

Service Document Procedure:

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1. Changes since the last version

The Anti-Money Laundering Policy has been updated to reflect the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017) which came into force on 26 June 2017.

Please note that as Service Documents are frequently updated, if you print a document, its accuracy cannot be guaranteed. Always check the intranet for the latest version.

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3. Purpose and scope

Please refer to Section 5.1.

4. Roles and responsibilities

The roles and responsibilities of everyone should be advised. For example, in relation to this procedure:

The officer nominated to receive disclosure about money laundering actively activity within the Authority is the **Chief Finance Officer** (see Section 5.10.)

5. Document content

5.1. Scope of the Policy

5.1.1 This Policy applies to all employees of the Authority and aims to maintain the high standards of conduct which currently exist within the Authority by preventing criminal activity through money laundering. The Policy sets out the procedures that must be followed, for example the reporting of suspicious money laundering activity, to enable the Authority to comply with its legal obligations.

5.1.2 The Policy is accompanied by four additional documents:



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- The Customer Due Diligence Pro-Forma (Appendix 1).
- The template Report to the Money Laundering Reporting Officer (Appendix 2)
- The Due Diligence Flowchart (Appendix 3)
- The Enhanced Due Diligence and Ongoing Monitoring Flowchart (Appendix 4)

5.1.3 Failure by a member of staff to comply with the procedures set out in the Policy may lead to disciplinary action being taken against him/her. Any disciplinary action will be dealt with in accordance with the Authority's disciplinary Policy and Procedure.

5.2. What is Money Laundering?

5.2.1 The definition of money laundering is very wide. It includes all forms of handling or possessing criminal property, including possessing the proceeds of one's own crime and facilitating any handling or possession of criminal property. Property is criminal if it constitutes or represents a person's benefit from criminal conduct and the alleged offender knows or suspects that it constitutes such a benefit; criminal property may take any form and includes money, securities, tangible and intangible property. Criminal conduct is conduct which constitutes an offence in the UK or would constitute an offence in the UK if it occurred there. Money laundering also includes activities relating to terrorist financing.

5.2.2 Money laundering activity may range from a single act, for example being in possession of the proceeds of one's own crime, to complex and sophisticated schemes involving multiple parties and multiple methods of handling and transferring criminal property as well as concealing it and entering into arrangements to assist others to do so. Authority employees need to be alert to the risks of clients, their counterparties and others laundering money in any of its many forms.

5.2.3 The main money laundering offences are those under sections 327 to 329 of the Proceeds of Crime Act 2002 and section 18 of the Terrorism Act 2000. In summary the offences are committed as follows:

- Under section 327 it is an offence to conceal, disguise, convert, transfer or remove criminal property from England and Wales.
- Under section 328 it is an offence for a person to enter into or become concerned in an arrangement which s/he knows or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person.
- Under section 329 it is an offence for a person to acquire, use or have in his/her possession criminal property.



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- 5.2.4 Under section 18 of the Terrorism Act 2000 it is an offence for a person to enter into or become concerned in an arrangement which facilitates the retention or control by or on behalf of another person of terrorist property by concealment, removal from the jurisdiction, transfer to nominees or in any other way. Terrorist property is defined as money or other property which is likely to be used for the purposes of terrorism (including any resources of a prescribed organisation), proceeds of the commission of acts of terrorism, and proceeds of acts carried out for the purposes of terrorism.
- 5.2.5 It is important to note that anyone, not necessarily an employee of the Authority can commit any of the above offences. However, in addition to these offences there are a series of obligations imposed on the Authority by the ~~2010~~ 2017 Regulations that it must fulfil and of which breach can also amount to an offence by the Authority.

5.3. What are the Obligations on the Authority?

- 5.3.1 The obligations on the Authority are those imposed by the ~~2007~~ 2017 Regulations which apply to "relevant persons" acting in the course of business carried on by them in the UK. Not all of the Authority's business is relevant for the purposes of the Regulations; it is mainly the accountancy and audit services carried out by Finance and the financial, company and property transactions undertaken by Legal Services and vehicle disposals in the Workshops.
- 5.3.2 It should be remembered that under Reg. ~~38~~(1), the Regulations only apply to "persons acting in the course of a business".
- Therefore Authority employees in the Finance Team, Legal Services and Workshops sections are those to whom the Policy most directly applies.
- 5.3.3 It is reasonable to conclude that the money laundering regime is not primarily aimed at local authorities and that local authorities' work is to some extent tangential to the regime. However, the safest way to ensure compliance with the regime is nonetheless to apply its requirements to all of the Authority's areas of work and to ensure that all staff comply with the reporting procedure set out in the Policy.
- 5.3.4 The obligations on the Authority are to establish and maintain appropriate and risk-sensitive policies and procedures relating to the following:

- Customer due diligence measures and ongoing monitoring
- Reporting
- Record-keeping
- Internal control



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- Risk assessment and management
 - The monitoring and management of compliance with, and the internal communication of, such policies and procedures
- 5.3.5 All employees are required to follow the procedure set out in the policy and in this way the Authority will properly discharge its obligations under the money laundering regime.
- 5.4. The importance of disclosing any suspicions to the Money Laundering Reporting Officer (MLRO)**
- 5.4.1 Where you know or suspect that money laundering activity is taking/has taken place, or you are concerned that your involvement in the matter may amount to a prohibited act under the legislation, you must disclose to the MLRO (see Section [11-10](#) for named officer) this suspicion or concern as soon as practicable; the disclosure should be made within hours rather than days or weeks of the information coming to your attention. **If you fail to do so you may be liable to prosecution.**
- 5.4.2 Your disclosure should be made to the MLRO on the Pro Forma attached at Appendix 1. The report must include as much detail as possible, for example:
- Full details of the people involved (including yourself if relevant) e.g. name, date of birth, address, company names, directorships, phone numbers, etc.
 - If you are concerned that your involvement in the transaction would amount to a prohibited act under sections 327-329 of the 2002 Act then your report must include all relevant details as you will need consent from The National Crime Agency formally Serious Organised Crime Agency (SOCA), through 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.
 - The types of money laundering activity involved. If possible cite the section number(s) under which the report is being made.
 - The date of such activities, including whether the transactions have happened, are on-going or are imminent.
 - Where they took place.
 - How they were undertaken
 - The (likely) amount of money/assets involved.
 - Why, exactly, you are suspicious.
 - In addition, any other information to enable the MLRO to make a sound judgement as to whether there are reasonable grounds for

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knowledge or suspicion of money laundering and to enable him/her to prepare his/her report to The National Crime Agency where appropriate. You should also enclose any copies of relevant supporting documentation.

- 5.4.3 As soon as you have reported the matter to the MLRO you must follow any directions he/she gives you. **You must NOT make any further inquiries into the matter yourself.** Any necessary investigation will be undertaken by The National Crime Agency; simply report your suspicions to the MLRO, who will refer the matter to The National Crime Agency if appropriate. All members of staff will be required to co-operate with the MLRO and the Authority's subsequent money laundering investigation.
- 5.4.4 Similarly, **at no time and under no circumstances should you voice any suspicions** to the person(s) or organisation you suspect of money laundering; otherwise you may commit the criminal offence of "tipping off".
- 5.4.5 Do not, therefore, make any reference on a client file to a report having been made to the MLRO. Should the client exercise his/her right to see the file then such a note would obviously tip them off to the report having been made and you would be at risk of prosecution for "tipping off". The MLRO will keep the appropriate records in a confidential manner.

5.5. Customer Due Diligence

- 5.5.1 ~~In summary, cCustomer due diligence is a new requirement introduced by the 2007 Regulations, and~~ means that the Authority must know its clients and understand their businesses. This allows the Authority to be in a position to know if there is suspicious activity that should be reported; clearly it is only by the Authority knowing its clients and their businesses that it can recognise abnormal and possibly suspicious activity. As a minimum checks on corporate bodies, must include: its company number or other registration and the address of its registered office and, if different, its principal place of business.
- 5.5.2 The obligations imposed on the Authority must, of course, be brought into effect by its individual employees. Employees must therefore be familiar with these obligations.
- 5.5.3 The 2007-2017 Regulations require that the Authority identifies its customers and verifies that identity on the basis of documents, data or information obtained from a reliable source. Where there is a beneficial

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owner who is not the customer then the Authority must identify that person and verify that identity, and where the beneficial owner is a trust or similar then the Authority must understand the nature of the control structure of that trust. Finally the Authority must obtain information on the purpose and intended nature of the business relationship. [The MLR 2017 introduces the need for the Authority to consider both customer and geographical risk factors in deciding what due diligence is appropriate. The new Regulations introduced a list of high risk jurisdictions which if involved in a transaction makes enhanced due diligence and additional risk assessment compulsory. For an up to date list of such jurisdictions an officer should seek advice from the MLRO. The list of areas is currently: Afghanistan, Bosnia and Herzegovina, Guyana, Iraq, Lao PDR, Syria, Uganda, Vanuatu, Yemen, Iran and the Democratic People's Republic of Korea.](#)

- 5.5.4 The checks described in the paragraph above must generally be undertaken by the Authority **before** it establishes a business relationship or carries out an occasional transaction, or if it suspects money laundering or terrorist funding or doubts the veracity of any information obtained for the purposes of identification or verification. However, the Authority is not required to undertake these checks if its customer is another public authority, unless it suspects money laundering or terrorist funding.
- 5.5.5 The Authority is also obliged to maintain ongoing monitoring of its business relationships which means it must scrutinise transactions throughout the course of the relationship to ensure that the transactions are consistent with the Authority's knowledge of the customer and keep the information about the customer up-to-date.
- 5.5.6 Where the Authority is not able to apply the customer due diligence measures set out above it:
- must not carry out a transaction with or for a customer through a bank account
 - must not establish a business relationship or carry out an occasional transaction with the customer
 - must terminate any business relationship with the customer and consider whether to make a disclosure.
- 5.5.7 However, the above paragraph does not apply where a lawyer or other professional adviser is in the course of advising the legal position for his client or performing his task of defending or representing that client in, or concerning, legal proceedings including the advice on the institution or avoidance of proceedings.

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5.5.8 The due diligence procedures can be found in the Customer Due Diligence Flowchart (Appendix 3)

5.6. Enhanced Customer Due Diligence and Ongoing Monitoring

5.6.1 It will in certain circumstances be necessary to undertake what is known in the 2017 Regulations as enhanced customer due diligence. In summary, this will be necessary where:

- the customer has not been physically present for identification purposes; or
- in any other situation which by its nature can present a higher risk of money laundering or terrorist financing.

5.6.2 Where this applies, the Authority will need to take adequate measures to compensate for the higher risk. For example, this will mean ensuring that the customer's identity is established by additional documents, data or information.

5.6.3 Similarly, where the Authority is in an ongoing "business relationship" with a customer, the 2017 Regulations impose a special obligation to carry out ongoing monitoring. This means that the Authority must:

- scrutinise transactions undertaken throughout the course of the relationship to make sure that these transactions are consistent with the Authority's knowledge of the customer, his business and risk profile; and
- keep documents, data or information obtained for the purpose of applying Customer Due Diligence measures up-to-date

5.6.4 The enhanced due diligence and ongoing monitoring procedures can be found in the Enhanced Due Diligence and Ongoing Monitoring Flowchart (Appendix 4)

5.7. Internal Clients

5.7.1 Appropriate evidence of identity for Authority departments will be signed, written instructions on Authority headed notepaper or an email on the internal system at the outset of a particular matter. Such correspondence should then be placed on the Authority's client file along with a prominent note explaining which correspondence constitutes the evidence and where it is located.

5.8. External Clients

5.8.1 The MLRO (see below) will maintain a central file of general client identification and verification information about the Authority's external clients to whom the Authority provides professional services. You should check with the MLRO that the organisation or individual in respect of

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which you require identification and verification information is included in the MLRO's central file and then check the details of the information held in respect of the particular client. If the organisation or individual is not included in the central file you should discuss the matter with the MLRO.

- 5.8.2 In practice the Authority can fulfil its obligations if employees complete the Customer Due Diligence Pro-Forma (Appendix 1).

5.9. Record Keeping

- 5.9.1 The information gathered by the Authority in pursuance of its customers due diligence obligations and described above must be kept for a period of five years from either the completion of the transaction or the end of the business relationship. Each department or section of the Authority should nominate an officer who is to be responsible for the secure storage of these records.

5.10. The Money Laundering Reporting Officer

- 5.10.1 The officer nominated to receive disclosure about money laundering ~~actively~~ activity within the Authority is the Chief Finance Officer and ~~Acting~~ Director of Finance & Assets, David Sutherland. David can be contacted as follows:

David Sutherland
Chief Finance Officer and Acting Director of Finance & Assets
Buckinghamshire & Milton Keynes Fire Authority
Brigade HQ
Stocklake
Aylesbury
Bucks
HP20 1BD
Telephone: 01296 744662

In the absence of the MLRO the Director of Legal and Governance, Graham Britten, is authorised to deputise for him. Graham can be contacted at the above address or on telephone 01296 744441 (direct line).