

Report to:	AUDIT COMMITTEE
Relevant Officer:	Tracy Greenhalgh, Head of Audit and Risk
Date of Meeting	8 November 2018

ANTI-MONEY LAUNDERING POLICY AND PROCEDURE

1.0 Purpose of the report:

1.1 To consider and approve the Council’s revised Anti-Money Laundering Policy and procedure.

2.0 Recommendation(s):

2.1 The Audit Committee is asked to 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 (2017), guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) indicates that Councils 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:

3.4 None.

4.0 Council Priority:

4.1 Organisational Resilience.

5.0 Background Information

5.1 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 policy and procedure were last reviewed in 2015 and this update reflects the revised regulations launched in 2017.

The aims of the policy and procedure are to:

- Assist staff and Councillors 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.

5.2 This policy applies to all Council employees and Councillors 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 Council's Code of Conduct.

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

Does the information submitted include any exempt information?

No

5.3 List of Appendices:

Appendix 5(a) - Anti-Money Laundering Policy and Procedure.

6.0 Legal considerations:

6.1 There are three key pieces of legislation which make money laundering a criminal offence and these include:

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 include:

- 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.

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

The Money Laundering Regulations (2017) 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. Although local authorities are not directly covered by the requirements of the Money Laundering Regulations (2017), guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) concerning the predecessor MLR 2007, indicated that Councils 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'.

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, Fraud Prevention Charter and Financial Regulations.

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 None.

12.0 Internal/ External Consultation undertaken:

12.1 Relevant officers were invited to comment on the draft policy and procedure via e-mail on 20 August 2018. The e-mail was issued to:

Steve Thompson – Director of Resources
Mark Towers – Director of Governance and Partnerships
Phil Redmond – Chief Accountant
Linda Dutton – Head of HR and Workforce Development
Lorraine Hurst – Head of Democratic Governance
Gemma Duxbury – Deputy Head of Legal Services
Tony Doyle – Head of ICT
Scott Butterfield – Transformation Manager
Andy Divall – Equality and Diversity Manager
Steve Maher – Finance Manager
Peter Legg – Head of Economic Development

Any feedback and comments received from this consultation have been incorporated into the policy and procedure.

13.0 Background papers:

13.1 None.