

## **Committee: Standards and General Purposes Committee** **Date: 9 March 2023**

Wards: All Wards

**Subject:** Whistleblowing and Anti Money Laundering policies

Lead officer: Roger Kershaw Interim Executive Director of Finance and Digital  
Lead member: Mike Blunt Chair of Standards and General Purposes Committee

Contact officer: Margaret Culleton - Head of Internal Audit  
margaret.culleton@merton.gov.uk

### **Recommendation:**

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**To Approve:** The revised Whistleblowing and Anti Money Laundering policies

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## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1 This report provides an update on a review of the arrangements in place for Whistleblowing and to minimise the Council's risk of exposure to Money Laundering, as a support to the Anti-fraud and Anti-corruption Strategy.
- 1.2 The regular review of these policies ensures that they continue to be fit for purpose and are aligned to both legislative changes and operational changes to this Council's service delivery. The Anti-fraud and Anti-corruption Strategy sets out the Council's position for preventing fraud and corruption.
- 1.3 This review confirms the Councils' arrangements for Whistleblowing and Money Laundering Prevention measures are currently proportionate to the risks associated and the prevention of money laundering and comply with Government Guidance.
- 1.4 Within the Council, the responsibility to control the risk of fraud and corruption occurring resides at all levels of the organisation. It does not rest solely with assurance functions, but in all business units and corporate functions.

## **2 WHISTLEBLOWING**

- 2.1 The Council's whistleblowing policy has always encouraged staff to raise concerns and assurance given that these would be treated in confidence. The policy has clearly stated the action that is taken when a whistleblowing allegation is received.
- 2.2 A review has been carried out on policy against other public sector bodies and guidance from the whistleblowing commission. This has found that the policy is robust and therefore only the following minor changes have been made in the following paragraphs: -

- 4.3 Example of complaints that count as whistleblowing
- 4.4 Example of issues not covered by the policy
- 7.2 initial assessment
- 7.3 further details provided on how the Council will respond

### **3 ANTI MONEY LAUNDERING**

- 3.1 Money laundering is defined as the process of moving illegally acquired cash through financial systems so that it appears to be from a legitimate source. It is interpreted very widely and includes possessing, or in any way dealing with, or concealing, the proceeds of any crime.
- 3.2 The Money Laundering Regulations has placed an enhanced duty upon organisations to identify their potential risk to Money Laundering, to have clear, documented control processes in place to help prevent exposure, and to have defined reporting mechanisms in place should Money Laundering be suspected. These arrangements need to be supported by guidance and training.
- 3.3 Although Anti-Money Laundering legislation does not specifically cover local authorities as defined by organisations in the regulatory sector, it is implied best practice that we assess the risk and put sufficient controls in place to prevent the Council from being used for money laundering.
- 3.4 The Council's arrangements for addressing Money Laundering are incorporated within a policy, attached at [Appendix B](#). The policy outlines the arrangements in place that will:
  - Assist with ensuring that suitable policies, procedures and controls exist to mitigate the risk of money laundering and terrorist financing
  - Support the application of a risk management approach to detecting and preventing risk of money laundering and terrorist financing to help inform the level of risk associated with particular business relationships and transactions in order to enable appropriate risk-based decisions about clients and retainers.
  - Ensure all necessary steps to communicate this code and train staff in relation to identification and prevention of money laundering offences.
- 3.5 **Changes to the existing policy:** The policy has been reviewed to ensure compliance with the organisational duties required under the Money Laundering Regulations and has been updated with a new requirement to complete regular, documented, risk assessments of the organisation's exposure to money laundering and terrorist financing. Where necessary specific training will be provided in areas at high risk of money laundering.

#### **Risk Assessment**

- 3.6 In identifying ownership, the 2019 Regulations introduced an explicit Customer

Due Diligence (CDD) requirement for relevant persons to take reasonable measures to understand the ownership and control structure of their customers. Relevant persons must also take reasonable measures to verify the identity of senior managing officials when the beneficial owner of a body corporate cannot be identified.

3.8 To comply with the requirements under the Money Laundering Regulations, there is a need for a regular, documented, risk assessments (regulation 18) to identify and assess the Councils risk of money laundering and terrorist financing relating to the following:

- customer due diligence measures and ongoing monitoring.
- reporting.
- record-keeping.
- internal control.
- risk assessment and management; and
- the monitoring and management of compliance with, and the internal communication of such policies and procedures.

3.9 In order to minimise the risk of money laundering when dealing in high-risk areas, or where customers or clients meet any of the criteria below, an Identification Procedure must be followed before any business is undertaken with that organisation or person

- Undertake a one-off transaction involving payment by or to the client of 15,000 Euro (approximately £13,500) or more.
- Undertake a series of linked one-off transactions involving total payment by or to the client of 15,000 Euro (approximately £13,500) or more.
- It is known or suspected that a one-off transaction (or a series of them) involves money laundering.

3.10 These arrangements will be regularly monitored and improved if required, and this policy will be subject to a full review at least every three years

**4. Alternative options**

4.1 None for the purposes of this report.

**5 Consultation undertaken or proposed**

5.1 n/a

**6 Timetable**

6.1. None for the purposes of this report.

**7 Financial, resource and property implications**

7.1 No additional financial implications.

**8 Legal and statutory implications**

8.1 This report covers the following regulations and legislation

- Public Interest Disclosure Act 2018
- Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
- Money Laundering and Terrorist Financing (Amendment) Regulations 2019 (the 2019 Regulations)

**9. Human rights, equalities and community cohesion implications**

9.1 n/a

**10 Crime and disorder implications**

10.1 n/a

**11 Risk management and health and safety implications**

11.1 n/a

**APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

- Appendix A – Whistleblowing policy
- Appendix B- Anti Money Laundering policy