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<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 11</b>
<b>DATE OF MEETING:</b>	<b>24th JUNE 2010</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF CORPORATE SERVICES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (595811)</b>	<b>DOC:</b> u/ks/money laundering/anti-money laundering policy report
<b>SUBJECT:</b>	<b>ANTI MONEY LAUNDERING POLICY AND FRAMEWORK</b>	<b>REF:</b>
<b>WARD (S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 08</b>

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## **1.0 Recommendation**

- 1.1 That the proposed Anti-Money Laundering Policy and framework is adopted under the Council's Financial Procedural Rules (Part 4 of the Constitution).
- 1.2 That the policy and framework is communicated to all staff and members and that specific training is provided to staff in areas more likely to encounter potential money laundering activities.

## **2.0 Purpose of the Report**

- 2.1 To propose a formal policy in accordance with requirements laid down under the UK Government's Money Laundering Regulations 2007 and the Proceeds of Crime Act 2002.
- 2.2 The Council is not legally obliged to apply the provisions of the 2007 Regulations. However, as a responsible public body, it should employ policies and procedures that reflect the essence of the UK's anti-terrorist financing and anti-money laundering regimes.

## **3.0 Detail**

- 3.1 Recently, there have been significant changes to regulations concerning money laundering. Legislative requirements are set out in the Serious Organised Crime and Police Act 2005, together with the Terrorism Act 2006.
- 3.2 The most recent regulations (2007) broadened the definition of money laundering and increased the range of activities caught by the statutory framework. Obligations impact on areas of local authority business and require local authorities to establish internal procedures to prevent the use of their services for money laundering.

- 3.3 In response to this, the Chartered Institute of Public Finance and Accountancy (CIPFA) produced guidance in 2009 on how to combat financial crime. This guidance recommends how local authorities can best meet their obligations under the 2007 Regulations.
- 3.4 Local authorities are not immune from risks surrounding money laundering and should embrace the underlying principles of legislation. CIPFA recommends that they should take all reasonable steps to minimise the likelihood of money laundering occurring, by putting in place proper policies and procedures.
- 3.5 The consequences of an authority, its members and staff becoming involved in money laundering without there having been proper practices in place to help prevent it, may be very serious. This includes the possibility of criminal prosecutions if individuals are not fulfilling their duty under law.
- 3.6 Therefore, CIPFA recommends that it is prudent and responsible practice to put in place appropriate but proportionate safeguards and reporting arrangements to enable authorities to detect and avoid involvement in crimes described in legislation.
- 3.7 The proposed policy and associated framework to meet CIPFA's recommendations is detailed in the appendices.

#### **4.0 Financial Implications**

- 4.1 None

#### **5.0 Corporate Implications**

- 5.1 The Council will take appropriate measures to ensure that all Members and employees are made aware of the regulations and the existence of this Policy, together with their roles and responsibilities.
- 5.2 Staff that are more likely to be involved in monetary payments and in relevant business, as defined by the regulations, will be given specific training in how to recognise and deal with transactions that may be related to money laundering.
- 5.3 This mainly applies to employees in Finance, Customer Services, Legal and Housing, together with anyone else nominated by a Head of Service.

#### **6.0 Community Implications**

- 6.1 The policy aims to maintain the high standards of conduct that currently exist within the Council by preventing criminal activity through money laundering.

#### **7.0 Background Papers**

- 7.1 Combating Financial Crime – Guidance on Anti-money Laundering for Public Service Organisations (Published by CIPFA, 2009).