



Transport for
Greater Manchester

ANTI-MONEY LAUNDERING POLICY and PROCEDURES

| Document Control | |
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1. Introduction

- 1.1 This Policy and accompanying procedures addresses how TfGM will respond to the principles of the
- Terrorism Act 2000 and 2006,
 - Proceeds of Crime Act 2002 (“POCA”),
 - Criminal Finances Act 2017 and
 - Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (and amendment 2018).
- Application of this policy and procedures will help to minimise the risk of TfGM or any of its employees being implicated in money laundering, terrorism or related criminal offences.
- 1.2 All employees are bound by the money laundering provisions and need to be followed if they suspect money laundering or deliberately or inadvertently become involved with money laundering in some way.
- 1.3 This Policy and Procedures sets out guidance on how to **recognise offences** under the legislation, how to **raise concerns** when suspicions arise and **how suspicions will be dealt with**, including onward reporting.
- 1.4 Failure to escalate concerns about money laundering activities could lead to TfGM board member and employees committing a criminal offence and being faced with serious criminal sanctions such as imprisonment and/or a fine.

2. Policy Scope and Aims

Scope

- 2.1 This policy applies to all permanent and temporary employees; agency and delivery partner staff.

Aims

- 2.2 The purpose of this policy is to make all employees aware of Money Laundering legal and regulatory requirements, their responsibilities, and the consequences of non-compliance and the serious criminal sanctions that may be imposed for breaches of the legislation–The procedures contained in this Policy are designed to help Directors and employees familiarise themselves with the legal and regulatory requirements relating to money laundering to enable them to be compliant and also how to report any suspicions or concerns.

3 What is Money Laundering?

Legislation and Regulations

- 3.1 Money Laundering is the term used for a number of offences relating to the proceeds of crime or terrorism, which involve possessing, handling, concealing, or converting the proceeds of any crime. This includes funds likely to be used for terrorism, or the proceeds from acts of terrorism.
- 3.2 Money laundering is generally used to describe the activities of organised criminals converting the proceeds of crime into legitimate activities, thus hiding their true sources. The Legislation covers all proceeds of crime, both money and property, regardless of how small the value. To most people who are likely to come across it, money laundering involves a suspicion that someone they are dealing with is benefiting financially from dishonest activities. For TfGM employees this could be the attempt from an individual or organisation to undertake business with TfGM using monies derived from the proceeds of crime or terrorism.
- 3.3 Under legislation the responsibility for identifying acts of money laundering primarily rests with organisations and their employees rather than the government and the police.
- 3.4 The three primary offences relating to money laundering are:
 - (i) **Concealing**: where someone knows or suspects a case of money laundering, but conceals or disguises its existence
 - (ii) **Arranging**: where someone involves themselves in an arrangement to assist money laundering;
 - (iii) **Acquisition, use or possession**: where someone seeks to benefit from money laundering by acquiring, using, or possessing the property concerned
- 3.5 Other offences include:
 - (iv) Making a disclosure which is likely to prejudice the investigation.
 - (v) Failing to disclose a primary offence (where there is an awareness and suspicion of money laundering activity and a failure to report).
 - (vi) 'Tipping off' – where a person informs another person who is suspected of being involved in money laundering activity, in such a way as to reduce the likelihood of being investigated.
- 3.6 Under the Terrorism Act it is also an offence for a person to enter into, or become concerned in, an arrangement relating to **terrorist property**, either by concealment, removal, transfer 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, proceeds of the commission of acts of terrorism, and proceeds of acts carried out for the purposes of terrorism.

- 3.6 The above offences may be committed by an organisation itself, as well as by the Directors and employees working within it.
- 3.7 Money laundering regulations apply to cash transactions in excess of €15,000 (approximately £13,000). However, POCA applies to all transactions and can include dealings with agents, third parties, property or equipment, cheques, cash or bank transfers.

TfGM Obligations

- 3.7 Whilst Local Authorities are not directly covered by the requirements of money laundering regulations, guidance from finance and legal professions, including the Chartered Institute of Public Finance and Accountancy (CIPFA), indicates that public service organisations should comply with the underlying spirit of the legislation and regulations and put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements.
- 3.8 Whilst most of TfGM’s business activities are not defined in the regulations as being “relevant“, but certain financial and commercial activities such as financial and accounting and Estates may be considered to be regulated activities. Taking a prudent approach in accordance with guidance, TfGM will seek to fully discharge the following obligations of a “relevant” organisation across all its business activities.

To comply with the spirit of the regulations, TfGM will

- (i) Appoint a Money Laundering Reporting Officer (“MLRO”) to receive disclosures from employees of money laundering activity;
- (ii) Maintain client identification and record keeping procedures in certain circumstances;
- (iii) Implement a disclosure procedure to enable the reporting of suspicions of money laundering.
- (iv) Conduct money laundering risk assessments and adopt appropriate internal controls.

4 TfGM and Employee Responsibilities

- 4.1 The **Executive Board** is responsible for establishing this policy and embedding the appropriate anti-money laundering corporate culture.
- 4.2 It is the responsibility of **senior management** (CELT and ELT) to ensure that all employees and all third parties acting on behalf of TfGM are made

aware of this policy and that appropriate due diligence is undertaken when dealing with third parties

- 4.3 It is the responsibility of **all employees** to ensure compliance with the terms of this policy. If any employee believes that the terms of this policy are not being correctly adhered to, then they should seek to raise any concerns with their line manager, Internal Audit or the Head of Legal in line with the Whistleblowing Policy.
- 4.4 The **Head of Audit and Assurance** is TfGM's Anti Money Laundering Officer nominated to receive disclosures regarding money laundering / terrorist financing activities and for reporting any suspicious activity to the National Crime Agency.
- 4.5 It is the responsibility of the **Head of Audit and Assurance** to monitor and report annually on adherence to this Anti-Money Laundering policy and procedures. Any concerns raised by any person relating to any alleged non-compliance with the terms of this policy will be immediately investigated and action taken as appropriate.
- 4.6 The **Head of Risk and Assurance**, through the corporate risk framework, is responsible for providing the risk assessment procedure and process which identifies and prioritises risks from money laundering and preparing the risk register.
- 4.7 The Head of Audit and Assurance will report to the **Audit and Risk Assurance Committee (ARAC)** on any such concerns and the outcome of any investigations conducted into such issues. ARAC will review this policy biannually to ensure it remains suitable, effective and proportionate having regard to the operations and the jurisdictions within which TfGM operates.

5. ANTI-MONEY LAUNDERING PROCEDURES

Identifying potential money laundering activities

- 5.1 It is not possible to provide an exhaustive list of the ways to spot money laundering, or state every scenario in which a suspicion may arise. However, the following risk indicators which may, either alone or cumulatively with other factors suggest the possibility of money laundering activity:

General:

1. A new customer with no previous 'history' with TfGM;
2. A "secretive customer", e.g. refuses to provide requested information without a reasonable explanation;
3. Concerns about the honesty, integrity, identity of a customer;

4. Illogical third party transactions, unnecessary routing or receipt of funds from third parties or through third party accounts;
5. Involvement of an unconnected third party without logical reason or explanation;
6. Payment of a substantial sum in cash;
7. Overpayments by a customer;
8. Absence of an obvious legitimate source of the funds;
9. Where, without reasonable explanation, the size, nature and frequency of transactions or instructions (or the size, location or type of a customer) is out of line with normal expectations;
10. A transaction without obvious legitimate purpose or which appears uneconomic, inefficient or irrational;
11. Cancellation or reversal of an earlier transaction;
12. Requests for release of customer account details other than in the normal course of business; and
13. Poor business records, and/or internal accounting controls.

Property Matters:

- 14 Unusual property investment transactions if there is no apparent investment purpose or rationale;
- 15 Instructions to receive and pay out money where there is no linked substantive property transaction involved (surrogate banking); and
16. Funds received for deposits or prior to completion from an unexpected source or where instructions are given for settlement funds to be paid to an unexpected destination

Customer Due Diligence Procedures

- 5.2 The regulations concerning customer due diligence are detailed and complicated, and there is no legal obligation for TfGM to carry them out. However, employees are encouraged to adopt the regulations where practical to minimise the likelihood of money laundering.
- 5.3 Where activities are undertaken that may be considered to be regulated¹ then due diligence checks should be carried out before any business is undertaken for that customer.

¹ Regulated activity is defined as the provision 'by way of business' of: advice about tax affairs; accounting services; treasury management, investment or other financial services; audit services; legal services; estate agency; services involving the formation, operation or arrangement of a company or trust or; dealing in goods wherever a transaction involves a cash payment of €15,000 or more

- 5.4 In the case of non-regulated activities, there may be situations where funds are received from an unfamiliar source. For instance, if a new business relationship is formed or consideration is given to undertaking a significant one-off transaction. In such cases it would be prudent to identify fully the parties involved.
- 5.5 Where cash payments are taken by staff, for example in Finance and Travelshops, during normal course of their work exceeding £1,000 then this should not be accepted without establishing the identity of the individual or organisation involved, to minimise the risk of receiving the proceeds of crime.
- 5.6 If more than £1,000 is offered, the person offering it should be advised that it is not TfGM's policy to accept large amounts of cash of more than £1,000 and that the transaction will have to be referred to a senior member of staff.
- 5.7 To establish the identities of individuals, their passport or photo driving licence should be provided, together with one of the following:
- Utility bills, i.e. electricity, gas, water; however mobile phone bills are not acceptable.
 - Bank or Building Society Mortgage Statements
 - Credit Card Statements
 - Pension or Benefit Books
- If passport or photo driving licence is not available, then two of the other items listed above will need to be produced
- 5.8 For companies, a Companies House search should be undertaken to confirm the existence of the company and identify the directors. Personal identification should then be obtained for the representatives of the company together with proof of their authority to act on behalf of the company. Care should be taken if it becomes clear that the individual has only recently become a director of the company or if there has been a recent change in the registered office. For any other type of organisation, for example a sole trader or partnership, personal identification should be obtained for the individuals together with documents indicating their relationship to the organisation
- 5.9 Any checks undertaken should remain proportionate to the risks of the individual, business and the relationship.

- 5.10 In circumstances where customer checks are carried out, a record should be kept of every customer due diligence record for a minimum of 6 years in either hard copy or electronic format with details of any relevant transactions carried out for the same period. Records showing for example funds received/paid and what form must be available for audit and any subsequent investigation or inspection by the relevant supervising body. In practice, each service area should have established procedures to routinely maintain records of any dealings with new customers and existing ones on a risk sensitive basis.
- 5.11 Further guidance on performing the due diligence checks can be obtained from the Money Laundering Reporting Officer (MLRO). Legislation requires that records of any evidence obtained in support of the identification of a customer along with details of all relevant business transactions with the customer must be kept on file for five years after the end of the business relationship.
- 5.12 Where due diligence is undertaken to seek to confirm the identity of the customer any agreed set of “know your customer” protocols that have been developed should be followed.

The Money Laundering Reporting Officer (MLRO)

- 5.13 The officer nominated to receive disclosures about money laundering activity within TfGM is the Head of Audit and Assurance. All disclosures received by the MLRO shall be brought to the attention of the Managing Director.

Reporting to the Money Laundering Reporting Officer (MLRO)

- 5.14 If, at any time, there is a suspicion of money laundering or terrorist financing, or dishonesty regarding a person(s) identity, this **must be reported to the MLRO**, even if there is a belief that someone else has already reported their suspicions of the same money laundering or terrorist financing activity.
- 5.15 Suspicious activity must be reported promptly or as soon as is practical (ie within hours, not days) to the MLRO using the Money Laundering Reporting Form form (Appendix B).
- 5.16 Once a report has been made, the employee:
- must follow any subsequent directions of the MLRO
 - must NOT make any further enquiries into the matter without authorisation from the MLRO

- **must NOT disclose or otherwise indicate their suspicions to the person suspected of the money laundering**– this is known as **“tipping off”** and is an offence
- must not discuss the matter with others
- must not document that a report has been made to the MLRO in case this results in the suspect becoming aware of the situation.

5.17 It is also an offence to recklessly make a statement in the context of money-laundering which is false or misleading. Punishment is a fine and/or up to 2 years’ imprisonment.

What does the MLRO do with a report?

5.18 Upon receipt of a disclosure report, the MLRO must note the date of receipt and acknowledge receipt of it. The MLRO should also advise of the timescale within which he/she expects to respond to the employee reporting the suspicion.

5.19 The MLRO will consider the report and any other available internal information he/she believes relevant e.g:

- Reviewing other transaction patterns and volumes;
- The length of any business relationship involved;
- The number of any one-off transactions and linked one-off transactions;
- Any identification evidence held; and
- Undertake reasonable enquiries as considered appropriate in order to ensure that all available information is taken into account in deciding whether a Suspicious Activity Report to the NCA is required.

5.20 The MLRO may also need to discuss the disclosure report with the reporting employee. Once the MLRO has evaluated the disclosure report and any other relevant information, he/she must make a timely determination as to whether:

- There is an actual or suspected money laundering taking place; or
- There are reasonable grounds to know or suspect money laundering is taking place; and
- They need to seek consent from the NCA for a particular transaction to proceed.

5.21 The MLRO will complete the relevant section of the Reporting Form (Appendix C) to record the above and decisions taken.

5.22 The MLRO must, if they so determine, promptly report the matter to the NCA on via NCA online reporting.

- 5.23 The MLRO will commit a criminal offence if they know of or suspect money laundering activity and they do not disclose this as soon as practicable to the NCA.
- 5.24 Where the MLRO considers no money laundering/terrorist financing is taking place or suspects money laundering or terrorist financing but has a reasonable excuse for non-disclosure, then they must note the report accordingly; they can then immediately give their consent for any ongoing or imminent transactions to proceed-In cases where legal professional privilege may apply, the MLRO must liaise with the Head of Legal and the Managing Director to decide whether there is a reasonable excuse for not reporting the matter to the NCA
- 5.25 Where consent is required from the NCA for a transaction to proceed, the transaction(s) in question must not be undertaken or completed or proceed 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.

Record Keeping Procedures

- 5.26 Where “relevant business” is carried out, each department will maintain records of client due diligence/identification evidence obtained for at least five years. This is so that they may be used as evidence in any subsequent investigation by the authorities into money laundering.
- 5.27 The precise nature of the records is not prescribed, however they must be capable of providing an audit trail during any subsequent investigation, for example distinguishing the client, the transactions and recording in what form any funds were received or paid.
- 5.28 An electronic copy of every customer due diligence record must be sent to the MLRO in case of inspection by the relevant supervising body.
- 5.29 All disclosure reports referred to the MLRO and reports made by them to the NCA must be retained by the MLRO in a confidential file kept for that purpose, for at least 5 years from the end of the business relationship.

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| 6 COMPLYING WITH RELATED LEGISLATION |
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- 6.1 To protect the rights of individuals under investigation, all investigation activity will be conducted so as to be compliant with the related provisions of the Human Rights Act 1998, the Equality Act 2010, and TfGM’s Corporate Diversity and Inclusion Policy
- 6.2 When processing personal data as part of any investigation of money laundering suspicions, TfGM will take all necessary precautions to protect such data and not to share it more widely than is necessary as part of the

investigation. The General Data Protection Regulations and the Data Protection Act 2018 will be applied to all aspects of any such investigation

7 TRAINING AND AWARENESS

- 7.1 Directors and Heads of Service are responsible for ensuring employees are made aware of this Policy and any training needs which may arise from this policy are fulfilled.
- 7.2 All employees covered under this Policy's scope shall ensure that they read and understand this Policy.

8. MONITORING AND REVIEW

- 8.1 The Head of Audit and Assurance will annually review the application of these Anti-Money Laundering arrangements and report to the Audit Risk and Assurance Committee on the Policy's implementation, providing details of any reported suspicious activity and investigations conducted.

9 OTHER RELEVANT POLICIES

- 9.1 The following policies should be read in conjunction with this Anti-Money Laundering Policy: [hyperlink these when published on the intranet]
- Whistleblowing Policy
 - Counter Fraud and Corruption Policy
 - Anti-Bribery Policy

Anti-Money Laundering Procedures
VERIFICATION OF CUSTOMER IDENTITY

Verification of Customer Identity Checklist for customer:

Name: _____

NB: If you are receiving funds from a TfGM customer in any transaction above £1,000 cash, the identity of the customer **must** be checked.
 All suspicions, regardless of amount, should be reported to the MLRO via the Money Laundering Reporting Form.

A. Evidence not obtained – reasons:

1. Customer previously identified in: Month _____ Year _____
2. Other – state reason fully _____

B. Evidence obtained to verify name and address:

(i) Acceptable **on their own (tick box if obtained)**

| | |
|--|--|
| Full national passport | |
| Full national driving licence with photo | |
| Pension book | |
| Armed Forces ID card | |

(ii) Acceptable with **two** of next group below (**tick box if obtained**)

| | |
|--|--|
| Young person NI card (under 18 only) | |
| Pensioner’s travel pass | |
| Building Society passbook | |
| Credit Reference agency search | |
| National ID card | |
| Copy Company Certificate of Incorporation if a limited | |

(iii) NB **NOT** acceptable on their own

| |
|----------------------------------|
| Gas, electricity, telephone bill |
| Mortgage statement |

| |
|---|
| Council tax demand |
| Bank/Building Society/credit card statement |
| Young person's medical card (under 18 only) |
| Home visit to applicants address |
| Check of telephone directory |
| Check electoral roll |

BEST PRACTICE is to have **one** of Group (a) plus **two** of Group (c)

C. Evidence obtained for unquoted company or partnership (tick box if obtained)

| | |
|--|--|
| Certificate of Incorporation or equivalent | |
| Certificate of Trade or equivalent | |
| Latest report and audited accounts | |
| Principal shareholder/partner) <i>NB Personal</i> | |
| Principal Director) <i>ID</i> | |

D. If evidence not obtained for the reasons in A, do you have any suspicions regarding identity?

I confirm that I have seen the originals of the documents indicated above and have identified the above Customer(s)

Signed _____ Date _____

NB Wherever possible TAKE PHOTOCOPIES of the identification evidence TO PLACE ON FILE. Copies should be stamped to indicate a copy and signed to evidence sight of the original.

Appendix B

MONEY LAUNDERING REPORT

re Money Laundering Activity

To: Money Laundering Reporting Officer

From:
[insert name of employee]

Directorate:

Ext/Tel

No:.....

[insert post title and Department]

DETAILS OF SUSPECTED OFFENCE

Name(s) and address(es) of person(s) involved:

(If a company/public body please include details of nature of business)

Nature, value and timing of activity involved:

(Please include full details eg what, when, where, how. Continue on a separate sheet if necessary)

Nature of suspicions regarding such activity:

(Please continue on a separate sheet if necessary)

Has any investigation been undertaken (as far as you are aware)? Yes No
(Please tick the relevant box)

If yes, please include details below:

Have you discussed your suspicions with anyone else?

(Please tick the relevant box)

Yes No

If yes, please specify below, explaining why such discussion was necessary:

Have you consulted any supervisory body guidance re money laundering? (e.g. the Law Society)

(Please tick the relevant box)

Yes No

If yes, please specify below:

**Do you feel you have a reasonable excuse for not disclosing the matter to the NCA?
(eg are you a lawyer and wish to claim legal professional privilege?)**

(Please tick the relevant box)

Yes No

If yes, please set out full details below:

Are you involved in a transaction which might be a Prohibited act under sections 327-329 of the Act and which requires appropriate consent from the NCA? (see paragraph 5.3 Definitions of Money Laundering) Yes No
(Please tick the relevant box)

If yes, please enclose details in the box below:

Please set out below any other information you feel is relevant:

Signed:..... Dated:.....

Please do not discuss the content of this report with anyone else and in particular anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping-off offence, which carries a maximum penalty of 5 years' imprisonment.

Appendix C

THE FOLLOWING PART OF THIS FORM IS FOR COMPLETION BY THE MLRO

Date report received:

Date receipt of report acknowledged:

CONSIDERATION OF DISCLOSURE:

Action Plan:

OUTCOME OF CONSIDERATION OF DISCLOSURE:

Are there reasonable grounds for suspecting money laundering activity?

If there are reasonable grounds for suspicion, will a Suspicious Activity Report (SAR) be made to the NCA?

(Please tick the relevant box)

Yes No

If yes, please confirm date of SAR to NCA:.....

and complete the box below:

Details of liaison with the NCA regarding the SAR:

Notice Period: to

Moratorium Period: to

Is consent required from the NCA to any ongoing or imminent transactions which would otherwise be prohibited acts?

(Please tick relevant box)

Yes No

If yes, please confirm full details in the box below:

[Empty rectangular box]

Date consent received from NCA:.....

Date consent given by you to employee:.....

If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to the NCA, please set out below the reason(s) for non-disclosure:

(Please set out any reasonable excuse for non-disclosure)

[Empty rectangular box for providing a reasonable excuse for non-disclosure]

Date consent given by you to employee for any prohibited act transactions to proceed:.....

Other relevant information:

[Empty rectangular box for providing other relevant information]

Signed:.....

Dated:.....

THIS REPORT TO BE RETAINED SECURELY FOR AT LEAST FIVE YEARS

Earliest disposal date.....