Customs and Excise.

In exchanging data with other organisations, the Council will comply with the requirements of the General Data Protection Regulations 2018.

#### **4. DETECTION AND INVESTIGATION**

- 4.1 The internal control and other monitoring systems outlined above have been designed to highlight fraudulent activity, and they should be sufficient in themselves to deter fraud.
- 4.2 It is the responsibility of managers to ensure that there are appropriate controls in place to reduce the risk of fraud, corruption, bribery and money laundering etc. However, it is often the alertness of other staff, Members and the public that enables detection to occur and appropriate action to be taken.
- 4.3 Financial Procedures require managers to immediately notify the Director of Resources or the Internal Audit Consortium Manager/Senior Auditor of

any financial irregularity or suspected irregularity. Reporting is essential because it:

- Ensures consistent treatment;
- Enables investigation to be assisted by an independent team;
- Ensures agreed investigation procedure is followed.

- 4.4 Depending on the nature and the anticipated extent of the allegations, the Audit Section will normally work closely with Management and other Agencies, such as the Police, to ensure that all allegations and evidence are properly investigated and reported upon, and where appropriate, maximum recoveries are secured for the Council.
- 4.5 The Council's Disciplinary procedures will be used where the outcome of an investigation indicates improper behaviour by a Council Employee.
- 4.6 Ignoring potential/possible fraud, including benefit fraud, may be construed as improper behaviour by a Council employee. If an employee has any suspicion, they should make appropriate officers aware, so that the matter can be investigated in accordance with the confidential reporting (Whistleblowing) policy.

The people to contact are:-

- your Manager
- your Director
- the Chief Executive
- The Director of Resources
- the Internal Audit Consortium Manager/Senior Auditor
- the Benefits Team

Where your own Manager is not available or you don't feel comfortable reporting to your own manager then you should contact another senior manager.

- 4.7 Causing or allowing a person to either make a false statement or declaration, or to fail to notify a change of circumstances is an offence under the law relating to the payment of benefit. Any employee / member involved is liable to prosecution.
- 4.8 Where financial impropriety is discovered, the Council's presumption is that the Police will be called in. Referral to the Police is a matter for the Chief Executive, in consultation with the Director of Resources and relevant Director. Referral to the Police will not prohibit and should not delay action under the Disciplinary Procedure.



5. **HOUSING BENEFIT AND COUNCIL TAX SUPPORT (Local Council Tax Reduction)**

- 5.1 Whilst encouraging genuine claimants to apply for benefit the Council has adopted a number of initiatives to detect and prevent fraudulent applications, such as: -
- checks at the start and during the life of a benefit claim;
  - A page on the Council's website that provides a range of information for reporting suspected fraud.
  - Publicity for a national fraud 'hotline' (0800 854440) and the reporting tool on the Department for Work and Pensions website together with details on the Council's website of other channels for reporting issues ([www.gov.uk/report-benefit-fraud](http://www.gov.uk/report-benefit-fraud)).
  - participation in all DWP sponsored or similar Data matching exercises, including National Fraud Initiative (NFI), Housing Benefit Matching Service (HBMS) and Real Time Information (RTI) to identify and investigate data irregularity;
  - internal data matching, payroll data to benefit data;
  - using computer links to the Department for Work and Pensions to check entitlements, to receive benefit notifications, and to check National Insurance numbers and other data;
  - having a prosecution policy for alleged council tax fraudsters;
  - undertaking land registry checks;
  - co- operating with the Department for Work and Pensions Single Fraud Investigation Service (SFIS) on the referring and investigation of potential Housing Benefit and associated social security benefit fraud.
  - Regular articles in 'Dales matters'.
  - The employment of a shared Revenues Counter Fraud Assistant
  - Resources allocated to the identification and correction of data inaccuracies or fraud associated with single person discount fraud on council tax liability
- 5.2 The Council has adopted a Policy to undertake the Prosecutions of persons who have committed criminal offences in obtaining council tax support to which they were not entitled.
- 5.3 Benefit staff receive training in fraud awareness. Codes of Conduct have been established for Benefits staff. These explicitly state that no employee should deal with any claimant who is a friend or family or get

involved in any case where they have a pecuniary interest, e.g. the claim is in respect of a property they own or for a member of their family.

## 6. **GOVERNMENT GRANTS**

6.1 Derbyshire Dales District Council will administer Government grants in accordance with guidance issued. Derbyshire Dales will ensure the safe administration of grants and measures such as pre- and post-payment checks will be put in place to mitigate against the risk of fraud. This will also include the use of the Government's checking tool, Spotlight. If any fraud is detected as attempted or actual it will be reported to the National Anti-Fraud Network (NAFA).

## 7. **RAISING AWARENESS OF THIS POLICY STATEMENT**

7.1 To be effective, it is essential that all staff and Members are aware of the existence of this Policy Statement. This will be achieved through a variety of means, such as inclusion on the Council's Internet and Intranet sites.

## 8. **CONCLUSION**

8.1 The Council has in place a clear set of systems and procedures to assist it in the fight against fraud and corruption.

8.2 The Council will maintain a continuous overview of such arrangements through the annual review of the Constitution and Financial Regulations / Procedures, various Codes of Conduct and audit arrangements.

7.3 This Policy Statement will be subject to periodic review to ensure its continued relevance.

**October 2023**



**ANTI-MONEY LAUNDERING POLICY  
(INCORPORATING TERRORIST FINANCING  
REQUIREMENTS)**

**(October 2023)**

## **DERBYSHIRE DALES DISTRICT COUNCIL**

### **ANTI – MONEY LAUNDERING POLICY**

#### **1. Introduction**

- 1.1 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017) came in to force in June 17 and, for any offences committed after 26 June 2017, replace the Money Laundering Regulations 2007. The 2017 Regulations impact on certain areas of local authority business and require local authorities to establish internal procedures to prevent the use of their services for money laundering.

#### **2. Purpose of the Policy**

- 2.1 The legislative requirements concerning anti-money laundering procedures are lengthy and complex. This policy has been written to enable the Council to comply with the Proceeds of Crime (Anti-Money Laundering) Practical guidance for Public Service Organisations by the Chartered Institute of Public Finance and Accountancy (CIPFA) relating to the anti- money laundering regulations.
- 2.2 While all organisations are required to take appropriate steps to prevent money laundering local authorities do not undertake activities which have been identified as being high risk and the approach outlined is considered proportionate to what is considered to be a low risk to the Council and its employees. While the Council undertakes activities considered to be ‘low risk’ what constitutes money laundering is very widely defined and it is important that the Council takes appropriate steps to prevent money laundering.
- 2.3 The purpose of the Policy is to make all staff aware of the legislation and their responsibility under it including the consequence of non – compliance of the Policy.
- 2.4 Potentially any member of staff or elected member 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.
- 2.5 Whilst the risk of the Council of contravening the legislation is low, it is extremely important that all employees are familiar with their legal responsibilities as serious criminal sanctions could be imposed for breaches of the legislation.

#### **3. The Council's Obligations**

- 3.1 Under the Legislation Organisations conducting “relevant Business” must:
- Appoint a Money Laundering Reporting Officer (“MLRO”) (Compliance and Nominated Officer) to receive disclosures from employees of money laundering activity; At DDDC this is the Director of Resources

- Implement a procedure to enable the reporting of suspicions of money laundering;
- Undertake enhanced client identification procedures if the money laundering risk is high e.g. if the transaction has no apparent economic or legal purpose;
- Maintain record keeping procedures.
- Undertake an assessment of the money laundering risk that the council is exposed to
- Train relevant employees on their anti-money laundering responsibilities

3.2 The Council has a ceiling of £10,000 on any one transaction.

#### **4. Scope of the Policy**

- 4.1 This Policy applies to all staff and elected members of the Council and aims to maintain high standards of conduct, by reducing the risk of criminal activity through money laundering. This policy sets out the procedures, which must be followed.
- 4.2 Failure by staff and elected members to comply with the procedures set out in this Policy may lead to a criminal offence being committed and disciplinary action being taken against them in the case of staff and investigation by the Monitoring Officer in the case of elected members. Any disciplinary action will be dealt with in accordance with the Council's Disciplinary Policy and Procedure or in the case of elected members the relevant committee.
- 4.3. Money laundering offences may be tried at a Magistrate's Court or in the Crown Court, depending on the severity of the suspected offence. Trials at the former can attract fines of up to £5,000, up to six months in prison, or both. In a Crown Court, fines are unlimited and sentences up to fourteen years in prison may be handed out. A defence is available if it can be shown that any knowledge or suspicion of money laundering was reported to the National Crime Agency and as a result that any resultant transaction was on hold until consent to proceed was given.
- 4.4 Managers must ensure that all staff are aware of this policy and their duties within it. The Monitoring Officer should ensure that elected members are aware of the policy.
- 4.5. The Anti Money Laundering Policy is part of the Council's Anti -Fraud and Corruption policy and Strategy and sits alongside its Confidential Reporting Code and Employees and elected members Code of Conduct.

#### **5. What is Money Laundering?**

- 5.1. Money laundering is a process by which the illegal proceeds of crime are converted into assets which appear to have a legitimate origin, so that they can be retained permanently or recycled into further criminal enterprises.

- 5.2. The source of money, either in cash, paper or electronic form (often referred to as “dirty money”) is disguised and given the appearance of being clean funds. These are normally used to hide the proceeds of serious criminal activities such as terrorism, drug smuggling, theft and fraud.
- 5.3. The money laundering legislation and regulations attempt to provide a preventative solution to this problem.
- 5.4. The broad definition of money laundering means that potentially anybody (and therefore any Council employee, irrespective of what Council business they are undertaking) could contravene the Regulations if they become aware of or suspect the existence of criminal property and continue to be involved in a matter which relates to that property without reporting their concerns.
- 5.5 Primary 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 processing criminal property

There are also two secondary offences:

- failure to disclose any of the three primary offences
- “tipping off” whereby somebody informs a person or persons who are, or who are suspected of being involved in money laundering, in such a way as to reduce the likelihood of their being investigated or prejudicing an investigation.

## **6. What is Terrorist Financing?**

- 6.1 The Terrorism Act 2000 (as amended by the anti-terrorism Crime and Security Act 2001, the Terrorism Act 2000 and Proceeds Of Crime Act 2002 (Amendment) Regulations 2007) creates a money laundering offence under Section 18 whereby a person commits an offence if he or she enters into or becomes concerned in an arrangement which facilitates the retention or control by or on behalf of another person of terrorist property:
  - by concealment
  - by removal from the jurisdiction
  - by transfer to nominees, or
  - in any other way.

## **7. Employee and elected member responsibility**

- 7.1 Although the term ‘money laundering’ is generally used when describing the activities of organised crime - for which the legislation and regulations were first and foremost introduced - to most people who are likely to come across or be affected by it, it involves a suspicion that someone they know, or know of, is benefiting financially from dishonest activities.

- 7.2 Guidance for employees and elected members on their possible exposure to money laundering is attached at Appendix 1. This provides information on the types of activities where the Council may be subject to money laundering offences.
- 7.3 Employees and elected members should follow this policy in respect of all crimes, however small. The money laundering regime adopts an 'all crimes' approach and sets no lower limit below which suspected crimes should not be internally reported.
- 7.4 The offences may apply to a very wide range of more everyday activities within the Council. This could include for example, being complicit in crimes involving the falsification of claims, benefiting from non-compliance with the conditions attaching to a grant, retaining customer overpayments on a ledger or facilitating employment on which tax is not paid

## **8. Money Laundering Reporting Officer (MLRO)**

- 8.1 All employees and elected Members are obliged to report any suspicion of money laundering or terrorist financing to the Council's nominated officer for anti-money laundering activities. The Council has nominated the Director of Resources as the Anti-Money Laundering Reporting Officer (MLRO). In the absence of the MLRO the Director of Corporate & Customer Services is authorised to deputise.
- 8.2 The Legal Section is available to give advice as required.
- 8.3 The Money Laundering Reporting Officer will receive staff disclosures on suspicions of money laundering and decide on disclosure to National Crime Agency (NCA).
- 8.4 The Money Laundering Reporting Officer is:  
The Director of Resources  
Town Hall  
Bank Road  
Matlock  
Derbyshire  
DE4 3GL  
Tel: 01629 761284.

## **9. Disclosure Procedure**

- 9.1 Reporting to the Money Laundering Reporting Officer
- 9.2 Enquiries can be made by an employee or elected member of the individual to establish whether or not there is an innocent explanation before deciding whether or not to make a disclosure to the MLRO. However, once you have reasonable grounds for knowing or suspecting that the individual is engaged in money laundering a report must be made and the suspected money launderer must not be informed of this. Under no circumstances must an employee do anything that may tip off the subject of the report that such report has been made.

9.3 Where you know or suspect that money laundering activity is taking/has taken place, or 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. This disclosure should be within “hours” of the information coming to your attention, not weeks or months later.

**SHOULD YOU NOT DO SO, THEN YOU MAY BE LIABLE TO PROSECUTION.**

9.4 Your disclosure should be made using the disclosure forms attached as **Appendix 2**. 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, directorship, phone numbers etc. Full details of the nature of their/your involvement:

9.5 Once you have reported the matter to the MLRO you must follow any directions they may give. You **MUST NOT** make any further enquiries into the matter yourself: any necessary investigation will be undertaken by the National Crime Agency (NCA). Simply report your suspicions to the MLRO who will refer the matter to the NCA if they consider this appropriate. All members of staff will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.

## **10. Consideration of disclosure by the Money Laundering Reporting Officer**

10.1 Upon receipt of a disclosure report (copy attached as Appendix 1) the MLRO must note the date of receipt on the section of the report and acknowledge receipt of it. They should advise you of the timescale within which they expect to respond to you.

10.2 The MLRO will consider the report and any other available internal information they think relevant: e.g.

- 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 identification evidence held

10.3 And undertake such other reasonable inquiries they think appropriate in order to ensure that all available information is taken into account in deciding whether a report to the National Crime Agency (NCA) is required (such enquiries being made in such a way as to avoid any appearance of tipping off those involved). The MLRO may also need to discuss the report with you.

10.4 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 this is the case; and
- Whether he needs to seek consent from the NCA for a particular transaction to proceed.



- 10.5 All disclosure reports referred to the MLRO and reports made by him to the NCA must be retained by the MLRO in a confidential file kept for that purpose for a minimum of 5 years.
- 10.6 The MLRO commits a criminal offence if he knows or suspects, or has reasonable grounds to do so, through a disclosure being made to him, that another person is engaged in money laundering and he does not disclose this as soon as practicable to the NCA.
- 10.7 Where money laundering is suspected the MLRO will report to the National Crime Agency and also notify the Head of the Internal Audit Consortium, and the Monitoring Officer.
- 10.8 To ensure the Council minimises the risk of tipping off and to minimise any reputational damage should the suspicion be unfounded, the confidentiality of the matter will be respected at all times. The MLRO will only inform anyone of the suspicion where there is a genuine business need.
- 10.9 In some cases it may be necessary to seek approval from the National Crime Agency before the Council can undertake any further activity in respect of the transaction. Where the MLRO has made such a referral to the National Crime Agency, they will notify the person raising the concern and again inform the individual when the Agency has provided permission for the transaction to proceed.
- 10.10 If a request for consent has been made to the National Crime Agency, no action should occur for a period of 7 days or until the Agency gives consent. If this results in a transaction having to be deferred or delayed, it should be carefully handled to ensure that the customer is not tipped off as to the money laundering concern.
- 10.11 After 7 days if the National Crime Agency does not notify otherwise, they are deemed to have given their consent to the transaction. If the Agency instead notifies they refuse to give consent, they have a further 31 calendar days to take action. A moratorium period of 31 days starts on the day the Council receives the refusal notice. During this period the Council cannot proceed with the matter for which the consent was applied. At the expiry of the 31 days if nothing has been heard, the Agency is deemed to have consented to the request and the Council can proceed.

## **11. Employee Awareness and Training**

- 11.1 In support of this policy, the Council will:
- Make all staff aware of the requirements and obligations placed on the Council and on themselves as individuals by the anti-money laundering legislation; and
  - Give targeted training to those most likely to encounter money laundering.

- 11.2 It is not necessary for all staff to have a detailed knowledge of what constitutes a criminal offence under the legislation. Those who are most likely to encounter money laundering should read this policy as it documents what procedures are in place to help prevent money laundering and informs them of their personal responsibilities and possible liabilities as individuals.
- 11.3 The Council does not have any areas of activity that are considered to be especially vulnerable to money laundering. This is supported by the fact that local authorities are not included as a 'relevant person' in the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and are therefore not covered by those regulations.
- 11.4 Any managers who believe they have identified any especially vulnerable areas should first consult the Money Laundering Reporting Officer. If agreed, more targeted training to the employees should then be delivered.

## 12. **Restricted or Regulated Activities**

12.1 This policy requires certain activities to be regulated or restricted as follows:

12.1.1 Undertaking Investment Activities for a Third Party. In making investment arrangements, the Council should not act as a principal or agent in, or an arranger of, investment activities for a third party, without prior authority from the MLRO, as such activities might be interpreted as being a regulated activity and expose the Council to additional money laundering regulations. This excludes the investments of trust and charitable funds and the placing of cash deposits for other local authorities, as such activities in the Chartered Institute of Public Finance and Accountancy's view, would not be interpreted as being 'by way of business'.

12.1.2 Receiving High Value Cash Receipts. For the purpose of preventing money laundering:

- Cash receipts of £10,000 or more should not be accepted. 'Cash' includes notes, coins or travellers' cheques in any currency. It is not appropriate for payment of a balance owed to the Council to be sub-divided into smaller cash receipts to circumvent this limit, whatever the purpose of the payment. Any attempts to do this should be reported to the MLRO as suspicious activity.
- If money offered in cash is £5,000 or more, then the payment must not be accepted until the employee has received guidance from the MLRO or their deputy.
- The Council in the normal operation of its services, accepts payments from individuals and organisations. For all transactions under £5,000, no action is required unless the employee has reasonable grounds to suspect money laundering activities, proceeds of crime or is simply suspicious.

12.1.3 Refunds

A significant overpayment of an amount owed which results in a repayment, should be properly investigated and authorised as not suspicious, before repayment is made.

#### 12.1.4 Structuring of Agreements

Advice from the MLRO should be sought in structuring agreements relating to the following activities, if undertaken on behalf of third parties. Such activities might be interpreted as being a regulated activity and expose the Council to additional money laundering regulations:

- Advice about tax affairs;
- Accountancy services;
- Audit services;
- Legal services which involve participation in a financial or real property transactions; and
- Services which involve the formation, operation or management of a company.

### **13 CIPFA's Treasury Management Code**

- 13.1 Treasury management activities and the legal and best practice requirements relating to them (including money laundering), are subject to the provisions of CIPFA's Treasury Management: Code of Practice. This document is legally enforceable in local authorities.

## The types of activities that may be affected by money laundering

The following table sets out the types of activities that might be suspicious and how the Council may come across those activities. It is not intended to be exhaustive and just because something you are suspicious about is not on the list, it doesn't mean you shouldn't report it.

Activity	The types of activity that may be affected
New customers with high value transactions	<ul style="list-style-type: none"> <li>• Selling property to individuals or businesses</li> <li>• Renting out property to individuals or businesses</li> <li>• Entering into other lease agreements</li> <li>• Undertaking services for other organisations</li> </ul>
Secretive clients	<ul style="list-style-type: none"> <li>• Housing benefit claimants who have sums of money entering into/out of their bank account (even if we do not award them benefit, we should still consider money laundering implications)</li> <li>• People buying or renting property from the Council who may not want to say what it is for</li> <li>• People receiving grant funding who refuse to demonstrate what funding was used for</li> </ul>
Customers who we think are acting dishonestly or illegally	<ul style="list-style-type: none"> <li>• People paying for Council services who do not provide details about themselves</li> <li>• People making odd or unusual requests for payment arrangements</li> </ul>
Illogical transactions	<ul style="list-style-type: none"> <li>• People paying cash then requesting refunds</li> <li>• Requests for the Council to pay seemingly unconnected third parties in respect of goods/services provided to the Council</li> <li>• Requests for the Council to pay in foreign currencies for no apparent reason</li> </ul>
Payments of substantial sums by cash	<ul style="list-style-type: none"> <li>• Large debt arrears paid in cash</li> <li>• Refunding overpayments</li> <li>• Deposits/payments for property</li> </ul> <p>If money offered in cash is £5,000 or more then the payment must not be accepted until the employee has received guidance from the MLRO or Deputy. For transactions under £5,000 no action is required unless the employee has reasonable grounds to suspect money laundering activities, proceeds of crime or is simply suspicious.</p>
Movement of funds overseas	<ul style="list-style-type: none"> <li>• Requests to pay monies overseas, potentially for 'tax purposes'</li> </ul>
Cancellation of earlier transactions	<ul style="list-style-type: none"> <li>• Third party 'refunds' grant payment as no longer needed/used</li> <li>• No payment demanded even though good/service has been provided</li> <li>• Sudden and unexpected termination of lease agreements</li> </ul>
Requests for client account details outside normal course of business	<ul style="list-style-type: none"> <li>• Queries from other companies regarding legitimacy of customers</li> <li>• Council receiving correspondence/information on behalf of other companies</li> </ul>

Extensive and overcomplicated client business structures/arrangements	<ul style="list-style-type: none"> <li>• Requests to pay third parties in respect of goods/services</li> <li>• Receipt of business payments (rent, business rates) in settlement from seemingly unconnected third parties</li> </ul>
Poor accounting records and internal financial control	<ul style="list-style-type: none"> <li>• Requests for grant funding/business support, indicates third party not supported by financial information</li> <li>• Companies tendering for contracts, unable to provide proper financial information/information provided raises concerns</li> <li>• Tender for a contract which is suspiciously low</li> </ul>
Unusual property investments or transactions	<ul style="list-style-type: none"> <li>• Requests to purchase Council assets/land with no apparent purpose</li> <li>• Requests to rent Council property with no apparent business motive</li> </ul>
Overcomplicated legal arrangements/multiple solicitors	<ul style="list-style-type: none"> <li>• Property transactions where the Council is with several different parties</li> </ul>

**STRICTLY CONFIDENTIAL**

**Report to: Money Laundering Reporting Officer (MLRO)**

**Re: money laundering activity suspicion**

To: ....., DDDC Money Laundering Reporting Officer

**From:**

Name.....Post.....  
*[Insert name of employee or elected member and post title]*

Service: .....

Tel No/E Mail address: .....  
*[Insert service area and contact details]*

**DETAILS OF SUSPECTED OFFENCE:**

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

*[Please continue on a separate sheet if necessary]*

**Nature, value and timing of activity involved:**  
*[Please include full details e.g. what, when, where, how]*

*[Please continue on a separate sheet if necessary]*

**Nature of suspicions regarding such activity:**

*[Please continue on a separate sheet if necessary]*

**Have you discussed your suspicions with anyone else?**

*[Please tick the relevant box]*

Yes

No

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

*[Please continue on a separate sheet if necessary]*

**Has any investigation been undertaken (as far as you are aware)?**

*[Please tick the relevant box]*

Yes

No

**If yes, please include details below:**

*[Please continue on a separate sheet if necessary]*

Please set out below any other information you feel is relevant:

*[Please continue on a separate sheet if necessary]*

**DECLARATION:**

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, which carries a maximum penalty of 5 years imprisonment.*

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

Date report received: .....

Date receipt of report acknowledged: .....

**CONSIDERATION OF DISCLOSURE:**

Action Plan:



**OUTCOME OF CONSIDERATION OF DISCLOSURE:**

**Are there reasonable grounds for suspecting money laundering activity?**

**If there are reasonable grounds for suspicion, will a report be made to the National Crime Agency?**

*[Please tick the relevant box]*       Yes     No

**If yes, please confirm date of report to NCA: .....and complete the box below:**

**Details of liaison with the NCA regarding the report:**  
**Notice Period: ..... To .....**  
**Moratorium Period: ..... To .....**

**Is consent required from the NCA to any ongoing or imminent transactions which would otherwise be prohibited acts?     Yes     No**

**If yes, please confirm full details in the box below:**

**Date consent received from NCA: .....**

**Date consent given by you to employee or elected member: .....**

**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 member or employee for any prohibited act transactions to proceed: .....**

**Other relevant information:**

**Signed:.....Dated:.....**

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

