

## Counter Fraud Framework Manual 2014

## Anti-Money Laundering Policy Statement and Procedure

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Version 1 2013 Final Issued	May 2013	Clair Green	2013 Update
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## 1. Anti-Money Laundering Statement

1.1 The London Borough of Barnet is committed to zero tolerance of money laundering within the organisation and also the community it serves. The Council also has particular responsibility to protect the public purse through proper administration and control of the public funds and assets to which it has been entrusted. Legislation concerning Money Laundering (the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007) has broadened the definition of Money Laundering. Local Authorities do not have a statutory duty to comply with these regulations; however it is deemed as best practice that Local Authorities put in place procedures and policies to prevent and protect their services from being used for potential money laundering activities.

1.2 This Anti-Money Laundering Policy has been developed to ensure the London Borough of Barnet has appropriate policies and guidelines in place in order to ensure money laundering is minimised through effective prevention, detection, investigation and deterrent measures and has a unified cohesive approach to reflect best practice.

The policy sets out the procedures which must be followed to enable the Council to comply with its legal obligations.

Failure by an employee to comply with the procedures may lead to disciplinary action being taken against them. Any disciplinary action will be dealt with in accordance with the London Borough of Barnet's Disciplinary Policies and Procedure.

## 2. Objective

2.1 To provide a clear statement of commitment that encourages ethical business behaviour throughout the London Borough of Barnet.

2.2 To reassure the public that the London Borough of Barnet is committed in the fight against money laundering.

## 3. Money Laundering Offences

3.1 This policy applies to all cases of Money Laundering. The Proceeds of Crime Act 2002 defines that:

- Money laundering goes beyond the transformation of the proceeds of crime into apparently legitimate money/assets and covers a range of activities:
- Concealing, disguising, converting or transferring criminal property or removing it from the UK
- 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
- Becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property.
- These are the primary (principal) money laundering offences and are prohibited acts under the legislation.

## 4. Scope

4.1 The Barnet community want and expect the highest standards of conduct from all who provide services on their behalf. Therefore, this framework applies to all Council employees (both temporary and permanent), members, school governors and staff, staff and members of Council funded voluntary organisations, consultants, partners, contractors, suppliers

and/or any other organisation with a business relationship with the London Borough of Barnet. Within this policy the term employees refers to all employees and elected members.

4.2 This policy also applies to the citizens of Barnet. Just as the council expects its employees to be honest with public funds, so to it is expected that people using council services be honest in their dealings with the council.

4.3 The Council's Corporate Anti-Fraud Team (CAFT) are the only authorised service to conduct financial investigations under the Proceeds of Crime Act on behalf of the Council and to further investigate individuals who are suspected of money laundering against the London Borough of Barnet, whether it be internally or externally.

### 5. Obligations

5.1 It is important that all members and employees) are familiar with their legal responsibilities as serious criminal sanctions may be imposed for breaches of the legislation. In addition, anyone who conspires with or assists someone to commit the offence is also guilty of an offence.

5.2 The London Borough of Barnet has nominated a Money Laundering Reporting Officer (MLRO) to receive disclosures from members and employees of money laundering activity (their own or anyone else's).

- Directors and managers will ensure that where the Council is carrying out 'relevant business' as described within the Money Laundering Regulations 2007, CIFPA Guidance 2009, and:
- Maintain robust financial transactional record keeping procedures.
- Make those members and employees who are likely to be exposed to or suspicious of money laundering activities aware of the requirements and obligations placed on the London Borough of Barnet, and on themselves as individuals, by the various anti-money laundering legislation.
- Provide training to those considered most likely to encounter money laundering activities e.g. how to recognize and deal with potential money laundering offences.
- Implement systems for members and employees to report money laundering suspicions to the MLRO.
- Establish internal procedures appropriate to forestall and prevent money laundering and make relevant individuals aware of the procedures.
- Report any suspicions of money laundering to the MLRO and National Crime Agency (NCA).
- Put in place procedures to monitor developments in the 'grey' areas of the legislation and to keep abreast of further advice and guidance as it is issued by relevant bodies.

5.3 The safest way to ensure compliance with the requirements of these legislations is to apply them to all areas of work undertaken by the Council; therefore, all members and employees are required to comply with this policy.

### 6. Role of the Money Laundering reporting officer

6.1 The Council's Constitution Financial Regulations states that 'The Assurance Assistant Director will nominate an officer to undertake the duties of the Council's Money Laundering Reporting Officer as detailed within the Council's Anti Money Laundering Framework'.

6.2 The current nominated MLRO is the Assurance Assistant Director and the current nominated Deputy MLRO is the CAFT Corporate Counter Fraud Manager who will undertake the full duties of the MLRO in their absence.

6.3 The Corporate contact is the Assurance Assistant Director.

6.4 Legal Services are also available to give advice as required.

6.5 The Council has a clear obligation to ensure that members and employees know to which person(s) they should report suspicions and that there is a clear reporting chain under which those suspicions will be passed without delay to the MLRO. Once a member or an employee has reported his/her suspicions to the MLRO, he/she has fully satisfied their personal statutory obligation.

6.6 All suspicious transactions irrespective of their values must be reported.

### 7. How to make a Report

7.1 When money laundering activity is suspected to be taking or has taken place, or an officer should become concerned that their involvement in a matter may amount to a prohibited act under the legislation, it must be disclosed as soon as practicable to their Line Manager/Head of Service. The disclosure should be within “hours” of the information coming to an employee’s attention.

7.2 There are various channels to help you raise concerns direct to the MLRO or to the Corporate Anti-Fraud Team – either via a phone call, an email, in writing, in person, the on line reporting form or via the whistleblowing policy.

7.3 A reporting protocol is detailed fully below. The protocol applies to all types of suspicions of money laundering.

- Every employee is expected to remain alert to the possibility that money laundering can occur. When concerns are first aroused Council employees must: Treat his/her suspicions with the utmost care and must not discuss them with anyone who does not have an immediate and obvious need to know.
- In all cases the employee reporting their suspicions should secure any obvious initial relevant information on which suspicions are based – providing this will not alert the person/s under suspicion – to ascertain the basic facts of the allegation.
- Once initial suspicions have been confirmed, the matter should be reported directly to the MLRO/CAFT as soon as practicable.
- All suspicious money laundering reports will be logged by the MLRO and be subject to a process of detailed risk analysis and backgrounds checks.

7.4 If still unsure, please contact the MLRO for further clarification.

7.5 Once the matter has been reported to the MLRO any directions given must be followed. OFFICERS MUST NOT MAKE ANY FURTHER ENQUIRIES THEMSELVES: any necessary investigation will be undertaken by the MLRO/CAFT /NCA/Police.

7.6 Suspicions must simply be reported to the MLRO, who will decide whether a disclosure is required.

7.7 Once the MLRO has evaluated a disclosure report and any other relevant information, a timely determination will be made

7.8 The MLRO commits a criminal offence if he/she knows or suspects, or has reasonable grounds to do so, through a disclosure being made to him/her, that another person is engaged in money laundering and he/she does not disclose this as soon as practicable to the NCA.

7.9 The MLRO or nominated person will contact the referee within 48 hours of receipt, unless the referral is received outside normal working days, and advise them of the next course of action.

### 7.10 FAILURE TO REPORT MONEY LAUNDERING OFFENCES (WHICH MAY RESULT IN DISCIPLINARY ACTION BEING TAKEN AGAINST THE EMPLOYEE)

7.10.1 The London Borough of Barnet's Counter Fraud Framework makes it clear that all employees should report any concerns they may have of money laundering activity irrespective of their area of work.

7.10.2 Suspicions of money laundering must be reported to the MLRO or the Corporate Anti-fraud team even if it is believed that someone else has already reported the suspicions of the same money laundering activity. Such disclosures to the MLRO will be protected in that they will not be taken to breach any restriction on the disclosure of information.

### 7.11 TIPPING-OFF OFFENCES (WHICH MAY RESULT IN DISCIPLINARY ACTION BEING TAKEN AGAINST THE EMPLOYEE)

7.11.1 Under s.333 of the 2002 Act there is a criminal offence of "tipping-off". If a suspicion is either reported or not reported to the MLRO any employee who knows or suspects that such a disclosure has been made and thereafter mention it to another, could amount to a tipping-off offence. Officers believed to be involved in tipping off will be subject to disciplinary proceedings. ???

### 7.12 PREJUDICING AN INVESTIGATION OFFENCE

7.12.1 If an employee knows or suspects that an appropriate officer is, or is likely to be conducting money laundering investigations and the employee makes a disclosure to a third party that is likely to prejudice the investigation, disciplinary action will be taken.

## 8. The role of the Audit Committee

8.1 The Council promotes a culture that encourages commitment to compliance with the law and ethical conduct by exercising due diligence in meeting the criteria in this policy.

8.2 One of the specific roles of the Audit Committee is to monitor the Council's Counter Fraud framework (and policies within) and recommend their application across the Council.

## 9. Other relevant Barnet Policies

9.1 Counter Fraud Framework Manual and introduction document

- Bribery Policy Statement and Procedure
- Whistleblowing Policy Statement and Procedure
- Prosecution and Sanction Policy Statement
- Fraud Policy Statement and Procedure
- Regulation of Investigatory Powers (RIPA) Act 2000 Policy Statement and Procedure

9.2 Staff Code of Conduct