

REPORT TO AUDIT AND GOVERNANCE COMMITTEE

Date of Meeting: 25 July 2018

Report of: Chief Finance Officer

Title: Anti-Money Laundering Policy

Is this a Key Decision? No

Is this an Executive or Council Function? Council

1. What is the report about?

The Council's Anti-Money Laundering Policy and Procedures have been reviewed and updated to meet the requirements of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017).

2. Recommendations:

That the Audit & Governance Committee approve the update to the Council's Anti-Money Laundering Policy and Procedures.

3. Reasons for the recommendation:

The legislation concerning money laundering (the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007) broadened the definition of money laundering and increased the range of activities caught by the statutory framework. As a result, the obligations impacted on areas of local authority business and required local authorities to establish internal procedures to prevent the use of their services for money laundering. The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017) came into force on 26 June 2017 and placed further requirements on certain financial sectors.

4. What are the resource implications including non financial resources.

None

5. Section 151 Officer comments:

The policy updates ensure that the Council remains compliant with the legal framework under which it must act.

6. What are the legal aspects?

These are summarised in paragraph 3 above

7. Monitoring Officer's comments:

Having an up to date money laundering policy and procedure is an essential part of Exeter City Councils' governance controls. The policy rightly identifies that overview training is required for all staff with more detailed training for those officers who have specific responsibility under the legislation.

8. Report details:

The policy and the accompanying procedures (Appendix A) represents an important part of the Council's approach to dealing with the risk of fraud and corruption. This Policy seeks to complement both the Counter Fraud Strategy and Whistleblowing Policy and contribute to the overall framework of Corporate Governance, established to ensure that the Council is well managed and fulfils its statutory and regulatory duties in a proper and responsible manner.

Under the legislation, there are two main types of offences which may be committed:

- Money laundering offences
- Failure to report money laundering offences

Money laundering activity includes:

- acquiring, using or possessing criminal property
- handling the proceeds of crimes such as theft, fraud and tax evasion
- being knowingly involved in any way with criminal or terrorist property
- entering into arrangements to facilitate laundering criminal or terrorist property
- investing the proceeds of crime in other financial products or through the acquisition of property/assets
- concealing, disguising, converting, transferring or removing criminal property from anywhere within the UK
- entering into or becoming concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person
- transferring criminal property

The risks to the Council of contravening money laundering legislation remain relatively low and some aspects of the legal and regulatory requirements do not apply to public authorities. However, it is recognised that the Council is not completely immune from the risks surrounding money laundering. The purpose of the Anti-Money Laundering Policy is to clearly demonstrate that the Council embraces the underlying principles of money laundering legislation and is taking reasonable steps to minimise the likelihood of such activities occurring, by developing a suitable framework of arrangements to safeguard itself against action of this nature, whilst making satisfactory provisions to achieve compliance to legal and regulatory requirements, where appropriate.

The law requires those organisations in the regulated sector and conducting relevant business to:

- appoint a Money Laundering Reporting Officer (MLRO) to receive disclosures from employees of money laundering activity
- implement policies and procedures relating to customer due diligence, reporting record keeping and risk management
- communicate all relevant policies and procedures

9. How does the decision contribute to the Council's Corporate Plan?

This contributes to the key priority 'A well run Council'

10. What risks are there and how can they be reduced?

The risk is non-compliance with legislation which may lead to prosecution of the Council or one of its employees

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

None

12. Are there any other options?

No

**Dave Hodgson
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Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None

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