



**Audit and Risk Management Committee  
Monday 23 July 2018**

<b>REPORT TITLE:</b>	<b>ANTI-MONEY LAUNDERING POLICY</b>
<b>REPORT OF:</b>	<b>CHIEF INTERNAL AUDITOR</b>

**REPORT SUMMARY**

The purpose of this report is to seek formal Committee approval for the draft Anti-Money Laundering Policy and its accompanying guidance notes.

**RECOMMENDATION**

The Audit and Risk Management Committee review and approve the following Policy and accompanying guidance notes:

- (i) Anti-Money Laundering Policy (Appendix A)
- (ii) Briefing Note for front line Employees (Appendix 1)
- (iii) Verification of Customer Identity form (Appendix 2)
- (iv) Customer Due Diligence Procedure – Evidence document (Appendix 3)
- (v) Offences Table (Appendix 4)

## **SUPPORTING INFORMATION**

### **1.0 REASON FOR RECOMMENDATION**

- 1.1 To ensure that the Anti-Money Laundering Policy is up to date and complies with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.
- 1.2 That the Anti-Money Laundering Policy is made available to all Members, employees', partners and external bodies working on behalf of the Council, by being included on the Internet and Council's Intranet site.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 No other options considered.

### **3.0 BACKGROUND**

- 3.1 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017) came into force on 26 June 2017. They implement the EU's 4th Directive on Money Laundering and in doing so they replace the Money Laundering Regulations 2007 (MLR 2007) and the Transfer of Funds (Information on the Payer) Regulations 2007, which were previously in force.
- 3.2 A key difference of the 2017 Regulations is to require relevant persons to adopt a more risk-based approach towards anti-money laundering, particularly in the conduct of due diligence.
- 3.3 Although local authorities are not obliged to comply with the requirements of the Money Laundering Regulations 2017, guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) recommends that they should embrace the underlying spirit of the legislation, as it impacts on certain areas of their work.
- 3.4 Not all of the Council's business is 'relevant' for the purposes of the legislation. It is mainly the accountancy and audit services together with certain financial, company and property transactions carried out by Legal Services. However, the safest way to ensure compliance with the law is to apply it to all areas of work undertaken by the Council, therefore all Members, employees and those acting on behalf of the Council are required to comply with the Council's Anti-Money Laundering Policy.

### **4.0 ANTI-MONEY LAUNDERING POLICY**

- 4.1 The Policy sets out the procedures that must be followed to enable the Council to comply with its legal obligations, which are to:
  - Appoint a Money Laundering Reporting Officer (MLRO) to receive disclosures from employees of money laundering activity;

- Implement risk sensitive policies and procedures relating to customer due diligence, reporting, record keeping, internal control, risk assessment and management, the monitoring and management of compliance and the internal communication of such policies and procedures.

4.2 An assessment of the Council's Anti-Money Laundering arrangements will be reviewed during 2018/19 by the Internal Audit Team and the findings will subsequently be reported to Members.

4.3 The draft Anti-Money Laundering Policy and guidance notes are attached to this report for Member consideration and approval.

4.4 The consequence of the Council becoming involved in money laundering, without adequate policies and procedures in place to help prevent it, could be very serious. It may result in criminal prosecutions if the Council and individuals are not fulfilling their duty under the law.

4.5 Therefore, it is essential that the Policy and guidance notes are brought to the attention of all Members, employees', partners and external bodies working on behalf of the Council. To facilitate this, they will be made available on the Internet and Council's Intranet site.

## **5.0 FINANCIAL**

5.1 There is no direct financial implication arising from this report.

## **6.0 LEGAL IMPLICATIONS**

6.1 Whilst the risk to the Council of contravening the legislation is low, it is extremely important that Members, employees, partners and external bodies working on behalf of the Council are familiar with their legal responsibilities as serious criminal sanctions may be imposed for breaches of the legislation.

## **7.0 RESOURCE IMPLICATIONS**

7.1 It is envisaged that all work will be carried out within existing resources.

## **8.0 RELEVANT RISKS**

8.1 Failure of the Council to have adequate policies and procedures in place, to protect itself against the significant threat, posed by money laundering.

## **9.0 ENGAGEMENT/CONSULTATION**

9.1 The Anti-Money Laundering Policy and guidance notes have been developed following consultation with relevant officers within the Council.

## **10.0 EQUALITY IMPLICATIONS**

10.1 There are no specific equality implications arising from this report.

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**APPENDICES**

- Appendix A: Anti-Money Laundering Policy
- Appendix 1: Briefing Note for front line Employees
- Appendix 2: Verification of Customer Identity form
- Appendix 3: Customer Due Diligence Procedure – Sources of Evidence document
- Appendix 4: Offences Table

**REFERENCE MATERIAL**

- Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Audit and Risk Management Committee	