

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny
DATE	26 June 2019
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Anti-money Laundering Policy
REPORT NUMBER	GOV/19/298
DIRECTOR	
CHIEF OFFICER	Fraser Bell
REPORT AUTHOR	Deirdre Nicolson
TERMS OF REFERENCE	Remit 1.5

1. PURPOSE OF REPORT

- 1.1 To approve the attached Anti-money Laundering Policy.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 approves the attached Anti-Money Laundering Policy; and
- 2.2 approves the policy being incorporated into the Fraud, Bribery and Corruption Policy during the forthcoming review.

3. BACKGROUND

- 3.1 Aberdeen City Council has Anti-money Laundering guidance available on the [zone](#) which is now out of date and will be removed once this policy is approved.
- 3.2 Money Laundering Regulations apply to “relevant persons” in the following businesses

- credit and financial institutions,
 - auditors, insolvency practitioners, external accountants and tax advisers
 - independent legal professionals
 - trust or company service providers
 - estate agents
 - high value dealers (trades in goods over 10,000 euros)
 - casinos
- 3.3 The regulations require staff in those businesses to report suspected money laundering which includes determining if a suspicious transaction report (SAR) needs to be made to their money laundering reporting officer (MLRO) and onto the National Crime Agency (NCA).
- 3.4 While nearly 400,000 Suspicious Activity reports are reported to the National Crime Agency per annum and money laundering costs the UK billions each year, the laundering of large amounts of illicit funds is still primarily through the financial and professional services sectors not local government.
- 3.5 Staff within local authorities are not considered “relevant persons”. Nevertheless, CIPFA have previously issued guidance (no longer available) that local authorities should ensure that they are not used as a vehicle for money laundering and that appropriate processes are in place.
- 3.6 In drafting Aberdeen City Council’s policy, Glasgow City Council’s Anti-Money Laundering Guidance and Dundee City Council’s Anti-Money Laundering Policy were reviewed.
- 3.7 Work is ongoing to develop the Policy Framework which will include consolidation of a number of existing policies. Given the synergy with Fraud, Bribery and Corruption, it is recommended that these two policies are consolidated.

4. FINANCIAL IMPLICATIONS

- 4.1 While nearly 400,000 Suspicious Activity reports are reported to the National Crime Agency per annum and money laundering costs the UK billions each year, the laundering of large amounts of illicit funds is still primarily through the financial and professional services sectors not local government.

5. LEGAL IMPLICATIONS

- 5.1 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 replaced the Money Laundering Regulations 2007 and Transfer of Funds (Information on the Payer) Regulations 2007. The 2017 Regulations require “relevant persons” to apply customer due diligence measures. Local authorities are not considered “relevant persons.” Nevertheless, it is prudent, for the Council putting in place a policy and accompanying processes to identify and report any suspicious money laundering activity.

5.2 The current legislation implements European Union (EU) legislation. The Sanctions and Anti-Money Laundering Act 2018 is enabling legislation which allows the UK to impose sanctions and money laundering regulations after departure from the EU.

6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Financial	Resources spent on counteracting risk of Council resources being used as a vehicle to money launder	Low	Processes implemented on a risk basis
Legal	None		
Employee	None		
Customer	Bureaucratic due diligence processes which diminish customer experience	Low	Processes implemented on a risk basis
Environment	None		
Technology	None		
Reputational	Council resources used as a vehicle to launder money	Low	Clusters risk assess opportunities and put in place processes to identify abuse

7. OUTCOMES

Design Principles of Target Operating Model	
	Impact of Report
Customer Service Design	Any due diligence processes to be risk based
Organisational Design	None
Governance	Policy to be incorporated into Fraud, Bribery and Corruption Policy.

Workforce	None
Process Design	None
Technology	While Artificial Intelligence is used by financial institutions to monitor and assess risk of money laundering, this is not deemed, at this moment in time, best use of Council resources when considering risk.
Partnerships and Alliances	None

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Not required
Data Protection Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. BACKGROUND PAPERS

<https://nationalcrimeagency.gov.uk/what-we-do/crime-threats/money-laundering-and-terrorist-financing>

10. APPENDICES (if applicable)

10.1 Anti-money Laundering Policy

11. REPORT AUTHOR CONTACT DETAILS

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