

# AUDIT COMMITTEE

23 March 2022

## Review of Money Laundering Policies

### Report of Money Laundering Reporting Officer

#### PURPOSE OF REPORT

To seeks Member's approval for a proposed policy dealing with the council's exposure and responsibilities in relation to money laundering activity and the proceeds of crime.

**This report is public**

#### RECOMMENDATIONS

It is recommended that the Audit Committee:

1. That the proposed Anti-Money Laundering Policy attached as Appendix A is approved.

#### 1.0 INTRODUCTION

- 1.1 In recent years, there have been significant changes to the legislation concerning money laundering. The Proceeds of Crime Act 2002, the Terrorism Act 2000 and the The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 place obligations on all individuals, including employees and elected members, and on the council to establish internal procedures to prevent the use of its services for money laundering.
- 1.2 Whilst the Chief Finance Officer was formally identified as the Council's Money Laundering Reporting Officer (MLRO) in 2021, a formal review and refresh of the policy has not been undertaken for several years.

#### 2.0 REPORT

- 2.1 The draft Anti-Money Laundering Policy attached at Appendix A has been developed from best practice guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Policy describes:-
  - what money laundering is;
  - the obligations of the Council;
  - disclosure procedures;
  - the role of the MLRO in disclosures;
  - reporting standards and related procedures; and
  - policy review arrangements
- 2.2 A detailed Anti-Money Laundering Guidance Note is being produced in support of the policy. It is proposed to use this document as the basis for providing appropriate levels of training and guidance to relevant employees and elected members. This will range from providing general awareness information to the majority of employees and elected members to more in-depth and targeted training for employees whose duties involve

services and activities where the risk of money laundering activity is highest, for example property transactions, income handling and financial services generally.

2.3 The policy has been refreshed to reflect current legislation and best practice guidance and has not resulted in significant changes or required amendment to the Financial regulations & Procedures.

### 3.0 DETAILS OF CONSULTATION

3.1 Service Heads whose areas of responsibility involve the potential for money laundering activity have been consulted on both the Anti-Money Laundering Policy and Guidance Notes.

### 4.0 OPTIONS AND OPTIONS ANALYSIS

4.1 The options that Audit Committee Members might consider in relation to the contents of this report are:

- a) To approve the draft policy as submitted, or with any amendments suggested by the Committee
- b) Not to approve the policy.

4.2 Options analysis, based on associated risks and opportunities is set out in the following table:

<b>Risk/ Opportunity</b>	<b>Option A – Approve Policy</b>	<b>Option B – Do Not Approve</b>
Failure of the council to meet statutory requirements in identifying and responding to money-laundering activity	Adoption of the policy defines, in accordance with proper practice, the council's responsibilities and how it will respond	Without a formal policy statement, the council's response is likely to be inconsistent; statutory requirements may not be met
Failure of individuals to meet statutory expectations	The policy and guidance provide the framework for ensuring that individuals are aware of their own responsibilities	Individuals are unlikely to be aware of their personal responsibilities
Risk of financial loss to the council from a money laundering offence	The policy is aimed at establishing risk-sensitive procedures within the council. Risks will be more fully understood and managed	Exposure to the risk of financial loss is likely to be poorly understood and managed

4.2 The preferred option is option a at paragraph 4.1.

### 5.0 CONCLUSION

5.1 Legislative changes in recent years and the publication by CIPFA of professional guidance on money laundering and financial crime present an opportunity for the Council to strengthen its commitment to combat crime. Approval of the proposed Anti-Money Laundering Policy and Guidance Note provide the framework for this commitment to be implemented and fulfilled.

### APPENDICES

Appendix A – Anti-Money Laundering Policy

**CONCLUSION OF IMPACT ASSESSMENT**

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

Not Applicable

**FINANCIAL IMPLICATIONS**

None directly arising from this report

**SECTION 151 OFFICER'S COMMENTS**

The s151 Officer has authored this report under his responsibilities as the Council's Money Laundering Reporting Officer

**LEGAL IMPLICATIONS**

It is appropriate in pursuance of its statutory requirements for the council to establish a money laundering policy. Legal Services have been consulted upon the proposed policy and are satisfied that it supports the council's obligations under the legislation.

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no comments to make on this report.

**BACKGROUND PAPERS**

**Contact Officer:** Paul Thompson  
(Chief Finance Officer)

**Telephone:** 01524 582603

**Email:** [pthompson@lancaster.gov.uk](mailto:pthompson@lancaster.gov.uk)

**Ref:**