

# Forest Heath District Council

(This report is a key decision. This report has been subject to appropriate notice of publication under the Council's Access to Information Rules)

**Report of the Cabinet Member for Resources, Governance and Performance**

**CABINET**

**4 DECEMBER 2012**

**CAB12/047**

**JOINT ANTI MONEY LAUNDERING POLICY** (Key Decision Reference: Dec12/03a)

## **1. Summary and reasons for recommendation(s)**

- 1.1 The Policy aims to maintain and improve upon the high standards of conduct which currently exist within Forest Heath District Council to ensure that third parties are not able to use the Council for the purposes of money laundering. The Policy sets out the procedures which must be followed to enable the Council to comply with its legal obligations.
- 1.2 The Council's current Anti Money Laundering Policy was last revised in November 2007. It is good practice to review arrangements periodically and as such a review of the Policy has been undertaken to ensure it continues to reflect best practice, legislation and shared services arrangements. The revised joint Policy between Forest Heath District Council and St Edmundsbury Borough Council is set out at **Appendix A** to this report.
- 1.3 The purpose of this Policy is to make all councillors and staff aware of the legislative framework, their responsibilities regarding this framework, and the consequences of non compliance. Potentially any councillor or member of staff could be subject to money laundering provisions if they suspect money laundering and either become involved with it in some way and/or do nothing about it. This Policy sets out how any concerns should be raised.
- 1.4 The Policy was approved by Forest Heath's Performance and Audit Committee on 18 October 2012 and St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee on 12 November 2012 - subsequent adoption is required by both councils' Cabinet and Council. No amendments were proposed by the Forest Heath Performance and Audit Committee; however the addition of the following words at the end of paragraph 2.3 of the Policy was agreed by the St Edmundsbury Borough Council Performance and Audit Scrutiny Committee: '.....although it is accepted that Members are far less exposed to the risk of money laundering'.

## **2. Recommendation(s)**

- 2.1 Cabinet approves adoption of the revised joint Anti Money Laundering Policy between Forest Heath District Council and St Edmundsbury Borough Council and recommends formal adoption by Council.
- 2.2 The Cabinet Member for Resources, Governance and Performance is given delegated authority to amend the officer post titles where necessary regarding the reporting of money laundering concerns referred to within the Policy, following the current senior management restructure.
- 2.3 The Cabinet Member for Resources, Governance and Performance be requested to arrange the issue of this Policy to all Councillors, highlighting their role and responsibilities and giving examples of money laundering instances.
- 2.4 The Head of Resources and Performance be authorised, in consultation with the Cabinet Member for Resources, Governance and Performance to make any minor typographical, factual, spelling, grammatical and other minor changes to the Joint Anti-Money Laundering Policy as set out at Appendix A, provided they do not materially affect the substance or meaning of the Policy.

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## **3. How will the recommendations help us meet our strategic priorities?**

- 3.1 The recommendations made in this report are intended to support and enhance the Council's ability to deliver its priorities.

## **4. Key issues**

- 4.1 Potentially any councillor or member of staff could be subject to money laundering provisions if they suspect money laundering and either become involved with it in some way and/or do nothing about it. This Policy sets out how any concerns should be raised.
- 4.2 Whilst the likelihood of an event arising that leads to the Council contravening the legislation is low, it is extremely important that all councillors and staff are familiar with their legal responsibilities as serious criminal sanctions may be imposed for breaches of the legislation.

- 4.3 The Money Laundering Regulations 2007 require an organisation to put in place certain controls to prevent abuse from money laundering. These include:
- assessing the risk of our organisation being used by criminals to launder money
  - checking the identity of our customers
  - checking the identity of 'beneficial owners' of corporate bodies and partnerships
  - monitoring our customers' business activities and reporting anything suspicious to the Serious Organised Crime Agency (SOCA) through the designated Money Laundering Reporting Officer
  - making sure we have the necessary management control systems in place
  - keeping all documents that relate to financial transactions, the identity of our customers, risk assessment and management procedures and processes
  - making sure that all councillors and staff are aware of the regulations and have received any necessary training
- 4.4 The legislative requirements concerning anti-money laundering procedures are lengthy and complex. This Policy has been written so as to enable the Council to meet the legal requirements in a way which is proportionate to the low risk to the Council of contravening the legislation.

## **5. Other options considered**

- 5.1 There are no alternative options as the Council needs to ensure it has adequate measures in place with regard to potential contravention of the regulations, and to ensure that the requirements of the Act are implemented appropriately in the Council.

## **6. Community impact**

### **6.1 Crime and disorder impact** *(including Section 17 of the Crime and Disorder Act 1998)*

- 6.1.1 None arising directly from this report.

### **6.2 Diversity and equality impact** *(including the findings of the Equality Impact Assessment)*

- 6.2.1 None arising directly from this report.

### **6.3 Sustainability impact** *(including completing a Sustainability Impact Assessment)*

- 6.3.1 None arising directly from this report.

### **6.4 Other impact** *(any other impacts affecting this report)*

- 6.4.1 None arising directly from this report.

**7. Consultation** *(what consultation has been undertaken, and what were the outcomes?)*

7.1 No external consultation was required or undertaken in producing this report.

**8. Financial and resource implications** *(including asset management implications)*

8.1 There are no direct financial implications arising from this report.

**9. Risk/opportunity assessment** *(potential hazards or opportunities affecting corporate, service or project objectives)*

Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
The Council could suffer reputational and other damage if malpractice goes undiscovered, or if disclosures are made in an inappropriate way.	Low/Medium	Clear guidance for recognising and reporting potential money laundering activities	Low

**10. Legal and policy implications**

10.1 The proposed changes will ensure that the Council meets its legislative requirements concerning money laundering (the Proceeds of Crime Act 2002, and the Money Laundering Regulations 2003 and 2007) and continues to follow best practice guidelines of the Serious Organised Crime Agency (SOCA) and CIPFA.

**11. Ward(s) affected**

11.1 All wards.

**12. Background papers**

12.1 None

**13. Documents attached**

13.1 Appendix A – Draft Joint Anti Money Laundering Policy