

## **CHESHIRE EAST COUNCIL**

# **ANTI-MONEY LAUNDERING POLICY**

## **1 Introduction**

- 1.1 The Proceeds of Crime Act 2002, the Terrorism Acts 2000 and 2006 and the Money Laundering Regulations 2007 place obligations upon organisations and individuals with respect to suspected money laundering.
- 1.2 Although local authorities are not legally obliged to implement the full requirements of the Money Laundering Regulations, because of the size and scope of their activities they and their employees may be subject to the risks around money laundering and therefore it is recommended that local authorities embrace the underlying principles of the legislation.
- 1.3 There is no further guidance available to help local authorities decide the extent to which they will follow the detail of the Regulations and it is therefore for each authority to adopt policies and procedures that they consider to be reasonable and proportionate.
- 1.4 Cheshire East Council has therefore adopted this policy and it will through the publication of more detailed guidance and the provision of appropriate training ensure that the Council and its employees avoid the risks around money laundering.

## **2 Money Laundering**

- 2.1 Money laundering is the term used for a number of offences involving the proceeds of crime or terrorism funds. These are;
  - concealing, disguising, converting, transferring criminal property or removing it from the UK; or
  - 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; or
  - acquiring, using or possessing criminal property; or
  - becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property.

## **3 Scope of the Policy**

- 3.1 This policy applies to all employees of the Council and forms part of the Council's anti fraud and corruption framework.

The Council will:

- appoint a Money Laundering Reporting Officer ("MLRO") to receive disclosures from employees of suspected money laundering activity;
- implement a procedure to enable the reporting of suspicions of money laundering;
- ensure that appropriate employees are aware of the regulations;
- perform an identity check of a customer/client (Customer Due Diligence) if this is considered necessary;
- maintain records for a minimum of 5 years after events are reported;

- prohibit the receipt of payments in cash for the purchase of land and property; and
- decline to receive payments in cash exceeding £3000.

#### **4     The Money Laundering Reporting Officer (MLRO)**

- 4.1     The officer nominated to receive disclosures about money laundering activity within the Council is the Borough Treasurer and Head of Assets, Lisa Quinn. Her contact details are:

Lisa Quinn  
Borough Treasurer and Head of Assets  
Cheshire East Council  
Westfields  
Middlewich Road  
Sandbach  
Cheshire  
CW11 1HZ

Telephone: 01270 529628

Email: [lisa.quinn@cheshireeast.gov.uk](mailto:lisa.quinn@cheshireeast.gov.uk)

- 4.2     In the absence of the MLRO, Christine Mann, Finance Manager, is an authorised deputy. Christine can be contacted at Cheshire East Council, Room 1, County Hall, Chester, Cheshire, CH1 1SF or on telephone number 01244 972001.

#### **5     Disclosure Procedure**

- 5.1     Where an employee suspects money laundering activity they must disclose this as soon as practicable to the MLRO or to the deputy MLRO using the Disclosure Report form.
- 5.2     The employee must follow any subsequent directions from the MLRO or deputy MLRO and must not make any further enquiries into the matter. They must not take any further steps in any related transaction without authorisation from the MLRO.
- 5.3     The employee must not disclose or otherwise indicate their suspicions to the person suspected of money laundering activity. They must not discuss the matter with others or note on the file that a report has been made to the MLRO in case in the person suspected becomes aware of the situation.
- 5.4     The MLRO or deputy MLRO must promptly evaluate any Disclosure Report and determine whether it should be reported to the Serious Organised Crime Agency (SOCA).
- 5.5     The MLRO or deputy MLRO must, if so determined, promptly report the matter to the SOCA using the Suspicious Activities Report (SAR) in the prescribed manner.
- 5.6     If the MLRO or deputy MLRO chooses not to report the matter to the SOCA, then the reason for this decision should be fully documented in the Disclosure Report.

#### **6     Customer Due Diligence (CDD)**

- 6.1     Where the Council considers it necessary the identity of a potential customer or client will be checked. The action taken will be appropriate and proportionate and is intended to ensure that the Council "Knows the Customer". This is known as Customer due Diligence or CDD.

- 6.2 When it is necessary to verify a customer's identity the following checks may be performed;
- checking with the customer's website to confirm their business address;
  - conducting an on-line search via Companies House to confirm the nature and business of the customer and to confirm the identities of any directors;
  - seeking evidence from the key contact of their personal identity, for example their passport, and position within the organisation.
- 6.3 When it is considered necessary the checks will be applied immediately for new customers and on a risk based approach for existing customers. Ongoing checks may also be performed on a regular basis during the life of a business relationship based on the officer's knowledge of the customer and an assessment of the risk of money laundering occurring.
- 6.4 In some circumstances an enhanced identification and verification process may be necessary. Examples include;
- where the customer has not been present for identification;
  - the customer is a Politically Exposed Person<sup>1</sup> (PEP);
  - There is a beneficial owner who is not the customer - a beneficial owner is any individual who holds more than 25% of the shares, voting rights or interest in a company, partnership or trust.

When this enhanced process is necessary advice will be sought from the MLRO.

- 6.5 If there is any suspicion that a customer for whom the Council is currently providing a regulated activity, or is planning to do so, is carrying out money laundering or terrorist financing, or has provided false information for identification then the agreement should be terminated and reported to the MLRO.

## **7 Record Keeping**

- 7.1 Each business area of the Council where there is a risk of exposure to potential money laundering will maintain records of:
- Customer Due Diligence evidence obtained; and
  - details of all relevant business transactions carried out for clients.

These records will be retained for at least five years after the end of the business relationship.

## **8 Guidance and Training**

- 8.1 The Council will;
- ensure that those employees most likely to be exposed to or become suspicious of money laundering situations will be made aware of any requirements and obligations placed upon the Council, and them as individuals, by the Proceeds of Crime Act 2002 and the Terrorism Acts 2000 and 2006;

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<sup>1</sup> An individual (or known associate of) who is or has, at any time in the preceding year, been entrusted with a prominent public function by in a state other than the United Kingdom.

## Appendix A

- provide targeted training to those considered to be the most likely to encounter money laundering;
- make arrangements to receive and manage the concerns of employees about money laundering and their suspicions of it, to make internal enquiries, and to make reports, where necessary;
- establish internal procedures to help prevent money laundering.

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