



ANTI MONEY LAUNDERING POLICY AND STRATEGY

(INCORPORATING TERRORIST FINANCING REQUIREMENTS)

Produced by: Head of Resources

Subject to bi annual review

Approved by:

Executive Management Team: September 2016

Audit Committee: January 2017

ANTI MONEY LAUNDERING POLICY STATEMENT

Castle Point Borough Council (the Council) is committed to adhere to and promote the common principles of good governance for public sector organisations, as set out in its Local Code of Governance. This is because it recognises that good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users.

All organisations and each individual are required by law to try to prevent and report attempts to 'launder' money. Potentially any employee could fall foul of the money laundering provisions if they suspect money laundering is occurring and either become involved with it in some way and or do nothing about it.

Therefore the Council will be proactive in mitigating this risk by complying with the requirements of relevant good practice guidance. It will identify potential areas where money laundering may occur and ensure that staff in those areas are aware of and adhere to the spirit of the relevant regulations and guidance.

This policy applies to all employees and aims to maintain the high standards of conduct, by preventing criminal activity through money laundering.

To ensure its effectiveness and relevance to the Council, this policy will be reviewed on a bi annual basis.

ANTI MONEY LAUNDERING STRATEGY

INTRODUCTION

An overriding responsibility of public sector organisations is the provision of effective and efficient services to clients and stakeholders in a manner that seeks to ensure the best possible protection of the public purse in its delivery arrangements.

Therefore this strategy sets out the action the Council will take to mitigate the risk that money could be laundered through their systems.

The legislative requirements concerning anti-money laundering procedures are lengthy and complex. Whilst the risk to the Council of contravening the legislation is relatively low, it is extremely important that all Council employees are familiar with their legal responsibilities. **Serious criminal sanctions may be imposed for breaches of the legislation.**

Therefore this strategy has been written to comply with the Chartered Institute for Finance and Accountancy's (CIPFA) guidance:

- Proceeds of Crime (Anti-Money Laundering) Practical Guidance for Public Service Organisations 2005
- Combating Financial Crime: Further Guidance on Anti-Money laundering for Public Service Organisations (2009)

WHAT IS MONEY LAUNDERING?

DEFINITION

Money laundering is defined as the process by which the proceeds of crime, and the true ownership of those proceeds, are changed so that the proceeds appear to come from a legitimate source.

Primary money laundering offences include:

Section 327 Proceeds of Crime Act 2002

- concealing, disguising, converting, transferring of criminal property or removing it from the United Kingdom;

Section 328 Proceeds of Crime Act 2002

- entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person;

- **Section 329 Proceeds of Crime Act 2002**

- i. acquiring, using or possessing criminal property; and
- ii. doing something that might prejudice an investigation, for example, falsifying a document.

There are also two secondary offences that are:

- failing to disclose any of the four primary offences; and
- “tipping off” whereby somebody informs a person or persons who are, or who 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.

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TERRORIST FINANCING

The Terrorism Act 2000 (as amended by Anti-Terrorism, Crime and Security Act 2001 and Terrorism Act 2006, creates a money laundering offence under Section 18 which says:

'...A person commits an offence if he or she enters into or becomes concerned in an arrangement which facilitates the retention or control by or on behalf of another person of terrorist property;

- by concealment
- by removal from the jurisdiction
- by transfer to nominees, or
- in any other way...'

HOW TO IDENTIFY THE RISKS

All employees should be alert to the possibility of someone trying to launder money through the Council. Some indications of suspicious activity would be:

- any unusually large cash and/or payments via electronic means made by a person in a single transaction or over a short period of time (e.g. paying business rates in cash);
- any overpayment or duplicate payment in cash and/or via electronic means where a refund is requested by cheque;
- if a third party is involved in any transaction e.g. someone paying cash and/or via electronic means to settle someone else's bill; and
- cash and/or electronic transfers are used to purchase land, buildings or other assets (e.g. right to buy properties).

RELEVANT LEGISLATION

Money laundering in the UK is primarily governed by the following legislation:

- The Terrorism Act 2000 as amended by the Anti-Terrorist Crime and Police Act 2005
- The Proceeds of Crime Act 2002 (POCA)
- Serious Organised Crime and Police Act 2005
- The Money Laundering Regulations 2007

Additional information can be obtained if required from the website of the National Crime Agency (NCA) www.nationalcrimeagency.gov.uk

ANTI MONEY LAUNDERING STRATEGY

WHAT THIS STRATEGY AIMS TO DELIVER

This strategy is designed to ensure that the Council has adequate arrangements in place to manage the risk of money laundering well in advance of any potential occurrence.

OTHER RELATED POLICIES

The Anti-Money Laundering Policy and Strategy should be read in conjunction with the:

- Risk Management Policy Statement and Strategy
- Anti Fraud and Corruption & Prosecution Policy Statement and Strategy
- Whistle blowing Policy (Confidential Reporting Policy)
- Employees and Councillors Codes of Conduct.

DELIVERING THE STRATEGY

OBLIGATIONS ON THE COUNCIL

The Council has taken the view, based upon CIPFA's guidance that it does not have to adopt the legislative money laundering requirements in full. On that basis, the obligations on the Council are to:

- identify the potential areas where money laundering may occur;
- issue a staff briefing note on the risks and actions they should take if they suspect money laundering to be taking place and train them accordingly;
- nominate an officer to whom cases of suspected money laundering can be reported - **Money Laundering Reporting Co-ordinator (Chris Mills)**.

Note: Money Laundering Reporting Officers are individuals who are fully trained within the regulated sector such as banks, financial institutions, solicitors and accountants. Thus at this time the council will nominate a Reporting Co-ordinator to replace the Money Laundering Reporting Officer.

OBLIGATIONS ON ALL EMPLOYEES

All organisations and each individual are required by law to try to prevent and report attempts to 'launder' money. Potentially any employee could fall foul of the money laundering provisions if they suspect money laundering is occurring and either become involved with it in some way and or do nothing about it. On that basis, the obligations on individual employees are to:

- apply customer due diligence measures – check people are who they say they are by requesting and verifying identification;
- comply with policies and procedures in order to prevent activities related to money laundering or terrorist financing;
- report any activity that is suspected to be linked to money laundering (to the **Money Laundering Reporting Co-ordinator**).

ANTI MONEY LAUNDERING STRATEGY

POTENTIAL SERVICES AT RISK

Whilst this policy **applies to all staff and activities**, a bi-annual assessment will be undertaken to identify activities that are particularly susceptible to the risk of money laundering. This risk assessment will be used to ensure that services most at risk receive appropriate training.

STAFF TRAINING

All staff will be made aware of this Anti Money Laundering Policy as part of the normal awareness raising activities.

Staff working in services where the potential to launder money is higher will be provided with a staff briefing note and targeted training in this area periodically.

ROLES, RESPONSIBILITIES AND REPORTING SUSPICIONS

All Council employees must report any suspicions of money laundering to the money laundering reporting coordinator who will then contact the counter fraud and investigation Directorate to ensure that:

- Alleged instances of money laundering are investigated properly
- All alleged cases of money laundering are investigated consistently
- The council's interests are protected

Once staff have reported this, they must follow any directions given to them by the **Money Laundering Reporting Co-ordinator**. Staff must not make any further enquiries into the matter themselves.

At no time and under no circumstances should staff voice any suspicions to the persons whom they suspect of money laundering otherwise they may commit a criminal offence of 'tipping off'.

MONITORING DELIVERY

An action plan has been designed to deliver the requirements of the national fraud strategy Fighting Fraud Locally as well as those relating to Whistle blowing and Money Laundering.

Progress in delivering this action plan will be reported upon periodically to the Council's Executive Management Team and the Audit Committee if appropriate.