

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**EXECUTIVE MANAGEMENT TEAM'S REPORT TO THE
AUDIT & RISK COMMITTEE**

Date 7 April 14

HEADING Anti Money Laundering Policy

Submitted by: Audit Manager

Portfolio Finance and Resources

Ward(s) affected All

Purpose of the Report

The Anti Money Laundering Policy outlines the Council's commitment to creating an anti-fraud culture, and maintaining high ethical standards in its administration of public funds.

Recommendations

- a) **That the Anti Money Laundering Policy be approved.**

Reasons

The public is entitled to expect the Council to conduct its affairs with integrity, honesty and openness, and to demand the highest standards of conduct from those working for it. This policy is reviewed and updated as necessary on an annual basis.

1. **Background**

- 1.1 The Council has a suite of policies in place that demonstrates our commitment to the prevention and detection of Fraud and Corruption and to ensure the highest possible standards of openness, probity and accountability. This policy forms part of this suite.
- 1.2 The Anti-Money Laundering Policy is designed to limit as far as possible the opportunities to commit fraudulent acts, enable such acts to be detected at an early stage and then deal with any subsequent investigations in a prompt, thorough and professional manner. It also recognises its responsibilities under the various legislation including the Terrorism Act 2000, Proceeds of Crime Act 2002, Money Laundering Regulations 2007 and Fraud Act 2006, and subsequent regulations.
- 1.3 Money laundering is a general term for any method of disguising the origin of "dirty" or criminal money. This money may be the proceeds of any criminal activity including terrorism, drugs trafficking, corruption, tax evasion, and theft. The purpose of money laundering is to hide the origin of the dirty money so that it appears to have come from a legitimate source. Unfortunately no organisation is safe from the threat of money laundering, particularly where it is receiving funds from sources where the identity of the payer is unknown. It is, therefore,

possible that the Council may be targeted by criminals wishing to launder the proceeds of crime.

2. **Issues**

- 2.1 The Council is committed to protecting public funds and to ensure that all Council activities are carried out in accordance with the principles of openness, honesty and integrity. This document demonstrates that it proactively shows a commitment to deterring fraud and corruption and this is actively promoted throughout the organisation. The policy is reviewed annually to ensure that it remains in line with all relevant legislation. There have been no changes to the legislation during the previous year and therefore in this respect the policy remains unchanged. The main updates to the policy have included the replacement of references to the Serious Organised Crime Agency (SOCA) with The National Crime Agency (NCA) which replaced SOCA in October 2013. The NCA is a national law enforcement agency that works in partnership with other organisations to tackle the issues of serious and organised crime.
- 2.2 Guidance is available for all Managers; this guide outline's the Borough Council's commitment to the Anti Money Laundering Policy. The guide gives details of what to look for and what to do in the event that they suspect any form of suspicious transaction.
- 2.3 Training has previously been provided with regards to the guidelines that were in place, further training will be provided on the policy and a copy will be made available to all staff via the intranet.

3. **Options Considered**

- 3.1 To review and adopt this document ensures and demonstrates that the Council will act with integrity and responsibility in the management and spending of the Public's money.
- 3.2 Not to adopt this policy would leave the Council open to criticism of not being committed to maintaining high standards in the avoidance and detection of fraud and corruption.

4. **Proposal**

That the Anti- Money Laundering Policy shown at Appendix A be approved

5. **Reasons for Preferred Solution**

As option 3.1 above.

6. **Outcomes Linked to Corporate Priorities**

The strategies demonstrate that the Council is committed to ensuring the best use of resources and enable the prevention and detection of suspected money laundering at the earliest opportunity.

7. **Legal and Statutory Implications**

This report raises no new legal or statutory implications.

8. **Equality Impact Assessment**

There are no differential equality impact issues identified from the proposal.

9. **Financial and Resource Implications**

There are no finance or resource implications arising from the adoption of the Anti Money Laundering Policy, any training to be delivered will be met from existing staff resources.

10. **Major Risks**

The risk of not having this policy in place would mean that staff have no guidance on what to do in the event that they may suspect money laundering. This in turn may hamper any investigation required to yield a satisfactory conclusion.

The existence of this policy means that staff are informed and given guidance on what actions they should take if they suspect that a suspicious transaction is taking place.

11. **Key Decision Information**

Not applicable

12. **Earlier Cabinet/Committee Resolutions**

Not applicable

13. **List of Appendices**

Appendix A Anti Money Laundering Policy

14. **Background Papers**

Internal Audit Files