

Aberdeen City Council

Anti-Money Laundering Policy

Document Control	
Effective Date	30 June 2019
Policy Number	XXXX
Version Number	1
Policy Owner	Chief Officer - Governance
Approval Authority	Audit Risk and Scrutiny Committee
Review Period	1 year
Change Control Log	

1. Purpose

- 1.1. The policy is intended to ensure that Aberdeen City Council and its employees comply with Anti-Money Laundering legislation and that appropriate risk-based action is taken to prevent, wherever possible, the Council from being used as a vehicle to launder money.
- 1.2. Money laundering is the process by which criminally obtained money or other criminal property is exchanged for “clean” money or other assets with no obvious link to their criminal origins. The aim is to legitimise the possession of such monies through circulation and this effectively leads to “clean” funds being received in exchange.
- 1.3. The term is used for a number of offences involving the integration of “dirty money”, i.e. the proceeds of crime, into the mainstream economy. In addition to the offence of money laundering there are also criminal sanctions for failing to report money laundering activity.
- 1.4. Although local authorities are not directly covered by the requirements of the Proceeds of Crime Act 2002 or Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, the Chartered Institute of Public Finance and Accountancy (CIPFA) advises that local authorities should comply with the underlying spirit of the legislation and regulations.
- 1.5. In addition, the Council is committed to working constructively with Police Scotland and other relevant agencies in relation to combating money laundering.

2. Applicability and Scope

- 2.1. This policy impacts those functions and employees involved in financial transactions particularly cash and property transactions.

3. Responsibilities

Money Laundering Reporting Officer

- 3.1 Regulated financial services are required to appoint a Money Laundering Reporting Officer. Local authorities are not currently required to make such appointments. However, it is important that staff have a single point of contact to report any suspicion activity. The **Chief Officer – Governance** is responsible for receiving and actioning potential disclosures about money laundering activity which may include contacting the National Crime Agency and submitting a [SAR](#) (Suspicious Activity Report).

Chief Officers

- 3.2 Chief Officers are responsible for assessing the risk of their function being used as a money laundering vehicle. Chief Officers must take steps to ensure that appropriate procedures and systems are in place to assist staff in identifying potential money laundering activities and that appropriate disclosure about potential money laundering activity are submitted to the Chief Officer – Governance.

Staff

- 3.3 All staff, particularly those involved in handling cash and/or are property transactions shall be responsible for reporting suspicions of money laundering to their line manager. Line managers will report suspicions to the Chief Officer - Governance through the Fraud system at www.report-fraud.co.uk/aberdeencity.
- 3.4 Failure to comply with this policy may result in the Council's disciplinary procedure being invoked.

4. Risk

Overall Risk to the Council

- 4.1 On a yearly basis the Council takes in substantial income from its Customers. In addition to Council tax and Non-domestic rates, income received ranges from parking meters to substantial payments of rents for commercial properties. While the vast majority of payments received are legitimate, opportunities to money launder can arise which is a risk, albeit low, to the Council.
- 4.2 There is no single flag which would identify money laundering, however, the following may, in some cases, be an indication of money laundering activity:
- Cash payments over £5,000
 - Use of cash where other means of payment are normal
 - Overpayments by a customer
 - Unusual request for cancellation or reversal of an earlier transaction
 - Requests for release of customer account details
 - Customer requesting refunds to be transferred overseas, particularly to a high-risk country or tax haven
 - Payments of lower amounts where cash is not the usual means of payment
 - Use of new/shell companies
 - A secretive customer for example one who refuses to provide requested information without a reasonable explanation
 - Illogical customer transaction such as unnecessary routing or receipt of funds from third parties or through third party accounts
 - Involvement of an unconnected third party without logical reason or explanation
 - Absence of an obvious legitimate source of funds
 - Concern about the honesty and integrity of the customer
 - Unusual transaction or way of conducting business without reasonable explanation
 - Unusual transactions or ways of conducting business
 - Individuals and companies which are insolvent yet have funds
 - Transaction at substantially above fair market value
 - Funds received for deposits or prior to completion from unexpected sources
 - Movement of funds to/from overseas particularly from a higher risk country (these include

- 4.3 An assessment as to the overall risk that the Council may be used as a vehicle for money-laundering has been assessed as low.

Risk to individual Functions:

- 4.4 Individual Clusters must assess the potential for their service delivery being used as a potential money laundering vehicle and include in their risk register as appropriate.
- 4.5 In the event that the Cluster identifies that there is a substantial risk, then the Chief Officer must put in place suitable processes and systems for ensuring that controls, including customer due diligence, are in place to identify money laundering activities. These could include:
- a. Gathering evidence to ascertain the true identity of customers or companies including:
 - Copies of Identification documents (for example, passport, driving licence, Armed Forces ID card and National Identity cards)
 - Proof of address
 - Utilities Bill
 - Bank Statements
 - Companies House Search
 - Audited accounts
 - b. Additional monitoring of the business relationship
 - c. Implementing a procedure for reporting suspicions on money laundering
 - d. Maintaining a record keeping procedure (e.g. for evidence of identity obtained, details of transactions undertaken, for at least 5 years afterwards) in line with Data Protection legislation
 - e. Additional checks may be required if not physically present
- 4.6 In addition, the Chief Officer must consider if the risk should be added to their cluster's risk register.

5. Policy Performance

- 5.1 It is expected that Internal and external audits will include this policy and any resulting operational procedures as part of the audit scope for future audits particularly audits of the cash collection system and cheque payments systems.
- 5.2 Any instances of money laundering will be reported to the Corporate Management Team and the Audit, Risk and Scrutiny Committee.

6. Consultation

- 6.1 The draft policy has been shared with Police Scotland whose comments have been incorporated.
- 6.2 There is no requirement to consult with members of the public.

7. Design and Design Principles

- 7.1 This policy has taken into consideration organisational design and governance principles of Aberdeen City Council's Target Operating Model.

8. Housekeeping

- 8.1 The Financial Regulations include a link to Money Laundering Guidance which will be replaced with a link to this policy once approved.
- 8.2 Feedback and any suggestions should be sent to the Chief Officer – Governance.

9. Sharing

- 9.1 This policy will be made available on the Zone and the Council's website.

10. Definitions

- 10.1 Not applicable

11. References and Links

- 11.1 Related policies:

- [Managing Discipline](#)
- [Corporate Information Policy](#)
- [Fraud Bribery and Corruption Policy](#)
- [Financial Regulations](#)

- 11.2 Procedures

- [Corporate Information Handbook](#)

- 11.3 Supporting documentation

- [Proceeds of Crime Act 2002](#)
- [Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017/692](#)
- [Sanctions and Anti Money Laundering Act 2018](#)
- [General Data Protection Regulation 2016/679](#)
- [Data Protection Act 2018](#)