

## BRAINTREE DISTRICT COUNCIL

### PREVENTION OF MONEY LAUNDERING PROCEDURES

#### 1. Introduction

Braintree District Council is committed to the prevention of money laundering and to working with the appropriate authorities to apprehend those who commit offences under the anti-money laundering regulations. These procedures are to be followed to ensure compliance with the Terrorism Act 2000, the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2003. Council employees who fail to follow these procedures could themselves be in breach of the legislation and liable to prosecution for a range of offences which carry potential custodial sentences.

#### 2. Training

- 2.1. The Council will train all current employees who may come into contact with persons engaged in money laundering so that they are aware of the provisions of sections 18 and 21A Terrorism Act 2000, Part 7 Proceeds of Crime Act 2002 and the provisions of the Money Laundering Regulations 2003
- 2.2. The Council will also give such employees training in how to recognise and deal with transactions which may be related to money laundering
- 2.3. New employees who may come into contact with persons engaged in money laundering will receive training as specified in 2.1 and 2.2 above as part of their induction process.

#### 3. Identification Procedures

3.1. In the following circumstances the Council **MUST** take appropriate steps to verify the identity of a person who is (or who is applying to) do business with the Council:-

- where an officer involved in the transaction knows or suspects that the transaction involves money laundering or
- where a one-off transaction involves the payment to or by the other party of €15,000 or more or
- in respect of two or more one off transactions with the same party which appear to the officer to be linked (whether at the outset or later) the total payment to or by the other party will be €15,000 or more

(At the rate of exchange prevailing at the date of the revision of these procedures €15,000 was just over £11,200. Officers should check the exchange rate if they believe the €15,000 limit may be reached)

3.2. Where under paragraph 3.1. above the Council has a duty to verify identity, as soon as possible after the first contact between the other party **(if an**

**individual)** and the Council has been made, the officer dealing with the transaction will:-

3.2.1. require the other party to produce satisfactory evidence of identity in the form of a:-

- passport
- photo driving licence
- driving licence
- birth certificate
- marriage certificate

3.2.2. require the other party to produce evidence of current address in the form of a:-

- bank statement
- credit card statement
- mortgage or insurance details
- utility bill

3.2.3. if for any reason it is not practicable for the other party to be physically present when identified consideration must be given to the greater potential for money laundering. In such cases the other party should be required to provide copy documents certified as true copies of the originals by a practicing solicitor. The officer should check with the Law Society to ensure that the solicitor is known to them and then obtain confirmation from the solicitor that he or she signed the copies.

3.3. Where under paragraph 3.1. above the Council has a duty to verify identity, as soon as possible after the first contact between the other party **(if a company)** and the Council has been made, the officer dealing with the transaction will:-

- require the individual representing the company to provide the company's full name and company registration number, details of the registered office address and any separate trading address relevant to the contract concerned. The officer will make a request to the Council's Internal Audit Section for a company search to verify details given and check the location of any relevant trading address.
- in the event that the company is effectively owned by one or only a few individuals the officer should verify the identity of that or those individuals in accordance with 3.2. above.

3.4. Where the other party is acting or appears to act for another person that person's identity should be verified as in 3.2. or 3.3. above.

**3.5. WHERE SATISFACTORY EVIDENCE OF IDENTITY IS NOT AVAILABLE THE BUSINESS ARRANGEMENT OR ONE OFF TRANSACTION SHOULD NOT PROCEED FURTHER**

## **4. Record Keeping**

- 4.1. Where evidence of identification is obtained pursuant to paragraph 3 above the Council is required to keep records of that evidence.
- 4.2. The records required to be kept are:-
  - 4.2.1. a copy of that evidence
  - 4.2.2. information as to where a copy of that evidence may be obtained
  - 4.2.3. where it is not reasonably practicable to comply with 4.2.1 or 4.2.2 above information as to where the evidence of identity may be re-obtained.
- 4.3. In all cases the Council must also keep a record containing details relating to all transactions carried out by the Council in the course of relevant business
- 4.4. Records must be maintained:-
  - 4.4.1. in respect of the information referred to in paragraph 4.2. above for a period of 5 years commencing from the date the business relationship ends or (in the case of a one off transaction or transactions) five years from the conclusion of all activities arising in the course of that transaction or (if a series of transactions) the last of them to end
  - 4.4.2. In respect of the records mentioned in paragraph 4.3. above the period is at least five years commencing with the date on which all activities taking place in the course of the transaction in question were completed
  - 4.4.3. Copies of identification documents and the records required to be kept by this paragraph shall be kept on the relevant transaction file or files.

## **5. Internal Reporting Procedures**

- 5.1. The Council is required to nominate one of its officers for the purpose of receiving reports under the legislation. The Council's nominated officer for this purpose (the Money Laundering Reporting Officer - MLRO) is the Council's Head of Finance.
- 5.2. Officers are required to make a disclosure to the MLRO of any information which comes into their possession in the course of their employment as a result of which he or she knows or suspects or has reasonable grounds for knowing or suspecting that a person is engaged in money laundering. A 'Money Laundering Internal Report Form' is held on the Council's Intranet 'iConnect' for this purpose (copy attached as Appendix A).
- 5.3. The time for making the disclosure is as soon as reasonably practicable after the information comes into the officer's possession. In the absence of the MLRO then the officer with such information should disclose the information to the Audit, Insurance & Risk Manager.
- 5.4. Where a disclosure is made to the MLRO he or she must consider it in the light of any relevant information which is available to the Council and determine whether it gives rise to such knowledge or suspicion or such

reasonable grounds for knowledge or suspicion that a person is engaged in money laundering.

5.5. The MLRO will complete an 'Evaluation of Internal Report Form' for each disclosure received (copy attached as Appendix B). This will record his or her decision as to whether a disclosure is to be made to NCIS.

5.6. Where the MLRO does so determine he or she shall disclose the information to NCIS as soon, as is reasonably practicable.

## **6. Restriction on Transactions**

6.1. Where the MLRO has made or is contemplating making a disclosure to NCIS or a disclosure to NCIS has been made or is contemplated by another officer in the absence of the MLRO, the MLRO, or other officer as the case may be, shall notify all officers involved in any transactions, which are the subject of such disclosure or contemplated disclosure, that no further steps are to be taken with regard to any transactions involving the same party for a period of seven (7) days unless within that period NCIS have indicated that it consents to the transaction proceeding.

6.2. In the event that NCIS refuses consent to the transaction or transactions proceeding within seven (7) days the MLRO or other officer who made the disclosure shall forthwith notify all officers involved in any such transactions that no further steps are to be taken with regard to any transactions involving the same party for a period of thirty one (31) days unless within that period NCIS have indicated that it consents to the transaction proceeding.

## **7. Tipping Off**

7.1. OFFICERS ARE REMINDED THAT TIPPING OFF IS A SERIOUS OFFENCE

7.2. An officer who knows or suspects that a disclosure to NCIS has been made or may be made under paragraph 6 above must not disclose to any other person anything which may prejudice the investigation

7.3. For the purposes of paragraph 7.2. above where an officer knows or suspects that a disclosure has or will be made by another officer to the MLRO he or she is likely to have grounds to suspect that a disclosure has or will be made by the MLRO to NCIS unless the MLRO has confirmed that he is not making such a disclosure.

7.4. Where as a result of a disclosure being made a transaction is unable to proceed as set out in paragraph 6 above it follows that officers are prevented from disclosing the reason for delay.