

APPENDIX D

Assurance Group

Money Laundering Policy

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The Council's commitment to the Money Laundering Policy

The London Borough of Barking & Dagenham, is committed to taking strong measures to prevent the use of its services for money laundering and terrorist financing. The Council takes 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 of alerting all those to whom it applies to understand legislative and regulatory obligations and 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 employees including, and not limited to, temporary employees, sessional employees and contractors. The policy also applies to anyone employed via one of the Council's wholly owned companies. A failure to comply with this policy 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 Terrorism Act 2000, Proceeds of Crime Act 2002, Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (referred to in this guidance as 'the Regulations'), Criminal Finances Act 2017, Terrorist Asset-Freezing Act 2010, Anti-terrorism, Crime and Security Act 2001, Counter terrorism Act 2008, Schedule 7 and the Economic Crime (Transparency and Enforcement) Act 2022 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 prevent, wherever possible, the Authority and its employees 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 employees 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, but not limited to, 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 offences include:

- 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
- making a disclosure that is likely to prejudice a money laundering investigation, or to falsify, conceal, destroy or otherwise dispose of documents relevant to the investigation or cause or permit another do so, knowing or suspecting an investigation is under way or planned.
- entering into or becoming concerned in an arrangement which facilitates the retention or control by or on behalf of terrorist property by concealment, removal from the jurisdiction, transfer to nominees or in any other way.
- failing to disclose an offence of laundering terrorist property.

Commented [KM1]: This does not apply to local authorities

What is the legislation?

There is now a complete suite of money laundering control and anti organised crime legislation, being the Terrorism Act 2000, Proceeds of Crime Act 2002, Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (referred to in this guidance as 'the Regulations'), Criminal Finances Act 2017, Terrorist Asset-Freezing Act 2010, Anti-terrorism, Crime and Security Act 2001, Counter terrorism Act 2008, Schedule 7 and the Economic Crime (Transparency and Enforcement) Act 2022.

Offences under the Proceeds of Crime Act 2002 and the Terrorism Act 2000, 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:

- 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
- 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

Employees should report any suspicions to the Director Finance and Investments (Section 151 Officer), Counter Fraud & Risk Manager or Service Manager Financial Investigations & Trading Standards 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 Counter Fraud and Risk Manager can be contacted on 020 8227 2850, caft@lbbd.gov.uk or by visiting our intranet pages.