

Anti-Money Laundering Policy Review

Audit & Scrutiny Committee Tuesday, 6th February 2024

Report of: Director of Resources (Section 151 Officer)

Purpose: For approval

Publication status: Unrestricted

Wards affected: All wards

Executive summary:

The report sets out a proposed Anti-Money Laundering Policy for review by Committee. This replaces previous guidance and elevates to the status of a Council Policy. It is supported by detailed guidance notes and training.

This report supports the Council's priority of: Building a better Council.

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Recommendation to Committee:

That Committee recommend to Full Council that the Anti-Money Laundering Policy be adopted and published on the Council's website.

Reason for recommendation:

The Council has several obligations under legislation, which are set out in the policy. The purpose of this policy is to enable the Council to meet its statutory obligations and to assist Officers in dealing with money laundering. Recognition by the Audit and Scrutiny Committee provides formal status for the policy and contributes to the Council's obligation to make arrangements to receive and manage concerns from Officers about money laundering.

Overview

1. Money Laundering has been defined by the Law Society as “the process by which the proceeds of crime and the true ownership of these proceeds is changed so that the proceeds appear to come from a legitimate source.” A more complete definition is provided in Section 3.1 of the Policy.
2. The Council’s Constitution refers to Anti-Money Laundering alongside references to Anti-Fraud. The two are linked, but Money Laundering is distinct and subject to its own reporting requirements. Proposing a distinct policy ensures that it is given appropriate prominence, defines the governance arrangements and provides a framework for the guidance which sits underneath it.
3. On 26th September 2023, Committee reviewed the Anti-Fraud, Bribery and Corruption Policy and recommended its adoption to Full Council. The Anti-Money Laundering Policy complements this.
4. On 28th November 2023, Committee considered a mid-year update on the Council’s Anti-Fraud measures, setting out the Joint Working Agreement with Reigate and Banstead Borough Council, as follows:

“Overarching capacity for managing fraud is delivered through a joint working agreement with Reigate and Banstead Borough Council. This was developed by the Head of Housing with further input from the S151 Officer. The agreement is governed by a S113 Agreement (Local Government Act 1972) which allows one authority to discharge functions on behalf of another. The agreement was finalised in December 2022.”

Providing an Anti-Money Laundering Policy to bring to this Committee was part of the work set out in the November Committee report.

5. The Anti-Money Laundering Policy is short and self-explanatory. A national reporting portal exists and there is no cost to the Council to access this resource. The Section 151 Officer is the Council’s Money Laundering Reporting Officer (MLRO) and this role is undertaken with the support of the RBBC Fraud Team.

Training

6. The Council’s HR team has recently launched a mandatory Financial Crime course for Officers. This was linked to an Internal Audit action on Fraud to put in place e-learning. The module covers:
 - Definition of financial crime
 - Identification of the different types of financial crime
 - Red flags that indicate financial crime
 - How to deal with suspicions
 - Understanding Anti-Money Laundering laws and how they help with counter terrorism.

Other options considered

Adoption of a formal policy for Anti-Money Laundering represents good and robust practice for the Council.

Consultation

Not required.

Key implications

Comments of the Chief Finance Officer

There are no direct financial implications of this report. Money Laundering will be dealt with in accordance with this policy.

Comments of the Head of Legal Services

There are no direct legal implications arising from this report. Having an up to date money laundering policy and procedure is an essential part of the Council's governance controls. Members will note that the key changes to the law have been incorporated into the Council's policy together with updates to the Council's anti-money laundering procedures. The report identifies that training is required to ensure that all Officers are aware of the Council's anti-money laundering policy and training on the provisions of the law is a key aspect of the legislation.

Equality

There are no Equalities implications directly arising from the statutory audit of the financial statements.

Climate change

There are no Climate Change implications directly arising from the statutory audit of the financial statements.

Appendices

Appendix A – Anti-Money Laundering Policy
Appendix B – Money Laundering Report Template

Background papers

None

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