

Report to:	AUDIT COMMITTEE
Relevant Officer:	Tracy Greenhalgh – Chief Internal Auditor
Date of Meeting	28 January 2016

ANTI-MONEY LAUNDERING POLICY AND PROCEDURES

1.0 Purpose of the report:

1.1 The Anti-Money Laundering Policy and Procedure explains what money laundering is and the legal framework that is in place to govern it.

It also details the procedures that need to be followed by the Council.

The aims of the policy and procedure are to:

- Assist staff and elected members at Blackpool Council to understand money laundering and their personal legal obligations and responsibilities arising from the requirements of legal and regulatory provisions.
- Reduce the risk of Council services being used for money laundering purposes.
- Set out the procedures that must be followed to enable the Council and its staff to comply with their legal obligations.

2.0 Recommendation(s):

2.1 To consider and approve the Anti-Money Laundering Policy and Procedure.

3.0 Reasons for recommendation(s):

3.1 Although local authorities are not directly covered by the requirements of the Money Laundering Regulations (2007), guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) indicates that Council's should comply with the underlying spirit of the regulations. It states that a 'prudent and responsible' Council will adopt 'appropriate and proportionate' policies and procedures designed to 'detect and avoid involvement in crimes described in the legislation and regulations'.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

N/a

4.0 Council Priority

4.1 The relevant Council priority is Communities: Creating stronger communities and increasing resilience.

5.0 Background Information

5.1 This policy applies to all Council employees and elected members and aims to help to maintain high standards of conduct by preventing criminal activity through money laundering. This also includes casual employees and agency staff. The policy links to the Councils Code of Conduct particularly in relation to point 2.2 of the standards.

Non-compliance by a member of staff with the procedures set out in this policy may lead to disciplinary action. Non-compliance by an elected member will be reported to the Monitoring Officer to undertake an independent review of conduct.

Does the information submitted include any exempt information? No

List of Appendices:

Appendix 7a - Anti-Money Laundering Policy and Procedure.

6.0 Legal considerations:

6.1 There are three key pieces of legislation that make money laundering a criminal offence:

Terrorism Act (2000)

The Terrorism Act (2000) applies to all individuals and businesses in the UK including local authorities. If during your employment at the Council you become aware of information which provides knowledge, or provides reasonable grounds for belief or suspicion, that proceeds have come from, or are likely to be used for, terrorism it must be reported. Reporting will prevent you being subject to money laundering offences relating to being implicated in illegal activity.

Proceeds of Crime Act (2002)

The Proceeds of Crime Act (2002) defines six money laundering offences of which the first four are the most relevant to the Council. These are:

- Concealing, disguising, converting, transferring or removing from the UK any

criminal property.

- Becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property.
- Doing something that might prejudice an investigation.
- Failing to disclose known or suspected money laundering offences in the non-regulated sector.
- Failing to disclose known or suspected money laundering offences in the regulated sector.
- 'Tipping Off' by giving information to someone suspected of money laundering in such a way as to reduce the likelihood of their being investigated or prejudicing an investigation.

Money Laundering Regulations (2007) [as amended by the Money Laundering (Amendment) Regulations 2012]

The Money Laundering Regulations (2007) are not legally binding on local authorities because they are neither 'relevant persons' nor part of the 'regulated sector'. However, there is a risk of reputational damage for any local authority that does not have adequate policies and procedures in place.

7.0 Human Resources considerations:

- 7.1 The policy and procedure are intended to protect staff when dealing with financial transactions that may be related to money laundering. The policy and procedure sit alongside the Council's Officer Code of Conduct and Anti-Fraud and Corruption Statement.

8.0 Equalities considerations:

- 8.1 The policy and procedure affects all employees equally and is not intended to discriminate against individual groups.

9.0 Financial considerations:

- 9.1 The Council could be subject to financial loss through being fined should the policy and procedure not be adhered to.

10.0 Risk management considerations:

- 10.1 The adoption of and adherence to the policy and procedure will help protect the Council and its employees against the risk of money laundering.

11.0 Ethical considerations:

11.1 The policy and procedures are in keeping with the Council's core values, in particular:

'We act with integrity and we are trustworthy in all our dealings with people and we are open about the decisions we make and the services we offer'.

12.0 Internal/ External Consultation undertaken:

12.1 Relevant officers were invited to comment on the draft policy and procedure via e-mail on the 29 September 2015. The e-mail was issued to:

- Steve Thompson – Director of Resources
- Carmel White – Chief Corporate Solicitor
- Mark Towers – Director of Governance and Regulatory Services
- Marie McRoberts – Assistant Treasurer
- Phil Redmond – Chief Accountant
- Tim Coglan – Service Manager – Public Protection
- Andy Southwell – HR Policy Development Officer

The Trade Unions were also invited to provide feedback via e-mail on the 26 October 2015.

The Corporate Leadership Team approved the policy on the 24 November 2015.

13.0 Background papers:

13.1 N/a