

Non-Executive Report of the: Audit Committee Thursday, 20 rd November 2023	 TOWER HAMLETS
Report of: Julie Lorraine, Corporate Director, Resources	Classification: Open (Unrestricted)
Annual Review of the Anti-Money Laundering Policy and Guidance	

Originating Officer(s)	David Dobbs – Head of Internal Audit, Fraud & Risk
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 Policy set outs the statutory provisions on money laundering; namely the 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 the 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 updated Anti-Money Laundering policy

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 previous reviews of this policy were reported to the Audit Committee in July 2021 and in November 2022, so the annual review for 2023 has fallen due.

3.3 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.

3.4 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. For the Council, this role is fulfilled by the Corporate Director of Resources (s151 Officer)
- 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.

- 3.5 Whilst AML legislation, regulations and other provisions are subject to ongoing change and update, review of the policy from the Council's legal team confirmed that the substance of the policy can remain unchanged.
- 3.6 However, some minor changes were identified, these being:
- The addition of an introductory paragraph explaining the purpose of the policy and the key contacts
 - Replace references to the Financial Service Authority with the Financial Conduct Authority as the main financial regulator in the UK
 - Update of various internal contact details, email addresses and Intranet/Internet links.
- 3.7 The updated policy will be republished on the Council's intranet and recirculated to all senior officers for cascading throughout the organisation.

4. EQUALITIES IMPLICATIONS

- 4.1 There are no specific statutory implications.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 There are no other statutory implications to consider.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 Other than the financial control aspect there are no specific financial implications arising from the content of this report.

7. COMMENTS OF LEGAL SERVICES

- 7.1 This report is presented for the purpose of noting and approving the Council's proposed updated 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 Terrorism Act 2000, Proceeds of Crime Act 2002 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 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 those purposes.

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

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- Appendix – Anti-Money Laundering Policy

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

List of “Background Papers” used in the preparation of this report

- NONE

Officer contact details for documents:

David Dobbs, Head of Internal Audit, Anti-Fraud and Risk

Email: david.dobbs@towerhamlets.gov.uk