

Internal Audit

# Money Laundering Policy

17 January 2012

## The Council's commitment to the Money Laundering Policy

London Borough of Barking & Dagenham, "the Council" takes a zero tolerance approach to fraud and corruption and as such will be taking a proactive approach to the prevention, detection and reporting of suspected money laundering incidents.

## What are the aims and requirements of the legislation?

The regulations have two main aims:

- to enable suspicious transactions to be recognised and reported to law enforcement agencies,
- to ensure that if a business' client comes under investigation in the future, the business can provide.

## Who is governed by this Policy?

The Money Laundering Policy applies to all staff including and not limited to temporary staff, sessional staff and contractors. A failure to comply could be damaging to the finances and reputation of the Council.

## Executive Summary

This Money Laundering Policy sets out the Council's commitment to ensuring compliance with the requirements of the Proceeds of Crime Act 2002, the Money Laundering Regulations 2007 and Chartered Institute of Public Finance and Accountancy (CIPFA) guidance for Local Authorities on Money Laundering.

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# Money Laundering Policy

Our policy is to do all we can to prevent wherever possible the Authority and its staff being exposed to money laundering, to identify the potential areas where it may occur, and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases.

We cannot stress too strongly that it is every member of staff's responsibility to be vigilant.

## What is Money Laundering?

Money Laundering is the term used for a number of offences involving the proceeds of crime. It is the process by which the identity of "dirty" money (i.e. the proceeds of crime and the ownership of those proceeds) is changed so that the proceeds appear to originate from legitimate "clean" sources.

Some areas of the Council's activities are thought to be particularly vulnerable to attempts to launder money. It can simply involve receiving payment for goods or services with "dirty" money – usually cash. For the purposes of the new legislation it now includes possessing, or in any way dealing with, or concealing, the proceeds of any crime.

## What is the legal definition?

Money Laundering is defined as:

- concealing, disguising, converting, transferring or removing criminal property from England, Wales, Scotland or Northern Ireland
- being involved in an arrangement which a person knows or suspects facilitates the acquisition, retention, use or control of criminal property
- acquiring, using or possessing criminal property
- when a person knows or suspects that money laundering activity is taking place (or has taken place), or becomes concerned that their involvement in a matter may amount to a prohibited act under the legislation, they must disclose this as soon as practicable or risk prosecution

## What is the legislation?

The Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007 places specific obligations on persons who are involved in "relevant business". Offence under the Proceeds of Crime Act and Money Laundering Regulations can attract penalties of unlimited fines and up to 14 years imprisonment.

## How can suspicious activity be identified?

Employees dealing with transactions which involve income for goods and services (or other income), particularly where large refunds may be made or large amounts of cash are received, will need to consider issues such as:

For new customers:

- is checking their identity proving difficult?
- is the individual reluctant to provide details?
- is there a genuine reason for using the services provided?
- is the customer attempting to introduce intermediaries to either protect their identity or hide their involvement?
- is the customer requesting a large cash transaction?
- is the source of the cash known and reasonable?

For regular and established customers:

- is the transaction reasonable in the context of the service provider's normal business?
- is the size or frequency of the transaction consistent with the normal activities of the customer?
- has the pattern of the transaction changed since the business relationship was established?

### **What are the areas at risk of Money Laundering?**

Some areas of the Council's activities are thought to be particularly vulnerable to attempts to launder money. Where a need is identified by the risk assessment, advice will be provided to line managers to enable them to provide more targeted training. This may be provided using in-house resources, or through courses and seminars run by external agencies.

Possible examples relating to the Council include:

- Conveyancing, including Housing Right-to-Buy transactions
- Housing Benefit fraud
- Payments in excess of £10,000 e.g. business rates, business rents, hall hire etc.
- Refunds of large overpayments to accounts e.g. as above, plus: Council Tax, hire fees etc.
- Suspiciously low tenders

Generally, for the types of transactions the Council is involved with which are at risk in relation to Money Laundering, for example the sale of a capital asset, the risk is mitigated because these transactions will be with large, well known companies who will be represented by their solicitors who have their own professional duties regarding the Money Laundering Regulations. Conversely, where we have similar transactions with un-represented individuals or bodies this is an area of greater risk and our response will need to reflect this.

### **Reporting of Money Laundering concerns**

The Council has nominated the Corporate Director of Finance & Resources as the main point of contact for money laundering issues and to act as the nominated Money Laundering Reporting Officer. Staff should report any suspicions to the Corporate Director of Finance & Resources immediately as they arise.

Suspicious may be reported informally by telephone or email and the responsible officer will seek to establish the facts of the case and determine whether a formal referral to the National Criminal Intelligence Service (NCIS) is appropriate.

The Money Laundering Reporting Officer, or their delegated officer, will consult with staff as appropriate in order to investigate the matter.

## Further Support, Tools, Training & Guidance

The latest version of the Money Laundering Policy and all of our documents can be obtained from either contacting the Group Manager – Internal Audit directly or by visiting our intranet pages:

[Hyperlink?](#)

If you have any comments or feedback to do with this document, we would like to hear from you, so please get in touch and email us at the following address:

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