

Non-Executive Report of the: Audit Committee Thursday, 24 November 2022	
Report of: Kevin Bartle, Interim Corporate Director, Resources (S.151 Officer) and Janet Fasan, Divisional Director of Legal Services (Monitoring Officer)	Classification: Open (Unrestricted)
Annual Review of the London Borough of Tower Hamlets Anti-Money Laundering Policy and Guidance	

Originating Officer(s)	Aaron Winter
Wards affected	(All Wards);

Executive Summary

This report recommends that the Audit Committee notes and approves the attached Council Anti-Money Laundering Policy and Guidance ('the AML Policy') that all Council employees are expected to comply with.

The Council views compliance with the money laundering legislation as a high priority and aims to develop a robust and vigilant anti-money laundering culture.

The AML Policy sets out the:

- statutory provisions on money laundering;
- procedures that must be followed to enable both the Council and its employees to comply with their legal duties to prevent and address suspected money laundering; and
- role of the Council's Money Laundering Reporting Officer ('MLRO') in facilitating compliance with the AML Policy.

Recommendations:

The Audit Committee is recommended to:

1. Note and approve the Council's AML Policy
2. Note the equalities impact assessment / specific equalities considerations as set out in paragraph 4.

1. REASONS FOR THE DECISIONS

- 1.1 The Audit Committee is responsible for Anti-Fraud and Corruption arrangements as part of its Terms of Reference. The AML Policy is reviewed on a regular basis in order to provide assurance that the Council's approach to anti-money laundering complies with relevant statutory

provisions, best practice requirements and professional guidance and is approved by the Audit Committee.

2. ALTERNATIVE OPTIONS

2.1 None.

3. DETAILS OF THE REPORT

- 3.1 The Council is required to ensure that appropriate arrangements and processes are in place for the monitoring and reporting of any instances of suspected money laundering operations and that Council employees are both aware of these arrangements and their duties to prevent money laundering in the course of their employment.
- 3.2 The AML Policy sets out these arrangements and processes so that all employees are clearly aware of their statutory duties and obligations in this regard and the potential legal consequences of a failure to comply with the law as set out in the AML Policy.
- 3.3 The AML Policy sets out the:
- Context of money laundering and how money launderers may target local councils in any money laundering operations.
 - Statutory provisions on money laundering, including the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Money Laundering Regulations 2007, the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and the Money Laundering Regulations 2020.
 - Procedures that must be followed to enable both the Council and its employees to comply with their legal duties to prevent and address suspected money laundering in terms of disclosing any suspected money laundering;
 - Role of the Council's Money Laundering Reporting Officer ('MLRO') in facilitating compliance with the AML Policy.
 - Amendments to the previous reference to the Serious Organised Crime Agency ('SOCA') to what is now the National Crime Agency ('NCA') for the purpose of disclosing knowledge or suspicion of money laundering.
 - The Policy also includes reference to the General Data Protection Regulation 2016 (as amended) ('GDPR') to cover the right of access by the data subject and request for information by external customers.

4. EQUALITIES IMPLICATIONS

4.1 There are no equalities implications to consider. The approval of the AML Policy will have no adverse implications for groups who share protected characteristics as defined in section 4 of the Equality Act 2010. Officers are also satisfied that s149 of the Equality Act that sets out the Public Sector Equality Duty has been duly considered and complied with in the drafting of the AML Policy and that approval of the AML Policy by the Audit Committee

will also satisfy the relevant requirements of the Equality Act 2010 in this regard.

5. OTHER STATUTORY IMPLICATIONS

5.1 There are no other statutory implications to consider.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

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

7. COMMENTS OF LEGAL SERVICES

7.1 This report is presented for the purpose of noting and approving the Council's proposed policy and guidance on anti-money laundering and sets out the relevant law and procedures in place for employees to be able to address suspected cases of money laundering in the course of their employment. There are no immediate legal implications arising from the recommendations proposed in this report.

7.2 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 implement the Fourth Money Laundering Directive of the European Union (Directive 2015/859 EU). These, combined with statutes such as the Terrorism Act 2000 and the Proceeds of Crime Act 2002, place the Council under a duty to take reasonable steps to minimise the risk of becoming involved in money laundering and to have in place safeguards and reporting arrangements for that purpose.

7.3 The proposed policy and guidance on anti-money laundering correctly notes the current statutory provisions and is subject to further review by the Audit Team to align the policy with the council's current corporate risk profile.

Linked Reports, Appendices and Background Documents

Linked Report

- None.

Appendices

- Appendix A – Anti-Money Laundering Policy

Local Government Act, 1972 Section 100D (As amended)

List of "Background Papers" used in the preparation of this report

List any background documents not already in the public domain including officer contact information.

- None.

Officer contact details for documents:

Aaron Winter, Interim Head of Internal Audit, Anti-Fraud and Risk
aaron.winter@towerhamlets.gov.uk