

**ANTI MONEY LAUNDERING
POLICY AND STRATEGY
(INCORPORATING TERRORIST FINANCING REQUIREMENTS)**

PRODUCED BY: HEAD OF INTERNAL AUDIT / GROUP MANAGER - INVESTIGATIONS CORPORATE FRAUD

SUBJECT TO ANNUAL REVIEW

APPROVED BY:

APPENDIX 3

CORPORATE MANAGEMENT TEAM: APRIL 2011

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CABINET: JULY 2011

ANTI MONEY LAUNDERING POLICY STATEMENT

Southend on Sea Borough Council (the Council) is committed to adhere to and promote the common principles of good governance for public sector organisations, as set out in its Local Code of Governance. This is because it recognises that good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users.

All organisations and each individual are required by law to try to prevent and report attempts to 'launder' money. Potentially any member of staff could fall foul of the money laundering provisions if they suspect money laundering is occurring and either become involved with it in some way and or do nothing about it.

Therefore the Council will be proactive in mitigating this risk by complying with the requirements of relevant good practice guidance. It will identify potential areas where money laundering may occur and ensure that staff in those areas are aware of and adhere to the spirit of the relevant regulations and guidance.

Where money laundering is suspected the Council will report it to the Serious Organised Crime Agency (SOCA).

This policy applies to all employees of the Council and aims to maintain the high standards of conduct, by preventing criminal activity through money laundering.

To ensure its effectiveness and relevance to the Council, this policy will be reviewed on an annual basis.

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INTRODUCTION

An overriding responsibility of public sector organisations is the provision of effective and efficient services to clients and stakeholders in a manner that seeks to ensure the best possible protection of the public purse in its delivery arrangements.

Therefore this strategy sets out the action the Council will take to mitigate the risk that money could be laundered through its systems.

The legislative requirements concerning anti-money laundering procedures are lengthy and complex. Whilst the risk to the Council of contravening the legislation is relatively low, it is extremely important that all employees are familiar with their legal responsibilities. **Serious criminal sanctions may be imposed for breaches of the legislation.**

Therefore this strategy has been written to comply with the Chartered Institute for Finance and Accountancy's (CIPFA) guidance:

- Proceeds of Crime (Anti-Money Laundering) Practical Guidance for Public Service Organisations 2005
- Combating Financial Crime: Further Guidance on Anti-Money laundering for Public Service Organisations (2009)

WHAT IS MONEY LAUNDERING?

DEFINITION

Money laundering is defined as the process by which the proceeds of crime, and the true ownership of those proceeds, are changed so that the proceeds appear to come from a legitimate source.

Primary money laundering offences include:

- concealing, disguising, converting, transferring of criminal property or removing it from the United Kingdom
- entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person
- acquiring, using or possessing criminal property
- doing something that might prejudice an investigation, for example, falsifying a document.

There are also two secondary offences that are:

- failing to disclose any of the four primary offences; and

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- 'tipping off' whereby somebody informs a person or persons who are, or who are suspected of being involved in money laundering, in such a way as to reduce the likelihood of their being investigated or prejudicing an investigation.

TERRORIST FINANCING

The Terrorism Act 2000 creates a money laundering offence under Section 18 which says:

'...A person commits an offence if he or she enters into or becomes concerned in an arrangement which facilitates the retention or control by or on behalf of another person of terrorist property;

- by concealment
- by removal from the jurisdiction
- by transfer to nominees, or
- in any other way...'

HOW TO IDENTIFY THE RISKS

The Council will undertake an annual risk assessment of its service areas to assess where potential higher risk transactions could occur, examples of which are:

- new customers carrying out large, one-off transactions
- payments that are made or received from third parties
- payments made by cash, particularly where a refund is requested by cheque or a third party' is involved in any transaction e.g. someone paying cash to settle someone else's bill
- complicated financial or property transactions
- setting up trusts or company structures, which could be used to obscure ownership of property.

RELEVANT LEGISLATION

Money laundering in the UK is primarily governed by the following legislation:

- The Terrorism Act 2000 as amended by the Anti-Terrorist Crime and Security Act 2001
- The Proceeds of Crime Act 2002 (POCA)
- Serious Organised Crime and Police Act 2005

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- The Money Laundering Regulations 2007

Additional information can be obtained if required from the website of the Serious Organised Crime Agency (SOCA) www.soca.gov.uk.

WHAT THIS STRATEGY AIMS TO DELIVER

This strategy is designed to ensure that the Council has adequate arrangements are in place to manage the risk of money laundering well in advance of any potential occurrence.

OTHER RELATED POLICIES

The Anti-Money Laundering Policy and Strategy should be read in conjunction with the:

- Risk Management Policy Statement and Strategy
- Anti Fraud and Corruption & Prosecution Policy Statement and Strategy
- Whistleblowing Policy (Confidential Reporting Policy)
- Employees and Members Codes of Conducts

DELIVERING THE STRATEGY

OBLIGATIONS ON THE COUNCIL

The Council has taken the view, based upon CIPFA's guidance that it does not have to adopt the legislative money laundering requirements in full. On that basis, the obligations on the Council are to:

- identify the potential areas where money laundering may occur
- issue a staff briefing note on the risks and actions they should take if they suspect money laundering to be taking place and train them accordingly
- nominate an officer to whom cases of suspected money laundering can be reported (the **Money Laundering Reporting Officer**).

POTENTIAL SERVICES AT RISK

Whilst this policy **applies to all staff and activities**, an annual assessment will be undertaken to identify activities that are particularly susceptible to the risk of money laundering. This risk assessment will be used to ensure that services most at risk receive appropriate training.

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STAFF TRAINING

All staff will be made aware of the Council's Money Laundering Policy as part of its annual awareness raising activities.

Staff working in services where the potential to launder money is higher will be provided with a staff briefing note and targeted training in this area periodically.

ROLES, RESPONSIBILITIES AND REPORTING SUSPICIONS

Where staff know or suspect that money laundering activity is taking place or has taken place, or become concerned that their involvement in a matter may amount to a prohibited act under the legislation, they must disclose this information as soon as possible to the **Money Laundering Reporting Officer**.

SHOULD YOU NOT DO SO, YOU MAY BE LIABLE TO PROSECUTION.

Once staff have reported they must follow any directions given to them by the Money Laundering Reporting Officer. Staff must not make any further enquiries into the matter themselves.

At no time and under no circumstances should staff voice any suspicions to the persons whom they suspect of money laundering otherwise they may commit a criminal offence of 'tipping off'.

For these purposes, the **Money Laundering Reporting Officer** is the **Group Manager - Investigation, Corporate Fraud** who can be contacted via:

- the Corporate Fraud Team on 01702 534018
- e-mail: antifraud@southend.gov.uk.

Where money laundering is suspected, Group Manager - Investigation, Corporate Fraud will be responsible for:

- notifying the Chief Executive, the Monitoring Officer, Head of Finance and Resources and Head of Internal Audit; and
- reporting the suspicious activity to the Serious Organised Crime Agency (SOCA).

MONITORING DELIVERY

The Council maintains an Anti Fraud and Corruption Action Plan that is designed to deliver the objectives of this and the related strategies. This is reviewed and updated annually to ensure it reflects current good practice requirements as well as targets areas of interest for the year.

Progress in delivering this action plan will be reported upon periodically to the Corporate Management Team and the Audit Committee.