

REPORT TO CABINET

REPORT OF: CORPORATE MANAGER – DEMOCRATIC & LEGAL SERVICES

REPORT NO. DLS 40

DATE: 8TH AUGUST 2005

TITLE:	MONEY LAUNDERING, THE PROCEEDS OF CRIME ACT 2002 AND THE MONEY LAUNDERING REGULATIONS 2003
FORWARD PLAN ITEM:	N/A
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	N/A
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	N/A

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	Corporate Governance Councillor Teri Bryant: Resources & Assets
CORPORATE PRIORITY:	Corporate Governance
CRIME AND DISORDER IMPLICATIONS:	Significant
FREEDOM OF INFORMATION ACT IMPLICATIONS:	This report is publicly available via the Local Democracy link on the Council's website: www.southkesteven.gov.uk
BACKGROUND PAPERS:	Statutory regulations

1. INTRODUCTION

- 1.1 The Proceeds of Crime Act 2002 and The Money Laundering Regulations 2003 have recently come into effect and have implications for Local Authorities. The main implications or requirements for Local Authorities are as follows:
- (1) They must appoint a “nominated officer” to whom must be reported money (or other property) which involves the proceeds of any form of crime.
 - (2) In addition, suspicions as to the proceeds of terrorism are also to be reported in the same way.
 - (3) This officer must be aware of and implement the reporting procedures of The National Criminal Intelligence Service for Suspicious Transactions.

2. THE APPLICATION OF THE LEGISLATION TO LOCAL AUTHORITIES

- 2.1 Whilst the Money Laundering regulations are aimed primarily at the financial services industry and businesses which take money as a business or provide advice in this area, Local Authorities are considered to be a “relevant business” for the purposes of the regulations. Although this is very qualified and possibly an unlikely prospect the general national advice or guidance is that Local Authorities are subject to The Proceeds of Crime Act. Under those circumstances Local Authorities are required to appoint a “nominated officer” who carries out anti money laundering duties as required under The Proceeds of Crime Act.
- 2.2 Advice has been obtained by a leading professional advisor to Central and Local Government to the effect that responsible Local Authorities should respond to their duties under The Proceeds of Crime Act and consider developing a policy based on recommended best practice for Local Authorities.

3. RECOMMENDED BEST PRACTICE FOR LOCAL AUTHORITIES

- 3.1 Local Authorities should adopt a policy of not accepting any cash payments in excess of £10,000. This would avoid security issues around receiving such large sums of cash and secondly would avoid any potential issue arising as to whether the authority should register with HM Customs and Excise for “high value transactions” as defined by The Money Laundering Regulations.
- 3.2 Alternatively a Local Authority may stipulate a lower maximum limit for the acceptance of cash of its choice if the £10,000 limit is considered to be too high.
- 3.3 Or alternatively a Local Authority may stipulate a lower maximum limit for the acceptance of cash without requiring identification from a person (in which case it is necessary to decide by way of a policy what is acceptable as the

means of identification for such sums in excess of a stipulated figure but less than the maximum limit).

- 3.4 Advertise by way of Public Notices in the authority's cashiers' office as to the policy decided above.
- 3.5 Appoint a responsible officer to whom suspicions must be reported of cash or cheques or other forms of remuneration possibly involving criminal activity. This officer may be called the Proceeds of Crime Reporting Officer. Staff should also be clearly informed and trained as to the relevant legislative requirements that are relevant to the Local Authority's activities under this legislation.
- 3.6 Ensure that the appointed officer is fully conversant with reporting procedures to the National Criminal Intelligence Service.

4. ACTION PLAN & PROPOSED POLICY

- 4.1 Based on the recommended best practice in section 3 above the following Money Laundering Policy is suggested:-
 - (1) The District Council will not accept any cash payments in excess of £10,000.
 - (2) The District Council will only accept such cash payments on proof of identification of the person presenting the cash of a current drivers licence and/or a chequebook or cash/credit card and bank details.
 - (3) The policy to be advertised by way of public notices within the Council's Cash Offices.
 - (4) That a responsible Officer be appointed as the Proceeds of Crime Reporting Officer to whom any suspicions should be reported and who will be fully conversant with the reporting procedures to the national Crime Intelligence Service.

5. RECOMMENDATION

It is now clear that Local Authorities are subject to The Proceeds of Crime Act and is therefore recommended a draft policy based upon the recommended best practice set out in sections 3 and 4 above be approved and implemented as soon as possible.

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