

ANTI-MONEY LAUNDERING POLICY 2022/23

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Document Owner:	Maria G. Christofi
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1. This Statement sets ELWA’s policy in relation to Anti-Money Laundering in support of its wider Anti-Fraud and Corruption arrangements:

- 1.1 ELWA takes its responsibilities to protect the public purse very seriously and is fully committed to the highest ethical standards, in order to ensure the proper use and protection of public funds and assets. ELWA has an ongoing commitment to continue to improve its resilience to fraud, corruption (including bribery and money laundering) and other forms of financial irregularity.
- 1.2 ELWA advocates strict adherence to its anti-fraud framework and associated policies. Whilst individual circumstances of each case will be carefully considered, ELWA has a zero-tolerance approach to fraud and corruption (including bribery and money laundering) in all of its forms. ELWA will not tolerate fraud or corruption by its members, employees, suppliers, contractors, partners or service users and will take all necessary steps to investigate all allegations of fraud or corruption and pursue sanctions available in each case, including removal from office, disciplinary action, dismissal, civil action for recovery and/or referral to the Police and/or other agencies. ELWA's general belief and expectation is that those associated with it (employees, members, school governors, service users, contractors and voluntary bodies) will act with honesty and integrity.
- 1.3 This Anti-Money Laundering Policy is supplementary to ELWA’s wider Anti-Fraud and Corruption Strategy (the Strategy), which sets out what actions ELWA proposes to take over the medium-term future to continue to develop its resilience to fraud and corruption. The Strategy sets out the key responsibilities with regard to wider fraud prevention, what to do if fraud is suspected and the action that will be taken by management and the action that will be taken by management and the action that will be taken by management.
- 1.4 Please see section 3 for further detail on the scope of this policy.

2. Introduction

- 2.1 Although local authority bodies are not directly covered by the requirements of the Money Laundering Regulations 2017, guidance from CIPFA indicates that they should comply with the underlying spirit of the legislation and regulations.
- 2.2 ELWA is committed to the highest possible standards of conduct and has, therefore, put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements.

3. Scope of the Policy

- 3.1 This policy applies to all employees, whether permanent or temporary, and Members of ELWA. It aims to maintain the high standards of conduct which currently exist within ELWA by preventing criminal activity through money laundering. The Policy sets out the procedures which must be followed (for example the reporting of suspicions of money laundering activity) to enable ELWA to comply with its legal obligations.
- 3.2 Its aim is to enable employees and Members to respond to a concern they have in the course of their dealings for ELWA. Individuals who have a concern relating to a matter outside work should contact the Police.

3.3 Failure by a member of staff to comply with the procedures set out in this Policy may lead to disciplinary action being taken against them. Any disciplinary action will be dealt with in accordance with ELWA's Employee Rules.

4. Definition of Money Laundering:

4.1 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;
- 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;
- c) Acquiring, using or possessing criminal property;
- d) Doing something that might prejudice an investigation e.g. falsifying a document;

4.2 These are the primary money laundering offences and thus prohibited acts under the legislation. There are also two secondary offences: failure to disclose any of the primary offences and tipping off. Tipping off is where someone informs a person or people who are, or 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.

4.3 Money laundering is the process of channelling 'bad' money into 'good' money in order to hide the fact the money originated from criminal activity. Money laundering often occurs in three steps: first, cash is introduced into the financial system by some means ("placement"), the second involves a financial transaction in order to camouflage the illegal source ("layering"), and the final step entails acquiring wealth generated from the transactions of the illicit funds ("integration"). An example is where illicit cash is used (placed) to pay for a service (including possibly also creating a large overpayment), and then within a very short period of time a refund is requested (layering). A refund is made to the individual thus 'integrating' the source of the money.

4.4 Provided ELWA 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, ELWA and its employees and Members remain subject to the remainder of the offences and the provisions of the Terrorism Act 2000.

4.5 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.

4.6 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.

4.7 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 above.

5. Requirements of the Money Laundering Legislation:

- 5.1 The main requirements of the legislation are:
- e) To appoint a Money Laundering Reporting Officer (“MLRO”) to receive disclosures from employees of money laundering activity (their own or anyone else’s);
 - f) Maintain client identification procedures in certain circumstances;
 - g) Implement a procedure to enable the reporting of suspicions of money laundering; and
 - h) Maintain record keeping procedures.
- 5.2 Not all of ELWA’s business is “relevant” for the purposes of the legislation. However, the safest way to ensure compliance with the law is to apply it to all areas of work undertaken by ELWA; therefore, all staff are required to comply with the reporting procedure set out in section 7 below.

6. The Money Laundering Reporting Officer (MLRO):

- 6.1 ELWA has designated the Finance Director as the MLRO, and they can be contacted on 020 8708 3588 or e-mail maria.christofi@redbridge.gov.uk

Alternative contacts in the absence of the above are:

Greg Mortimer

Head of Audit and Investigations

02087085412

greg.mortimer@redbridge.gov.uk

Emma Vick

Counter Fraud Manager

02087085255 or 07741 331040

emma.vick@redbridge.gov.uk

7. Client Identification Procedures:

- 7.1 The aim of the client identification procedures is to establish that the individual/organisation involved in a transaction is genuine and the source of the funds involved is legitimate.
- 7.2 With the introduction of electronic payments within most areas of ELWA, the risks of Money Laundering are minimal, however should you have any doubts about any transaction/activity, refer to the MLRO / Section 73 Officer to ascertain if client identification procedures need to be followed.
- 7.3 Where client identification is necessary in the case of an individual the person should be required to produce evidence of their identity in the form of two of the following original documents where possible (copy documents are not acceptable):
- a) A current passport

- b) A current full driving licence
 - c) A birth certificate
 - d) A marriage certificate.
- 7.4 If only one document is available (e.g. birth certificate) then additional proof should be obtained or enquiry made (see paragraphs below). Where foreign documents are offered a translation should be obtained from a reputable source to confirm their validity.
- 7.5 The person should also be requested to provide proof of their current address in the form of at least two items from the following list:
- a) A bank or building society statement less than three months old
 - b) A credit card statement less than three months old
 - c) Current mortgage (statement) or insurance (policy document) details
 - d) A utility bill (Council tax, electricity, gas, water, heating oil, landline telephone but not a mobile phone bill) less than 12 months old
- 7.6 Check the name and address to a robust source (e.g. Council Tax records, Electoral Register, Credit Reference Agency e.g. Experian).
- 7.7 Where client identification is required for a Company the procedure is similar to a suspicion involving a person. The following information should be obtained:
- a) The Company's full name and registration number
 - b) Details of the registered office address
 - c) Any separate trading address relevant to the transaction concerned
- 7.8 A company search should be carried out to verify the details given and check the location of any relevant trading address.
- 7.9 In this case and also where instructions are received from a new or less well-known client, consideration should be given to obtaining additional evidence, such as the identity of key individuals in the organisation, from whom proof should be obtained as outlined above, or about the organisation itself.
- 7.10 All such identification procedures must be evidenced by the officer undertaking the client identification procedure clearly stipulating the documents checked, any verifications done, conclusions from the checks, date, name and signature of the officer undertaking the checks. Copies of the personal documents are not necessarily required to be obtained.
- 7.11 If satisfactory evidence is not obtained at the outset of a matter, then the transaction must not be progressed and a disclosure report, must be submitted to the Money Laundering Reporting Officer.
- 7.12 All personal data collected must be kept in compliance with the Data Protection Policy
- 7.13 It is not possible to give a definitive list of ways in which to identify money laundering or how to decide whether to make a report to the MLRO. The following are types of

risk factors which may, either alone or cumulatively, suggest possible money laundering activity:

- a) Payment of a substantial sum in cash (over £,5000)
- b) Payment of lower cash sums where cash is not the normal means of payment,
- c) Cash paid exceeds the amount necessary to settle a transaction and a noncash return of the excess is requested,
- d) A new customer or use of new/shell companies,
- e) A secretive customer, e.g. refuses to provide requested information without a reasonable explanation,
- f) Concerns about the honesty, integrity, identity or location of a customer,
- g) Illogical third-party transaction such as unnecessary routing or receipt of funds from third parties or through third party accounts,
- h) Involvement of an unconnected third party without logical reason or explanation,
- i) Overpayments by a customer or payments of deposits subsequently requested back,
- j) Absence of an obvious legitimate source of funds,
- k) Movement of funds overseas, particularly to a higher risk country or tax haven,
- l) Unusual transactions or ways of conducting business, without reasonable explanation,
- m) A transaction without obvious legitimate purpose or which appears uneconomic, inefficient or irrational,
- n) The cancellation or reversal of an earlier transaction,
- o) Requests for release of customer account details other than in the normal course of business,
- p) Transactions at substantially above or below fair market values,
- q) Poor business records or internal accounting controls,
- r) A previous transaction for the same customer which has been, or should have been, reported to the MLRO,
- s) Lack of 'traceability' of persons involved,
- t) Individuals and companies that are insolvent,
- u) Where an individual or organisation seeks to make more than one cash payment within a 12-month period and the total of these payments aggregate to more than £10,000.

Where regular smaller cash payments are identified directly from or on behalf of the same individual or organisation this should also warrant further enquiry. To that extent regular payments of £1,000 and over should be subject to scrutiny.

8. Reporting Procedure for Suspicions of Money Laundering to the MLRO:

- 8.1 No payment to ELWA should automatically be accepted in cash (including notes, coins or traveller's cheques in any currency) if it exceeds £5,000. This does not, however, mean that cash transactions below this value will be valid and legal and should not arouse any suspicion. Professional scepticism should remain at all times. Staff who collect cash payments are asked to provide the details of any cash transaction over £5,000 to the MLRO so that precautionary checks can be performed.
- 8.2 Any potentially suspicious activity leading to the artificial creation of credit balances for the purpose of affecting a refund should be also reported to the MLRO for their consideration.
- 8.3 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 Proceeds of Crime Act (POCA), you must disclose this as soon as practicable to the MLRO. The 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.
- 8.4 Your disclosure should be made to the MLRO using the disclosure report as attached within Appendix A of this document. The report must include as much detail as possible including
- a) Full details of the people involved
 - b) Full details of the nature of their/your involvement
 - c) The types of money laundering activity involved
 - d) The dates of such activities
 - e) Whether the transactions have happened, are on-going or are imminent
 - f) Where they took place
 - g) How they were undertaken
 - h) The (likely) amount of money/assets involved
 - i) Why, exactly, you are suspicious.
- 8.5 Along with any other available information to enable the MLRO to make a sound judgment as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to facilitate reporting to the National Crime Agency (NCA), where appropriate. You should also enclose copies of any relevant supporting documentation.
- 8.6 If you are concerned that your involvement in the transaction would amount to a prohibited act under sections 327 – 329 of the Act (POCA), then your report must include all relevant details, as you will need consent from the National Crime Agency (NCA), via the MLRO, to take any further part in the transaction - this is the case even if the client gives instructions for the matter to proceed before such consent is given. You should therefore make it clear in the report if such consent is required and clarify whether there are any deadlines for giving such consent e.g. a completion date or court deadline.

- 8.7 You must follow any subsequent directions from the MLRO or deputy and must not make any further enquiries into the matter. Additionally, you must not take any further steps in the transaction without authorisation from the MLRO or deputy.
- 8.8 You must not disclose or otherwise indicate your suspicions to the person(s) suspected of money laundering. In addition, you must not discuss the matter with others or note on a file that a report has been made to the MLRO in case this results in the suspect becoming aware of the suspicion.
- 9. Consideration of the disclosure by the Money Laundering Reporting Officer:**
- 9.1 Upon receipt of a disclosure report, the MLRO must note the date of receipt on the relevant section of the report and acknowledge receipt of it. The MLRO should also advise you of the timescale within which you will receive a respond to the report.
- 9.2 The MLRO will consider the report and any other available internal information he/she thinks relevant, for example:
- a) reviewing other transaction patterns and volumes
 - b) the length of any business relationship involved
 - c) the number of any one-off transactions and linked one-off transactions
 - d) any identification evidence held.
- 9.3 The MLRO will undertake such other reasonable inquiries he/she thinks appropriate in order to ensure that all available information is taken into account in deciding whether a report to the 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.
- 9.4 Once the MLRO has evaluated the disclosure report and any other relevant information, timely determination must be made as to whether:
- a) there is actual or suspected money laundering taking place; or
 - b) there are reasonable grounds to know or suspect that is the case; and
 - c) whether he/she needs to seek consent from the NCA for a particular transaction to proceed.
- 9.5 The MLRO or alternative contacts must, if they so determine, promptly report the matter to the NCA using the online Suspicious Activity Reports:
[https://www.ukciu.gov.uk/\(hnt04k2xpggownt45nscntq45\)/saronline.aspx](https://www.ukciu.gov.uk/(hnt04k2xpggownt45nscntq45)/saronline.aspx)
- 9.6 Where the MLRO suspects money laundering but has a reasonable excuse for nondisclosure, (for example, if he/she is a lawyer and wishes to claim legal professional privilege for not disclosing the information), then he/she must note in the report accordingly; he/she can then immediately give consent for any ongoing or imminent transactions to proceed.
- 9.7 In cases where legal professional privilege may apply, the MLRO must decide whether there is a reasonable excuse for not reporting the matter to the NCA.
- 9.8 Where consent is required from the NCA for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until the NCA has

specifically given consent, or there is deemed consent through the expiration of the relevant time limits without objection from the NCA.

- 9.9 All disclosure reports referred to the MLRO and reports they make to the NCA must be retained by them in a confidential file kept for that purpose, for a minimum of five years.
- 9.10 The MLRO commits a criminal offence if he/she knows or suspects, or has reasonable grounds to do so, through a disclosure being received, that another person is engaged in money laundering and does not disclose this as soon as practicable to the NCA.

10. Document retention:

- 10.1 Where relevant business has been carried out then the client identification records and details of the relevant transaction(s) for that client must be retained for at least five years after the end of the business relationship. Examples of the documents are:
- a) Documents relating to the financial transaction
 - b) Customer identity checks records
 - c) Risk assessments
 - d) Management policies and procedures.

11. Training:

- 11.1 In support of this policy, ELWA will make all staff aware of the requirements and obligations placed on ELWA and on themselves as individuals by the anti-money laundering legislation through fraud awareness training.

12. Risk Management and Internal Control:

- 12.1 The risk to ELWA of contravening the anti-money laundering legislation will be assessed on a periodic basis and the adequacy and effectiveness the Anti-Money Laundering Policy will be reviewed in light of such assessments.

13. Further Information:

- 13.1 Further information can be obtained from the MLRO and the following sources:

National Crime Agency (NCA) – <http://www.nationalcrimeagency.gov.uk/>

CIPFA - <http://www.cipfa.org/services/counter-fraud-centre/resourcebank/ccab?crdm=0>

CCAB - Anti-Money Laundering Guidance for Accountants
<http://www.ccab.org.uk/PDFs/CCAB%20guidance%202008-8-26.pdf> (direct link)

The Institute of Chartered Accountants technical release
<https://www.icaew.com/en/technical/legal-and-regulatory/money-laundering/background-and-representations/ccab-money-laundering-guidance>

The Law Society - Anti-Money Laundering Guidance and Advice -
<https://www.lawsociety.org.uk/support-services/advice/practice-notes/aml/>

14. Policy Review:

- 14.1 The Finance Director (Section 73 Officer) will ensure the continuous review and amendment of this policy document, to ensure that it remains compliant with good practice national public sector standards, primarily CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption and the CIFAS Local Government Fraud Strategy – Fighting Fraud & Corruption Locally and meets the needs of ELWA.