DRAFT

Anti-Money Laundering Policy

MALDON
DISTRICT COUNCIL

Document Control Sheet

Document title	Anti-Money Laundering Policy
Summary of purpose	To assist in the detection, prevention, and management of money laundering
Prepared by	Michelle Lamarre
Status	Draft
Version number	2
To be approved by	Strategy and Resources Committee
Approval date	23 July 2026
Date of implementation	23 July 2026
Review frequency	3 yearly or legislation changes
Next review date	July 2029
Circulation	All staff and Members
Published on the Council's website	No

Validity Statement

Users of the Policy and Procedure should ensure that they are consulting the currently valid version of the document.

Anti-Money Laundering Policy

Introduction

The Proceeds of Crime Act 2002, the Terrorism Act 2000 and Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 place obligations on the Council and its employees to establish internal procedures to prevent the use of their services for money laundering and the prevention of terrorist financing. The Council must also appoint a Money Laundering Reporting Officer (MLRO) to receive disclosures from employees of money laundering activity.

Local authorities are NOT directly covered by these requirements at all (because it is not a regulated industry) but should comply with the underlying spirit of the regulations / legislation (CIPFA guidance). We are committed to *robust arrangements* to identify and prevent any attempts to use the authority to launder money.

What is Money Laundering?

Money laundering describes offences involving the integration of the proceeds of crime, or terrorist funds, into the mainstream economy. Such offences are defined under the Proceeds of Crime Act 2002 (POCA) as the following 'prohibited acts':

a) Concealing, disguising, converting, transferring, or removing criminal property from the UK. (s327 POCA).

b) Becoming involved in an arrangement which an individual knows or suspects, facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person. (s328 POCA).

c) Acquiring, using, or possessing criminal property (s329 POCA). Anti-Money Laundering Policy 3 of 10 V2.0–March 2025.

d) Doing something that might prejudice an investigation e.g., falsifying a document (s333 POCA).

e) Failure to disclose one of the offences listed in a) to c) above, where there are reasonable grounds for knowledge or suspicion (s330-332 POCA); and

f) Tipping off a person(s) who is or is suspected of being involved in money laundering in such a way as to reduce the likelihood of or prejudice an investigation. (s333 POCA).

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 and Members remain subject to the remainder of the offences and the full provisions of the Terrorism Act 2000. 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.

Although the term ‘money laundering’ is generally used to describe the activities of organised crime, for most people it will involve a suspicion that someone they know, or know of, is benefiting financially from dishonest activities. Potentially very heavy penalties (unlimited fines and imprisonment up to fourteen years) can be handed down to those who are convicted of one of the offences detailed above.

The Council’s Financial Regulations specify appropriate segregation of duties around cash payments and reconciling these.

Scope of the Policy

This policy applies to all persons working for the Council or on our behalf in any capacity, including Members, employees at all levels, directors, officers, agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, third-party representatives and business partners, sponsors, or any other person associated with us, wherever located.

Failure by any member of staff to comply with these procedures may lead to disciplinary action being taken against them.

Reporting a Concern

The council has designated the Section 151 (S151) Officer as the Money Laundering Reporting Officer (MLRO). The key requirement on employees is to promptly report any suspected money laundering activity to the MLRO.

Reporting to the National Crime Agency

The initial discussion/disclosure will be noted by the MLRO, and they will be required to promptly evaluate this and determine whether it is appropriate to report it to the National Crime Agency (NCA).

If a report is made, then the relevant NCA forms must be completed.

If no report is made, the reason must be recorded.

All disclosure reports referred to and reported to the NCA must be retained in a confidential file for a minimum of five years. The Money Laundering Disclosure Form at Appendix should be used to facilitate the recording of any action taken.

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 the NCA.

All information obtained for the purposes of money laundering checks and referrals must be kept up-to-date and will be held and processed in compliance with relevant Data Protection legislation.

Staff training and awareness

All staff are required to read this policy which outlines money laundering offences (providing examples) and the protocol for referral.

However, there are some areas of the Council's activities that may be more vulnerable to attempts to launder money. The S151 Officer will assess the risk and where appropriate will source appropriate awareness training.

Internal procedures to help forestall and prevent money laundering

In addition to introducing procedures to address specifically the requirements of the money laundering regulations, there are also robust strategies and procedures in place to fight fraud and corruption that also apply to money laundering.

The regulations require a risk-based approach. Maldon District Council will focus its resources on the areas of greatest risk within each function. This helps a more efficient and effective use of resources proportionate to the risks faced. This also minimises compliance costs and provides a greater flexibility to respond to emerging risks as laundering and terrorist financing methods change.

Maldon District Council will need to consider higher risk transactions based on:

- The origin or destination of the funds,
- Complicated financial or property transactions,
- Transactions that have no apparent economic or legal purpose,
- Where the beneficial owner is a legal person (other than a company listed on a regulated market), trust, company, foundation, or similar legal arrangement;
- Providing assistance in setting up trusts or company structures, which could be used to obscure ownership of property,
- Payments that are made or received from third parties,
- Payments made by cash,
- Transactions with a cross-border element,
- A Politically Exposed Person (see Appendix 2 for definition and further information),

- where false or stolen identification documentation or information has been provided to the Council.

There will be circumstances where simplified due diligence is permitted. After consideration, if the transaction does not fall under the conditions for high risk transaction and the transaction presents a low degree of risk as determined by CCC, a simple customer due diligence is permitted to be undertaken.

Internal audit will monitor compliance by the Authority.

Internal reporting procedures

If you suspect that money laundering activity is taking place (or has taken place), or think that your involvement in a matter may amount to a prohibited act under the legislation, you must disclose this as soon as possible to the MLRO or Deputy.

You should contact the MLRO Officer or Deputy as soon as is practicable – certainly not weeks or months later, or you may become liable to prosecution. Considerations of confidentiality do not apply if money laundering is at issue.

In the first instance, the report may be made informally to allow the MLRO or Deputy to assess the information and decide whether a Suspicious Activity Report (SAR) should be made to the National Crime Agency (NCA). You should include as much detail as possible, for example:

- Details of the people involved – name, date of birth, address, company names, directorships, phone numbers etc;
- Full details of the nature of the involvement;
- The dates of activities;
- Where they took place;
- How they were undertaken;
- Likely amounts of money or assets involved;
- Why you are suspicious.

This will assist the MLRO to make a judgement as to whether there are reasonable grounds for assuming knowledge or suspicion of money laundering. They may initiate an investigation to enable him to decide whether a report should be made to the NCA.

In cases where legal professional privilege may apply, the MLRO/Section 151 Officer must decide (taking legal advice if required) whether there is a reasonable excuse for not reporting the matter.

If a decision is made that a report should be made, the NCA provide forms for completion, to facilitate processing the information. It is recommended that for reasons of confidentiality, Maldon District Council's name should only be included once on the front sheet of the reporting form as the source ID and not anywhere else in the report. It is also recommended that the name or names of those making the report to the MLRO are not included in the report, and that the MLRO / S151 Officer or Deputy is given as contact for queries.

Once the matter has been reported to the MLRO / S151 Officer or Deputy, you must follow any directions they may give you. ***You must not make any further enquiries into the matter yourself***. Any investigations will be undertaken by the NCA.

If you are still involved with the situation that has given rise to suspicions of money laundering, you must not take any further action ***that might constitute a money laundering offence*** unless permission is given by the NCA to continue with the process. In these circumstances, permission should be sought from NCA when the report is made to continue with the process that may involve money laundering. Permission will be given (or withheld) within 7 working days and this may mean that work for a client has to stop until and unless consent is given.

However, there is no automatic need to stop work for a client when a report has been made, unless the business would commit to one of the main money laundering offences by continuing its work for the client.

Care should be taken that the client who is suspected of money laundering is not alerted that a report has been made to the NCA. 'Tipping off' is a specific offence under the POCA, covering situations where disclosures are made following a report to NCA that may prejudice an investigation.

If the NCA has any queries on the report, responses to those queries should be routed via the MLRO to ensure that any reply is covered by appropriate protection against claims for breaches of confidentiality.

You should not make any reference on a client file to a report having been made to the MLRO – the client might exercise their right to see the file, and such a note would tip them off to a report having been made and might make you liable to prosecution.

Appendix 1

Confidential Report to Money Laundering Reporting Officer

THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS

Staff member's name	
Title / Department	
Phone	
Email	
Details of Suspected Offence	
Names and addressed of the persons involved (if a company, nature of business)	
Nature, value, timing of activity	
Nature of suspicions	
Has any investigation been undertaken?	
Have you discussed your suspicions with someone else?	
Have you consulted any supervisory body e.g. The Law Society	
Do you have any good reason not to disclose the matter to the NCA?	
Signed and dated	
For Completion by the MLRO	
Date received	
Date acknowledged	
Unique case reference no.	
Are their reasonable grounds for suspecting money laundering?	
If yes, confirm date of report to NCA?	
Date consent given to employee for transaction to proceed	
Categories	1. Debt/charge 2. Overpayment 3. Refund 4. Cashier error 5. Land/building resale within 3-12 months 6. House or Asset resale within 3 months
Signed and dated	

Appendix 2

Politically Exposed Person (“PEP”)

In considering higher risk transactions, one of the criterions the Council has to consider is whether the transaction(s) relate to Politically Exposed Persons (PEP).

Set out below is the definition of a PEP.

A PEP under the Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 now extends to persons who fall under the definition of ‘Politically Exposed Persons’ in the UK, as well as abroad.

A politically exposed person is considered any individual who is entrusted with prominent public functions (as set out in Regulation 35(12) of the Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017

including:

- A foreign person who has held any time in the preceding year a prominent public function outside the United Kingdom, in a state or international institution
- Members of courts of auditors or of the boards of central banks
- Ambassadors, chargés d’affaires and high-ranking officers in the armed forces
- Members of the administrative, management or supervisory bodies of state-owned enterprises
- Heads of state, heads of government, ministers and deputy or assistant ministers
- Members of parliaments or of similar legislative bodies
- Members of the governing bodies of political parties
- Members of supreme courts, constitutional courts or of other high-level judicial bodies the decisions of which are not subject to further appeal except in exceptional circumstances
- Member of the administrative, management or supervisory bodies of state-owned enterprises
- directors, deputy directors and members of the board or equivalent function of an international organisation

The definition explicitly excludes middle-ranking or more junior officials.

PEP status also extends to relatives and close associates.

Relatives are set out in the Regulations as a spouse or civil partner of the PEP; children of the PEP and the spouses or civil partners of the PEP’s children; and parents of the PEP.

Close associates include any individual who is known to have joint beneficial ownership of a legal entity or legal arrangement, or any other close business relations. It also includes any individual who has sole beneficial ownership of a legal entity or legal arrangement which is known to have been set up for the benefit of a person referred to in regulation.

The Council will take a risk sensitive approach to identifying PEPs. It will undertake a risk assessment with regards to each individual PEP on a case by case basis.