



# Doncaster Council

## Report

---

Date: 26 July 2018

To the Chair and Members of the  
**AUDIT COMMITTEE**

### **MONEY LAUNDERING ARRANGEMENTS**

#### **EXECUTIVE SUMMARY**

1. This report presents to the Audit Committee, for approval prior to implementation, the Council's revised policy on Anti-Money Laundering.
2. The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (known throughout this document as **MLR 2017**) came into force on 26 June 2017. They implement the EU's 4th Directive on Money Laundering. In doing so, they replace the Money Laundering Regulations 2007 and the Transfer of Funds (Information on the Payer) Regulations 2007 which were previously in force.
3. Whilst the new regulations do not place specific responsibilities on the Council / local authorities in respect of money laundering, it is accepted best practice for the Council, as a guardian of public finances, to comply with the spirit of the legislation and put in place appropriate anti-money laundering safeguards.
4. The MLR(2017) require the completion of a documented risk assessment for money laundering activity and the implementation of appropriate procedures to prevent, detect and report on money laundering activity. The regulations also require the appointment of a Money Laundering Reporting Officer. This role has been reassigned to the Chief Financial Officer and Assistant Director of Finance with money laundering reporting activity being undertaken by Internal Audit. This is because the role is now considered to more closely align to that of the Council's statutory financial officer. The role was previously held by the Assistant Director for Legal and Democratic Services (the Monitoring Officer).
5. The policy attached at **Appendix A**, takes a risk based view of the activities of the Council and aims to put in place procedures to prevent and detect (and ultimately report on) money laundering activities without being onerous or excessive to the Council's overall risk.

6. The Council's overall risk in respect of money laundering (as per the documented risk assessment) has been judged as low (this is known as "moderate risk" within the Council's risk management guidance).

## **EXEMPT REPORT**

7. This report is not exempt. However, in order to protect the Council from potential fraudulent activity, detailed elements relating to the Council's Money Laundering Risk Assessment have been removed from this document to ensure that they are not used for criminal purposes.

## **RECOMMENDATIONS**

8. The Audit Committee is asked to approve the Council's revised Anti-Money Laundering Policy and associated arrangements, noting the change of Money Laundering Officer.

## **WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?**

9. Money laundering activities, along with fraud, affect the monies held in the public purse. Financial crimes reduce the monies available to the public purse and disproportionately affect those from the most disadvantaged backgrounds and poorest communities. Money laundering is often linked to the most serious types of crime which potentially affect all citizens within the UK.
10. Upholding a unified stance to anti-money laundering across the country helps to protect public monies and deter crime within the wider community.

## **BACKGROUND**

11. This proposed version of the Anti-Money Laundering Policy replaces the previously issued version of the Policy. This policy has been re-written to ensure that it gives a plain English approach to money laundering and can be understood by all staff using the policy.
12. In addition, a full risk assessment has been undertaken to ensure that the activity within the policy is proportionate to the risk faced by the Council. This was a requirement in the MLR 2017. The risk assessment looked at all areas known to collect or handle cash and is a dynamic risk assessment that has been integrated into the Council's Fraud Risk Register.
13. A detailed risk analysis has not been included as part of this report due to the fact that this information could be ultimately used by fraudsters / criminals to target areas in order to exploit listed controls.
14. As the risk exposure from money laundering is low overall (moderate) minimum coverage levels have been adopted by the policy. Due diligence checks are required for all single or combined cash transactions (multiple smaller cash transactions that cumulatively are over the limit) of £10k or more with additional anti-money laundering checks on areas which are considered the highest risk areas that the Council is exposed to.

15. This policy will need to be circulated to St Leger Homes, who deal with the sale of properties under Right to Buy on behalf of the Council.
16. In addition to the above, Anti-Money Laundering e-Learning is being developed and is expected to be available from the 1<sup>st</sup> of August, 2018 to ensure that those involved with handling cash are aware of the policy and its associated implications.

## OPTIONS CONSIDERED

17. None. This policy needed to be updated to ensure that it dealt with the changes under the MLR 2017.

## REASONS FOR RECOMMENDED OPTION

18. Whilst the new regulations (MLR 2017) do not place specific responsibilities on the Council / local authorities in respect of money laundering, it is accepted best practice for the Council, as a guardian of public finances, to comply with the spirit of the legislation and put in place appropriate anti-money laundering safeguards.

## IMPACT ON THE COUNCIL'S KEY OUTCOMES

19.

Outcomes	Implications
<p><b>Doncaster Working:</b> Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> <li>• Better access to good fulfilling work</li> <li>• Doncaster businesses are supported to flourish</li> <li>• Inward Investment</li> </ul>	None
<p><b>Doncaster Living:</b> Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> <li>• The town centres are the beating heart of Doncaster</li> <li>• More people can live in a good quality, affordable home</li> <li>• Healthy and Vibrant Communities</li> </ul>	None

<p>through Physical Activity and Sport</p> <ul style="list-style-type: none"> <li>• Everyone takes responsibility for keeping Doncaster Clean</li> <li>• Building on our cultural, artistic and sporting heritage</li> </ul>	
<p><b>Doncaster Learning:</b> Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> <li>• Every child has life-changing learning experiences within and beyond school</li> <li>• Many more great teachers work in Doncaster Schools that are good or better</li> <li>• Learning in Doncaster prepares young people for the world of work.</li> </ul>	None
<p><b>Doncaster Caring:</b> Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> <li>• Children have the best start in life</li> <li>• Vulnerable families and individuals have support from someone they trust</li> <li>• Older people can live well and independently in their own homes</li> </ul>	None
<p><b>Connected Council:</b></p> <ul style="list-style-type: none"> <li>• A modern, efficient and flexible workforce;</li> <li>• Modern, accessible customer interactions;</li> <li>• Operating within our resources and delivering value for money;</li> <li>• A co-ordinated, whole person, whole life focus on the needs and aspirations of residents;</li> <li>• Building community resilience and self-</li> </ul>	<p>Anti-money laundering arrangements applied across the country reduce the opportunity for criminals to launder funds and this in turn reduces the harm to the public purse.</p>

reliance by connecting community assets and strengths;  <ul style="list-style-type: none"> <li>• Working with our partners and residents to provide effective leadership and governance .</li> </ul>	
--	--

## **RISKS AND ASSUMPTIONS**

20. This report directly affects the Council's risk exposure to money laundering activities. This forms part of the Fraud Risk Register that is brought to the Audit Committee annually.
21. The failure to implement the required changes would leave the Council non-compliant with the MLR 2017.

## **LEGAL IMPLICATIONS [Officer Initials HP Date 03/07/18]**

22. Whilst the new regulations (MLR 2017) do not place specific responsibilities on local authorities in respect of money laundering, it is accepted best practice for the Council, as a guardian of public finances, to comply with the spirit of the legislation and put in place appropriate anti-money laundering safeguards.
23. A failure to report money laundering suspicions or detected money laundering activity to the National Crime Agency, or the tipping off of those suspected of money laundering activity may result in prosecution of the Council or the individual involved. These prosecutions are subject to a prison sentence of up to 5 years, a fine or both.

## **FINANCIAL IMPLICATIONS [Officer Initials VJB Date 06/07/2018]**

24. Any savings as a result of this policy are NOT quantifiable in budgetary terms, rather they are a saving to the UK economy as a whole.
25. There are no additional costs caused by the introduction of this revised policy.

## **HUMAN RESOURCES IMPLICATIONS [Officer Initials MLV Date 06/07/18]**

26. Appropriate measures need to be put in place to ensure that all employees who need to be aware of the revised Money Laundering Policy are effectively communicated with about the changes and any impact on their roles and responsibilities. One way of achieving this will be through the e-learning module which it is proposed will be a mandatory module for relevant employees in the identified services. Monitoring to ensure completion within agreed timescales should be put in place.
27. Appropriate communication also needs to take place with partner organisation (eg St Leger Homes) to ensure that they can consider implications for their employees and take appropriate actions.
28. None.

#### **TECHNOLOGY IMPLICATIONS [Officer Initials PW Date 10/07/18]**

29. There are no technology implications in relation to this report.

#### **HEALTH IMPLICATIONS [Officer Initials RS Date 10/07/18]**

30. There are no direct health implications in relation to this report.

#### **EQUALITY IMPLICATIONS [Officer Initials NFW Date 03/07/18]**

31. Money laundering activities reduce the monies available to the public purse by diverting it to criminals. As a result, money laundering and other financial crimes disproportionately affect the most vulnerable and deprived social groups in society.

#### **CONSULTATION**

32. None

#### **BACKGROUND PAPERS**

33. The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 form the basis of this paper.

34. Appendix A – The Anti-Money Laundering Policy

35. Appendix B – The Anti-Money Laundering Fact Sheet

#### **REPORT AUTHOR & CONTRIBUTORS**

Nicola Frost-Wilson – Internal Audit Manager

Tel; 01302 862931 [nicola.frost-wilson@doncaster.gov.uk](mailto:nicola.frost-wilson@doncaster.gov.uk)

**Steve Mawson  
Chief Financial Officer &  
Assistant Director of Finance**