

Assurance Group

Money Laundering Policy

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Appendix D

The Council's commitment to the Money Laundering Policy

London Borough of Barking & Dagenham, "the Council", takes a tough stance to fraud perpetrated against it 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 policy?

The policy has the aim to enable suspicious transactions to be recognised and reported to law enforcement agencies to deter and disrupt such practices

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 & 2012 and Chartered Institute of Public Finance and Accountancy (CIPFA) guidance for Local Authorities on Money Laundering.

Contents

Title	<u>Page No.</u>
Money Laundering Policy	1
What is Money Laundering?	1
What is the legal definition?	1
What is the legislation?	1
How can suspicious activity be identified?	1
What are the areas at risk of Money Laundering?	2
Reporting of Money Laundering	2
Further support & guidance	2

Money Laundering Policy

Our policy is 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 regarding the reporting of actual or suspected cases. It is every member of staff's responsibility to be vigilant.

What is Money Laundering?

Money Laundering is the term used for several 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 and it can simply involve receiving payment for goods or services with "dirty" money – usually cash. The legislation 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 it facilitates the acquisition, retention, use or control of criminal property;
- acquiring, using or possessing criminal property; and
- 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 & 2012 places specific obligations on persons who are involved in "relevant business". Offences 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, particularly where large refunds may be made, or large amounts of cash are received, will need to consider issues such as:

For new customers:

Appendix D

- 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?

Where a need is identified, advice will be provided to managers to enable them to provide more targeted training.

Possible examples relating to the Council include:

- Conveyancing, including Housing Right-to-Buy transactions
- Payments in excess of £10,000 towards business rates, business rents, hall hire etc.
- Refunds of large overpayments to accounts such as 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, 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

Staff should report any suspicions to the Finance Director, Counter Fraud Manager or Service Manager – Financial Investigations as soon as they arise. Suspicions may be reported informally by telephone or email and the responsible officer will seek to establish the facts of the case, investigate the matter fully and determine whether a formal referral to the National Crime Agency (NCA) is appropriate.

Further Support & Guidance

If there are any questions about these procedures, the Assurance Group can be contacted on 020 8227 2850, 020 8227 2393, 020 8227 2307, caft@lbbd.gov.uk or by visiting our intranet pages.