

Anti-Money Laundering Policy

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This document forms part of Somerset County Council's HR&OD Manual, which is available on the SCC Website [HR - SCC extranet](#).

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1. Introduction

The Proceeds of Crime Act 2002 ('POCA') and the Money Laundering Terrorist Financing & Transfer of Funds (Information on the Payer) Regulations 2017 impact on areas of local authority business and require local authorities to establish internal procedures to prevent the use of their services for money laundering.

Somerset County Council has a **zero tolerance** for any acts of money laundering and will take all necessary steps (including through the courts) to protect the public purse from these activities. CIPFA defines money laundering as "to disguise criminally sourced cash or property in order to give the appearance of legitimacy. This is done by mixing the criminal transactions with the legitimate transactions of businesses."

Somerset County Council will do all it can to prevent the Council and its staff being exposed to money laundering, to identify the potential areas where it may occur, and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases.

It is acknowledged that the risks to the County Council in relation to money laundering are considered very low; however the potential losses and reputational damage could be significant.

This policy provides the framework to enable the organisation's employees and members to

understand and implement arrangements enabling compliance. In conjunction with related policies and key documents it will also enable members and employees to identify and effectively report a potential breach.

As well as the possibility of civil and criminal prosecution, staff and members that breach this policy will face disciplinary action, which could result in dismissal for gross misconduct.

2. What Constitutes Money Laundering?

Money laundering is the term used for a number of offences involving the proceeds of crime or terrorism funds. The following constitute the act of money laundering:

- Concealing, disguising, converting, transferring criminal property or removing it from the UK (section 327 of the POCA 2002); or
- 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 (section 328 of the POCA 2002 Act); or
- Acquiring, using or possessing criminal property (section 329 of the POCA 2002 Act);
- Becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property (section 18 of the Terrorist Act 2000).

These are the primary money laundering offences and thus prohibited acts under the legislation. There are also two secondary offences: failure to disclose any of the primary offences and tipping off. Tipping off is where someone informs a person or people who are, or are suspected of being involved in money laundering, in such a way as to reduce the likelihood of their being investigated or prejudicing an investigation.

Potentially any member of staff could be caught by the money laundering provisions if they suspect money laundering and either become involved with it in some way and/or do nothing about it. This Policy sets out how any concerns should be raised.

Money laundering can take place in an almost infinite number of ways. It does however require three distinct phases to be in place for money to be laundered:

1. Placement - the stage at which criminally derived funds are introduced in the financial system.
2. Layering - the substantive stage of the process in which the property is 'washed' and its ownership and source is disguised.
3. Integration - the final stage at which the 'laundered' property is re-introduced into the legitimate economy.

3. Application

This Anti-Money Laundering Policy will apply to all employees and Members of the Council.

This policy applies to all of SCC's activities. For partners, joint ventures and suppliers, we will seek to promote the adoption of policies consistent with the principles set out in this policy. Where others are to deliver services on behalf of the County Council, it is essential during the procurement or service transfer process that they are made aware of the standards that are expected of them in relation to money laundering measures, and the support that the County Council will expect in delivering our Policy.

Within SCC, the immediate responsibility to control the risk of money laundering occurring resides with all officers who handle external payments and in particular payments in cash. It does not rest solely within assurance functions, but in all service areas, business units and corporate functions.

4. Overall Approach

Somerset County Council is committed to having a zero tolerance approach to money laundering through the creation of an anti-money laundering and corruption culture: This will involve:

- setting out a clear anti-money laundering policy and reviewing at least annually (through the officer Governance Board and Audit Committee);
- making all employees who are involved in the collection of income aware of their responsibilities to adhere to this policy at all times;
- limiting the amount of cash that the County Council will take from a single debtor or single occasion to £5,000;
- encouraging its employees to be vigilant and to report any suspicions of money laundering, providing them with suitable channels of communication and ensuring sensitive information is treated as such;
- rigorously investigating instances of alleged money laundering and assisting police and other appropriate authorities in any resultant prosecution through the Money Laundering Reporting Officer;
- taking firm and vigorous action against any individual(s), (employees, Members, contractors, agents) involved in money laundering;
- provide information to all employees to report breaches and suspected breaches of this policy;
- including appropriate clauses in contract documents to prevent money laundering;
- fostering a culture within the organisation, (from SLT and Members downwards) in which money laundering is never acceptable.

5. Reporting

The prevention, detection and reporting of money laundering and other forms of corruption are the responsibility of all those working for the organisation or under its direction. All staff and members are required to avoid activity that breaches this policy.

County Council employees and members should report any concerns they may have regarding money laundering and corruption, whether it relates to dishonest behaviour by Council employees, Members, Contractors or by others. That action will be free from recrimination. Such concerns will be treated in confidence and will be properly investigated. In the first instance a member of staff should contact a senior manager within the line management structure. However, if the member of staff considers the matter too serious or sensitive or inappropriate to raise within the line management structure then one of the following may be contacted – in person, by telephone or e-mail (marked confidential):

- Chief Executive
- Director of Finance – Chief Finance Officer
- Strategic Manager – Finance Systems & Governance
- Chief Internal Auditor - SWAP Internal Audit Services
- Monitoring Officer
- Chair of Audit Committee.

All matters will be treated in confidence and an expressed wish not to reveal the identity of a complainant will be respected wherever possible. (Concerns expressed anonymously are much less powerful but will be considered by the County Council). Alternatively, any person with a concern may use the Council's Confidential Whistleblowing Policy, or as an external contact point our external auditors, currently Grant Thornton.

The **Money Laundering Reporting Officer** (MLRO) is the Strategic Manager – Finance Systems & Governance. In his absence, this role will be performed by the Funds & Investments Manager. It will be for the MLRO to coordinate an investigation into any allegations and if necessary to liaise with the Police.

Staff/members who refuse to accommodate attempts at money-laundering, or those who raise concerns or report wrong-doing can understandably be worried about the repercussions. SCC aims to encourage openness and will support anyone who raises a genuine concern in good faith under this policy, even if they turn out to be mistaken.

SCC is committed to ensuring nobody suffers detrimental treatment through refusing to take part in money laundering, or because of reporting a concern in good faith.

6. Risk Assessment

SCC's procedures to prevent money laundering by persons associated with it are proportionate to the risks it faces and to the nature, scale and complexity of its activities. They are intended to be clear, practical, accessible, effectively implemented and enforced. It is accepted that the overall risk of SCC being targeted and also being a victim of money laundering are **very low** because of the controls in place in our financial systems and policies.

SCC will assess the nature and extent of its exposure to potential external and internal risks of money laundering on its business by persons associated with it on all annual basis.

If the review of anti-money laundering controls reveals a potentially increased risk, this will be taken to the Strategic Risk Management Group for consideration and monitoring. The risk will be added to JCAD, together with appropriate mitigations, and will be owned by the Director of Finance unless a more suitable officer is nominated.

7. Communication

SCC seeks to ensure that its anti-money laundering policies and procedures are understood throughout the organisation through internal and external communication, including training that is proportionate to the key officers and key risks it faces.

All staff will be alerted to the anti-money laundering policies by means of Core Brief and the inclusion of the policy on key intranet governance sites. All staff engaged in what are deemed "key areas" for anti-money laundering will also receive additional guidance.