

# Shropshire Council

## ANTI-MONEY LAUNDERING and COUNTER TERRORISM FINANCING PROCEDURE

### What should I do if I become aware of an attempt to launder money through the Council?

**Don't ignore it:** Concealing an attempt to launder money is an offence and could land you up in prison.

**Keep calm:** If you report the attempt properly, you have done nothing wrong.

**Keep quiet:** Treat any suspected money laundering as strictly 'need to know'. If you tell others about it, you may fall foul of the 'tipping off' offence.

**Act naturally:** by doing this, you won't alert the person attempting to launder the cash.

**Report it promptly:** to ensure you won't be accused of any wrongdoing and provide a chance to catch the perpetrator.

**The Council's Money Laundering Reporting Officer (MLRO):**  
is the

- Head of Audit, Ceri Pilawski. Email: [ceri.pilawski@shropshire.gov.uk](mailto:ceri.pilawski@shropshire.gov.uk)  
Telephone: 01743 257739 (direct line)

In the absence of the MLRO, Principal Auditors **authorised to deputise** for her in all aspects of this procedure are:

- Katie Williams, telephone 01743 257737  
Email [katie.williams@shropshire.gov.uk](mailto:katie.williams@shropshire.gov.uk).
- Barry Hanson, telephone 01743 257737  
Email [barry.hanson@shropshire.gov.uk](mailto:barry.hanson@shropshire.gov.uk).
- Peter Chadderton, telephone 01743 257737  
Email [peter.chadderton@shropshire.gov.uk](mailto:peter.chadderton@shropshire.gov.uk).

## SHROPSHIRE COUNCIL

### ANTI-MONEY LAUNDERING and COUNTER TERRORISM FINANCING PROCEDURE

#### INTRODUCTION

1. Shropshire Council will do all it can to prevent the Council and its staff being exposed to money laundering; to identify the potential areas where it may occur, and to comply with all legal and regulatory requirements, especially about the reporting of actual or suspected cases. This document sets out Shropshire Council's procedure in relation to money laundering. The ***Money Laundering, Terrorist Financing and Transfer of funds (Information on the Payer) Regulations 2017 (MLR2017)*** came into force June 2017 and replaced the Money Laundering Regulations 2007. The 2017 regulations impact on certain areas of the Council's business and require it to establish internal procedures to prevent the use of the service for money laundering.
2. Anti-money laundering legislation places responsibility upon Council employees to combat money laundering and covers a wide area of financial transactions, including possessing, or in any way dealing with, or concealing, the proceeds of any crime. It applies to all employees involved with monetary transactions.

#### SCOPE OF THE PROCEDURE

3. This Procedure applies to all employees and members of the Council and aims to maintain the high standards of conduct which currently exist within the Council by preventing criminal activity through money laundering. Within this policy the term employee refers to all employees and elected members
4. The legislative requirements concerning anti-money laundering procedures are extensive and complex. Further information is set out in the accompanying Guidance Notes. Both the Procedure and the Guidance Notes sit alongside one another and are entirely consistent with the Council's Speaking up about Wrongdoing Policy, Counter Fraud, Bribery and Anti-Corruption Strategy and Code of Corporate Governance.
5. Failure by a member of staff to comply with these procedures may lead to disciplinary action and potentially criminal charges being brought against them. Any disciplinary action will be dealt with in accordance with the Council's Disciplinary Policy and Procedure.

#### WHAT IS MONEY LAUNDERING?

6. Money Laundering is the process by which criminally obtained money or other assets are exchanged for clean money or assets with no obvious link to their criminal origins. It also covers money, however come by, which is used to fund terrorism.
7. Money laundering can take many forms, such as:
  - a) Concealing, disguising, converting and transferring criminal property or removing it from the UK.
  - b) 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.

- c) Acquiring, using or possessing criminal property.
  - d) Investing the proceeds of crime into other financial products or the acquisition of property/assets
  - e) Becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property (section 18 of the Terrorist Act 2000); or
  - f) "Tipping Off" a customer that:
    - A transaction was/is being delayed because consent from SOCA has been requested.
    - Details of their transactions or activities will be/have been reported to SOCA.
    - They are being investigated by law enforcement.
  - g) Concealing, falsifying, destroying or disposing of any evidence of money laundering.
8. 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.
9. Whilst the risk to the Council of contravening the legislation is considered low, it is extremely important that all employees are familiar with their legal responsibilities, as serious criminal sanctions may be imposed for breaches of the legislation. The key requirement on employees is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer.

## **THE OBLIGATIONS ON THE COUNCIL**

10. The main requirements are:
- To appoint a Money Laundering Reporting Officer (MLRO).
  - Maintain client identification procedures in certain circumstances.
  - Implement a procedure to enable the reporting of suspicions of money laundering.
  - Maintain record keeping procedures.
11. Provided the Council does not undertake activities regulated under the Financial Services and Markets Act 2000, the offences of failure to disclose and tipping off do not apply. However, the Council and its employees remain subject to the remainder of the offences and the full provisions of the Terrorism Act 2000.
12. The Terrorism Act 2000 made it an offence of money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism, or resulting from acts of terrorism.
13. Potentially very heavy penalties can be handed down to individuals who are convicted of one of the above offences.

## **THE MONEY LAUNDERING REPORTING OFFICER (MLRO)**

14. Ceri Pilawski, Head of Audit is the nominated person to receive disclosures about money laundering activity within the Council, contacted details are:

Ceri Pilawski  
Audit Services  
Shropshire Council  
Shirehall  
Abbey Foregate  
Shrewsbury  
SY2 6ND

Email: [ceri.pilawski@shropshire.gov.uk](mailto:ceri.pilawski@shropshire.gov.uk)  
Telephone: 01743 257739 (direct line)

15. In the absence of the MLRO, Katie Williams, Barry Hanson or Peter Chadderton (Principal Auditors) are authorised to deputise for her in all aspects of this procedure. Contact details are as above for the address, or:

- Katie Williams, telephone 01743 257737 or email [katie.williams@shropshire.gov.uk](mailto:katie.williams@shropshire.gov.uk).
- Barry Hanson, telephone 01743 257737 or email [barry.hanson@shropshire.gov.uk](mailto:barry.hanson@shropshire.gov.uk).
- Peter Chadderton, telephone 01743 257737 or email [peter.chadderton@shropshire.gov.uk](mailto:peter.chadderton@shropshire.gov.uk).

## **POSSIBLE SIGNS OF MONEY LAUNDERING**

16. It is not possible to give a definitive list of ways in which to spot money laundering but facts which tend to suggest that something odd is happening may be sufficient for a reasonable suspicion of money laundering to arise.
17. The following are the types of risk factors which may, either alone or cumulatively with other factors, suggest the possibility of money laundering activity:
- A new customer with no previous history with the Council.
  - A secretive customer, e.g. one who refuse to provide requested information without a reasonable explanation.
  - Concerns about the honesty, integrity or identify of a customer.
  - Illogical third-party transactions, e.g. unnecessary routing or receipt of funds from third parties or through third party accounts.
  - Involvement of an unconnected third party without logical reason or explanation.
  - Payment of a substantial sum in cash.
  - Overpayments by a customer.
  - Absence of an obvious legitimate source of the funds.
  - Movement of funds to and from overseas, particularly to and from a higher risk country.
  - Where, without reasonable explanation, the size, nature and frequency of transactions or instructions is out of line with normal exceptions.

- Cancellation or reversal of an earlier transaction, e.g. Illicit cash is used to pay for the annual non-domestic rates on a commercial premise and then within a very short time the property is vacated. A refund is made to the individual from the Council which integrates the source of the money.

## DISCLOSURE PROCEDURES

### Cash receipts

18. If the money offered in cash is £10,000 or more, then payment may be accepted but must not be processed i.e. banked until the employee has received guidance from the MLRO or a Deputy MLRO. This does not mean that cash transactions below this value will be valid and legal and should not arise any suspicion. Professional scepticism should always remain.
19. Employees who collect cash payments are asked to provide the details of any cash transaction over £10,000 to their MLRO so that precautionary checks can be performed. It is best practice to insist on payment by cheque or electronically from a UK clearing bank.
20. The Council, in the normal operation of its services, accept payments from individuals and organisations. If an employee has no reason to suspect or know that money laundering activity is taking/ has taken place and the money offered is less than £10,000 in cash as payment or part payment for the goods' services offered by the Council then there is no need to seek guidance from the MLRO. If an employee has reasonable grounds to suspect money laundering activities or proceeds of crime, or is simply suspicious, the matter should still be reported to the MLRO.
21. Any employee involved in a transaction of this kind should ensure that their person provides satisfactory evidence of their identity personally, through passport/ photo driving licence plus one other document providing current address in the form of a bank statement, credit card statement, mortgage or insurance details or a utility bill. Where the other party is a company, this can be done through company formation documents or business rate bill.

### Refunds

22. Care will need to be taken especially with the procedures for refunds, for instance, a significant and unexplainable overpayment which results in a repayment will need to be properly investigated and authorised before the refund is made.

## REPORTING TO THE MONEY LAUNDERING REPORTING OFFICER

23. Where any employee suspects that money laundering or terrorist financing is or has taken place, or becomes concerned that their involvement in a matter may amount to a prohibited act under the legislation, they must disclose this as soon as practicable to the MLRO. The disclosure should be within "hours" of the information coming to their attention, not weeks or months later. **Should they not do so, then they may be liable to prosecution.**

24. The disclosing employee must follow any subsequent directions of the MLRO or deputy, and must not themselves make any further enquiries into the matter or take any further steps in any related transaction without authorisation from the MLRO.
25. The disclosing employee must not disclose or otherwise indicate their suspicions to anyone other than the MLRO. They must not discuss the matter with others or note on the file that a report has been made to the MLRO in case the suspect asks to see the file, then such a note will obviously “tip” them off and may render the employee liable to prosecution. “Tipping off,” carries a possible sentence of imprisonment, fine or both. Instead, they must keep any correspondence with the MLRO, including the acknowledgment of any disclosure, confidential and secure.
26. Upon receipt of a disclosure report, **see Appendix A**, the MLRO must note the date of receipt on the report, acknowledge receipt and advise the discloser of the timescale within which they can expect a response.
27. The MLRO must promptly evaluate any Disclosure Report, to determine whether it should be reported to the National Crime Agency (NCA). The MLRO must, if they so determine, promptly report the matter to NCA in the prescribed manner. Up to date forms are available at [www.nca.gov.uk](http://www.nca.gov.uk).<sup>1</sup>
28. The MLRO or deputy will commit a criminal offence if they know or suspect, or have reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering and they do not disclose this as soon as practicable to NCA.

## RECORD KEEPING PROCEDURES

29. Each unit within the Council conducting relevant business will maintain records of:
  - a) client identification evidence obtained; and
  - b) details of all relevant business transactions carried out for clientsfor at least five years. This is so that they may be used as evidence in any subsequent investigation by the authorities into money laundering.
30. In practice, the business units of the Council will be routinely making records of work carried out for clients during normal business and these should suffice. The MLRO will keep a record of all referrals made to her and any of the action taken/ not taken. The precise nature of the records is not prescribed by law, however they must provide an audit trail during any subsequent investigation, for example distinguishing the client and the relevant transaction and recording in what form any funds were received or paid.

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<sup>1</sup> Further details on NCA and SARS can be found at <http://www.nationalcrimeagency.gov.uk/about-us/what-we-do/economic-crime/ukfiu/how-to-report-sars>.

## **TRAINING**

31. In support of the procedure and guidance, 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.
  - Give targeted training to those most likely to encounter money laundering.
32. It is not possible to give a definitive list of ways in which to spot money laundering but facts which tend to suggest that something “odd” is happening may be sufficient for a reasonable suspicion of money laundering to arise. Paragraph 17 sets out some of the warning signs of potential money laundering activity.

## **RISK MANAGEMENT AND INTERNAL CONTROL**

33. The risk to the Council of contravening the anti-money laundering legislation will be assessed periodically and these procedures reviewed considering such assessments.

## **REVIEW**

34. This Anti-Money Laundering Procedure and the attached guidance note should be reviewed biennially by the MLRO to ensure that it remains up to date and practicable.

## **CONCLUSION**

35. The legislative requirements concerning anti-money laundering procedures are lengthy and complex. This Procedure has been written to enable the Council to meet the legal requirements in a way which is proportionate to the low risk to the Council of contravening the legislation.
36. Should you have any concerns whatsoever regarding any transactions then you should contact the MLRO.

## **FURTHER INFORMATION**

37. Further information can be obtained from the MLRO and the following sources:
- Proceeds of Crime Act 2002 (as amended by the Serious Organised Crime and Police Act 2005)
  - Terrorism Act 2000 (as amended by the Anti-Terrorism, Crime and Security Act 2001)
  - Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR2017)
  - Terrorist Asset Freezing etc Act 2010
  - Anti-Terrorism Crime and Security Act 2001
  - Counter Terrorism Act 2008, Schedule 7
  - National Crime Agency (NCA): <http://www.nationalcrimeagency.gov.uk/>
  - CIPFA : <https://www.cipfa.org/members/members-in-practice/anti-money-laundering>

- CCAB Anti money laundering (Proceeds of crime and terrorism) guidance for accountants:  
<http://www.ccab.org.uk/documents/FinalAMLGuidance2018.pdf>
- The Law Society: Anti money laundering guidance and advice:  
<http://www.lawsociety.org.uk/policy-campaigns/articles/anti-money-laundering-guidance/>

**Appendix A:** Shropshire Council Disclosure Report to Money Laundering Reporting Officer

James Walton  
Section 151 Officer  
October 2018



**CONFIDENTIAL**  
**SHROPSHIRE COUNCIL DISCLOSURE REPORT TO MONEY LAUNDERING  
 REPORTING OFFICER**

**To:** Ceri Pilawski, Shropshire Council Money Laundering Reporting Officer (MLRO)  
 Audit Services, Shirehall, Shrewsbury, SY2 6ND

<b>From</b> .....	Post/Title .....
<b>Service/ Directorate</b> .....	Ext/Tel .....
<b>Date of report</b> .....	No .....
<b>Value of transaction</b> .....	Time of report .....

**DETAILS OF SUSPECTED OFFENCE:**

Who do you know, or believe to be involved in Money Laundering Offences? (please include name, address, business if applicable and any other contact details)

Why do you believe that money laundering is occurring?

What evidence if any do you have that an offence is taking place?

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

*[Please tick the relevant box]*

Yes

No

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

**Have you consulted any supervisory body's guidance re money laundering? (e.g. the Law Society)**

*[Please tick the relevant box]*

Yes

No

If yes, please specify below:

**Do you believe you have a sound reason for not disclosing the matter to NCA (e.g. a lawyer wishing to claim legal professional privilege?)**

If yes, please specify below:

**Please set out below any other 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, which carries a potential penalty or imprisonment risk**

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

Date report received	Date receipt of report acknowledged
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**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 NCA?**

*[Please tick the relevant box]*

Yes

No

**If yes, please confirm date of report to NCA: .....**

**Details of liaison with the NCA regarding the report:**

**Notice<sup>2</sup> Period to: ..... to .....**

**Moratorium<sup>3</sup> Period to: ..... to .....**

**Is consent required from the NCA to any ongoing or imminent transactions which would otherwise be prohibited acts?**

*[Please tick the relevant box]*

Yes

No

If yes, please confirm full details:

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

**Date consent given by MLRO 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:**

**Date consent given by MLRO to employee for any prohibited transactions to proceed: .....**

<sup>2</sup> NCO has 7 working days after the consent request is made to refuse the activity, if not consent can have deemed to be given and the activity allowed to continue.

<sup>3</sup> If consent is refused during the notice period, a further 31 days must elapse before the activity may continue, during this period, action may be taken by law enforcers. If not action after the 31 days activity may be allowed to continue.

**Any other relevant information:**

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

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

**Do not dispose before.....**