

AUDIT COMMITTEE

22 March 2023

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

RECOMMENDATION

It is recommended that the Audit Committee:

1. That the proposed Anti-Money Laundering Policy attached as Appendix A is approved for 2023/24.

1.0 BACKGROUND

- 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.

2.0 ANTI-MONEY LAUNDERING POLICY

- 2.1 The 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 Committee last reviewed and approved at the Audit Committee meeting in March 2022. Since that date, there has been an update to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 by way of the Money Laundering and Terrorist Financing (Amendment) (No. 2) Regulations 2022. Although this makes various updates to the 2017 Regulation, particularly around Cryptoassets; there are no specific requirements linked to Local Authorities.

- 2.3 The policy has been reviewed to reflect current legislation and available best practice guidance and no changes are deemed necessary for 2023/24.

3.0 DETAILS OF CONSULTATION

3.1 No consultations have taken place when reviewing the Anti Money Laundering Policy for 2023/24 other than with the Section 151 Officer.

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:

Risk/ Opportunity	Option A – Approve Policy	Option B – Do Not Approve
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 2023/24

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

Ref: