

Lichfield City Council

ANTI-FRAUD AND CORRUPTION STRATEGY

ANTI FRAUD AND CORRUPTION STRATEGY

Contents

- 1.0 Introduction
- 2.0 Culture
- 3.0 Prevention
- 4.0 Detection and Investigation
- 5.0 Training
- 6.0 Conclusions

1.0 INTRODUCTION

- 1.1 As part of a Local Code of Corporate Governance, the Anti-Fraud and Corruption Strategy is one of the key policies and procedures contained within the Code.
- 1.2 Lichfield City Council fully recognises its responsibility in relation to the spending of public money and is committed to the fullest support for Members and Staff in upholding the reputation of the Council and maintaining public confidence in its integrity.
- 1.3 The culture and procedures of the Council are intended to ensure that high standards in public life apply throughout the Authority. The Council is aware of the importance of ensuring that Members and Staff are fully aware of their personal responsibilities. The key documents which encompass those personal responsibilities are referred to below:
- Standing Orders
 - National Code of Local Government Conduct
 - Code of Conduct for Members
 - Code of Conduct for Officers (contained within the disciplinary procedures)
 - Financial Regulations/Procedures
 - Introduction to Lichfield City Council Handbook
 - Other Council procedures, as appropriate
 - Any relevant professional Codes of Ethics
 - Annual Report
- 1.4 The Council also expects that individuals and organisations (e.g. suppliers/contractors) which it comes into contact with, will act towards the Council with integrity and without thought or actions involving fraud or corruption. The Council in turn will endeavour to ensure that all of its dealings will be on the same basis.
- 1.5 In administering its aims and responsibilities the Council is totally committed to deterring fraud and corruption whether it is attempted on or from within the Council and is committed to an effective anti-fraud and corruption strategy designed to:
- limit, as far as possible, the opportunities to commit fraudulent acts - **prevention**,
 - enable any such acts to be **detected** at an early stage, and
 - deal with any subsequent **investigations** in a prompt, thorough and professional manner.
- 1.6 Overall responsibility for dealing with fraud and corruption rests with the Town Clerk who is the nominated Officer having a statutory duty to ensure that there are proper arrangements in place to administer the Council's financial affairs. He is therefore the principal contact for all Staff and Members.
- 1.7 Internal scrutiny of the Council's various activities occurs as a result of:
- The Town clerk's Section 151 responsibilities and Section 114 Local Government Finance Act 1988 responsibilities
 - The establishment of an adequate and effective system of internal audit of its accounting records and its system of internal control in accordance with proper internal audit practices in accordance with the Accounts and Audit Regulations 2003
 - The monitoring undertaken by the Audit Committee
- 1.8 External scrutiny of the Council's various activities occurs as a result of involvement by:

- The External Auditor
- HM Customs and Excise
- The General Public

1.9 Fraud and Corruption are defined as: -

Fraud – “The intentional distortion of financial statements or other records by persons internal or external to the Authority which is carried out to conceal the misappropriation of assets or otherwise for gain”.

Corruption – “The offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”

1.10 This Anti-Fraud and Corruption Strategy is based on a series of comprehensive and inter-related procedures designed to deter any attempted fraudulent or corrupt act. These covers:

- Culture, (section 2)
- Prevention, (section 3)
- Detection and investigation, (section 4)
- Training, (section 5)

2.0 **CULTURE**

2.1 The Council has determined that the culture and ethics of the Authority is one of honesty and openness in all its dealings, with opposition to fraud and corruption.

2.2 The prevention and detection of fraud and corruption and the protection of the public purse is everyone's responsibility

2.3 The Council Members and Staff play an important part in creating and maintaining this culture. They are encouraged to raise any matters that concern them relating to the Council's methods of operation, in accordance with the Council's other policies including

Confidential Reporting (“Whistle Blowing”) Policy (Attached at Appendix A)
Anti-Money laundering Policy (Attached at Appendix B)

2.4 Concerns can be raised knowing they will be treated seriously and properly investigated in a confidential and impartial manner. In raising concerns Staff can be assured that there will be no victimisation, and anonymity will be respected wherever possible. It will not affect their employment situation or future prospects with the Council.

2.5 Staff can raise their concerns and it is preferred that they deal in the first instance with the Town Clerk or they can deal directly with any of the following:

- The Deputy Town Clerk
- Internal Auditor
- Leader of Council
- Members of the Audit Committee
- The External Auditor
- Any Trade Union Representative

2.6 Elected Members, suppliers, contractors, and the general public are also encouraged to report concerns through any of the above routes.

2.7 Unless there are good reasons to the contrary, any allegations received by way of confidential letters or telephone calls will be taken seriously and investigated in an appropriate manner.

- 2.8 The Town Clerk is responsible for acting upon any allegation of fraud and corruption received and will do so by immediately informing the Leader of the Council.
- 2.9 The Investigating Officer will usually be the Internal Auditor. The Investigating Officer will:
- inform the Town Clerk, as necessary
 - deal promptly and confidentially with the matter
 - record all evidence received
 - ensure that evidence is sound and adequately supported
 - ensure security of all evidence collected
 - liaise as necessary and appropriate with the Town Clerk, and Leader of Council
 - liaise as necessary with external agencies e.g. Police
 - notify the Council's Insurers, if appropriate
- 2.10.1 The Council will deal swiftly and thoroughly with any member of Staff who attempts to defraud the Council or who is corrupt.
- 2.11 There is a need to ensure that any investigation process is not misused and, therefore, any abuse such as raising unfounded malicious allegations may be dealt with as a disciplinary matter.
- 2.12 When it is found that fraud or corruption has occurred due to a breakdown in the Council's systems or procedures, the Town Clerk will ensure that appropriate improvements in systems of control are implemented in order to prevent a reoccurrence.

3.0 PREVENTION

3.1 STAFF

- 3.1.1 The Council recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential Staff, in terms of their propriety and integrity. This includes temporary and contract staff.
- 3.1.2 The Town Clerk is responsible for ensuring agencies engaged for the supply of temporary Staff have rigorous vetting processes and that references are sought direct from previous clients with regard to the suitability and integrity of the candidate.
- 3.1.3 Staff recruitment is a regular part of the Council's operations, therefore, it should be in accordance with procedures laid down by the Council. Written references covering the known honesty and integrity of potential Staff and evidence of qualifications will always be obtained. There will be an open and fair policy of recruitment with no 'canvassing' or 'favouritism'.
- 3.1.4 Staff of the Council are expected to follow any Code of Conduct relating to their personal Professional Body and also abide by the terms and conditions of employment as set out in the Disciplinary Procedures and the National Scheme of Conditions. The Council will report any known impropriety to the relevant Institution for them to consider appropriate disciplinary action.
- 3.1.5 Staff are reminded that they must comply with Section 117 of the Local Government Act 1972 which requires any interests in contracts that have been or are proposed to be entered into by the Council to be declared. The legislation also prohibits the acceptance of fees or rewards other than by means of proper remuneration.
- 3.1.6 All staff are required to observe the formal Disciplinary Procedures.

- 3.1.7 All Staff are required to declare in a public register **any offers of gifts or hospitality** which are in any way related to the performance of their duties in relation to the Authority.
- 3.1.8 Employees should also declare private work etc., which if permitted must be carried out during hours when not employed on Council work and should not be conducted from Council premises.
- 3.1.9 Staff attention is drawn to the relevant Sections in the disciplinary procedures, which form part of the contract of employment.
- 3.1.11 Management at all levels are responsible for ensuring that their Staff are aware of the Authority's Financial Regulations and Standing Orders, and that the requirements of each are being met. They are also responsible for ensuring that appropriate procedures are in place to safeguard the resources for which they are responsible.
- 3.1.12 The Town Clerk should strive to create an environment in which Staff feel able to approach the Town Clerk with concerns they may have about suspected irregularities. If the Town Clerk and Staff are unsure of the appropriate action to take, they should contact the Internal Auditor.

3.2 MEMBERS

- 3.2.1 Members are required to operate within:
- The National Code of Local Government Conduct; and,
 - The Council's Standing Orders and Financial Regulations.
- 3.2.2 These matters are specifically brought to the attention of elected Members at their induction and subsequent training. Members have to sign an undertaking to observe the Code of Conduct.
- 3.2.3 Members are required to provide specific information concerning their financial and other interests and keep this information up to date. The Member's Financial and Other Interests Register is held by the Lichfield District Council Monitoring Officer.
- 3.2.4 Adherence to these matters is overseen by the Council which is responsible for the ethical framework of the Council, working closely with the Town Clerk.

3.3 SYSTEMS

- 3.3.1 The Council's Scheme of Delegation, Standing Orders and Financial Regulations place a duty on all Members and Staff to act in accordance with best practice when dealing with the affairs of the Council.
- 3.3.2 The Town Clerk has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure proper administration of financial affairs. As part of this duty, Financial Procedures have been developed to underpin Financial Regulations and outline the systems, procedures and responsibilities of employees in relation to the Council's financial activities.
- 3.3.3 The Internal Auditor regularly assesses the level of risk within the Council with a view to preventing fraud and corruption. Such assessments are discussed with the Audit committee and, where appropriate, incorporated into work plans.
- 3.3.4 Significant emphasis has been placed on the thorough documentation of financial systems, and every effort is made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls and to include adequate separation of duties.

- 3.3.5 The adequacy and appropriateness of the Council's financial systems are independently monitored by both Internal and External Audit. Any weaknesses identified in internal control will be reported to management whose duty it will be to ensure that corrective action is taken. The Section 151 Officer can use his statutory power to enforce the required changes if necessary.
- 3.3.6 The Town Clerk will ensure that internal controls, including those in a computerised environment, are effectively maintained and documented and will investigate any potential weaknesses (e.g. in relation of the level of vacancies, sickness, absence and annual leave patterns).
- 3.3.7 It is evident across the country that an increasingly wide variety of frauds are being perpetrated. The larger frauds may involve the creation of multiple identities and false addresses and involve different agencies.
- 3.3.8 Staff are therefore encouraged to liaise with those other agencies, exchanging information, where possible and appropriate to help prevent and detect such fraud. It is important that arrangements exist, and are developed, to encourage the exchange of information with other agencies including:
- National Association of Local Councils (NALC)
 - Staffordshire Parish Councils Association (SPCA)
 - Other Local and Statutory Authorities
- 3.3.9 The Council has established formal procedures to respond to complaints received about any aspect of service delivery. Issues relating to fraud and corruption will be passed directly to the Town clerk.
- 3.3.10 The Council will always consider involving the police to prosecute offenders where fraudulent or corrupt acts are discovered. This will be a joint decision by the Town Clerk and Leader of Council.

4.0 DETECTION AND INVESTIGATION

- 4.1 The Council's preventative systems, particularly internal control systems, provide indicators of fraudulent activity and are designed to deter any fraudulent activity.
- 4.2 It is often the alertness of elected Members, Council Staff, and the general public to the possibility of fraud and corruption, that enables detection to occur and appropriate action to take place.
- 4.3 Many frauds are discovered by chance, 'tip-off', or general audit work and arrangements are in place to enable such information to be properly dealt with, see Section 2.8.
- 4.4 Council Staff are required to report all suspected irregularities to the Internal Auditor. Early reporting is essential to the success of this strategy, and
- ensures the consistent treatment of information regarding fraud and corruption
 - facilitates a thorough investigation of any allegation received by an independent unit (Internal Audit)
 - ensures maximum protection of the Council's interests
- 4.5 Depending on the nature and anticipated extent of the allegations, the Internal Auditor will normally work closely with management and other agencies such as the police to ensure that all allegations and evidence is properly investigated and reported upon.
- 4.6 Procedures for dealing with the investigation of fraud and corruption are included in the Fraud Manual.

- 4.7 The Council's Disciplinary Procedures will be used where the outcome of the Audit Investigation indicates improper behaviour.
- 4.8 The Council will normally wish the police to independently prosecute offenders where financial impropriety is discovered.
- 4.9 All investigations into suspected instances of fraud and corruption undertaken by the Council shall comply with the requirements of the Human Rights Act 1998, Regulation of Investigatory Powers Act 2000 and have regard to the Police and Criminal Evidence Act 1984.
- 4.1 The Council's Internal Auditor will examine the Council's arrangements for the prevention, detection and investigation of fraud and corruption and will report accordingly.

5.0 TRAINING

- 5.1 The Council recognises that the continuing success of its Anti-Fraud and Corruption Strategy, and its general credibility, will largely depend upon the effectiveness of programmed training and responsiveness of Staff throughout the Authority.
- 5.2 To facilitate this, the Council supports the concept of induction and revision training for Members. For Staff involved in internal control systems, the Town Clerk should ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced. Under the proceeds of Crime Act 2002, Money Laundering Regulations 2017 and the Bribery Act 2010.

6.0 CONCLUSIONS

- 6.1 The Council's systems, procedures, instructions and guidelines are designed to limit, as far as is practicable, acts of fraud and corruption. All such measures will be kept under constant review to ensure that they keep pace with developments in preventative and detection techniques regarding fraudulent or corrupt activity.
- 6.2 The Council will maintain a continuous review of all its systems and procedures through the Town Clerk, Internal Auditor and The Audit Committee.
- 6.3 The Council will continuously review its key strategy documents including this Anti-Fraud and Corruption Strategy.

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Lichfield City Council

Confidential Reporting (Whistleblowing) Policy

LICHFIELD CITY COUNCIL

CONFIDENTIAL REPORTING (WHISTLEBLOWING) POLICY
& GUIDELINES FOR EMPLOYEES

CONTENTS

- 1.0 AIMS AND SCOPE OF THE POLICY**
- 2.0 SAFEGUARDS**
 - 2.1 HARASSMENT OR VICTIMISATION**
 - 2.2 ANONYMOUS ACCUSATIONS**
 - 2.3 PROTECTION**
 - 2.4 UNTRUE ALLEGATIONS**
- 3.0 NOTIFYING A RESPONSIBLE PERSON**
- 4.0 HOW THE COUNCIL WILL RESPOND**
- 5.0 HOW THE MATTER CAN BE TAKEN FURTHER**
- 6.0 THE TOWN CLERK'S RESPONSIBILITIES**
- 7.0 OTHER RELEVANT POLICIES**

AIMS AND SCOPE OF THE POLICY

1.1 This policy aims to:

- encourage you to feel confident in raising concerns that are in the public interest.
- provide avenues for you to raise concerns and receive feedback on any action taken,
- ensure that you receive a response to your concerns and that you are aware of how to pursue them if you are not satisfied
- reassure you that you will be protected from reprisals or victimisation for whistleblowing in good faith.

1.2 There are existing procedures in place to enable you to lodge a grievance relating to your own employment. This policy is intended to cover concerns that fall outside the scope of other procedures. That concern may be about something which:

- is unlawful,
- is against the Council's Standing Orders, Financial Regulations or other policies
- falls below established standards or practices, or
- amounts to improper conduct

1.3 This policy supports the Council's Anti-Fraud and Corruption Strategy of which all Employees and Members should be aware.

1.4 An important aspect of accountability and transparency is a mechanism to enable all staff to voice concerns in a responsible and effective manner. However, we are aware that we face the risk of things going wrong or of unknowingly harbouring illegal or unethical conduct. This policy is to reassure staff they can raise genuine concerns in good faith internally without worrying about their job or being at a disadvantage in raising legitimate concerns, even if they turn out to be mistaken.

1.5 It should be emphasised that we intend this policy to help individuals who believe they have discovered malpractice or impropriety. It is not designed to reconsider matters which have been addressed under our harassment, complaint, disciplinary or other procedures. Once these whistleblowing procedures are in place, all employees are expected to use them if necessary.

2.0 SAFEGUARDS

2.1 HARASSMENT OR VICTIMISATION

The Council recognises that a decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice. The Council will not tolerate harassment or victimisation and will take action to protect you when you raise a concern in good faith.

2.1.1 This does not mean that if you are already the subject of disciplinary or redundancy procedures, that those procedures will be halted as a result of your whistleblowing.

may reveal the source of the information and a statement by you may be required as part of the evidence.

2.2 ANONYMOUS ACCUSATIONS

We hope that staff will feel able to voice concerns openly under this policy. However, if you want to raise your concerns confidentially, we will make every effort to keep your identity confidential so long as it does not hinder or frustrate any investigation. However, in some circumstances it may be necessary for the investigation process to reveal the source of the information. If that is so, we will discuss the position with you and we may need to require you to provide a statement as part of the evidence to ensure justice is done; if you wish, we will make it clear that you have been required by us to provide the statement.

- 2.2.1 We do not encourage staff to make disclosures anonymously – but staff are free to ask that their identity should be kept confidential as the source of a disclosure. This policy encourages individuals to tell us their name in respect of any disclosures they make – in confidence if they prefer. Proper investigation may be more difficult or impossible if we cannot obtain further information from you. It is also more difficult to establish whether credible allegations have been made in good faith. Whistle-blowers who are concerned about possible reprisals if their identity is revealed should come forward to an appropriate person and measures can then be taken to preserve confidentiality.

2.3 PROTECTION

This policy offers protection to any member of staff who discloses such concerns provided they make the disclosure in good faith to an appropriate person. Whistle-blowers are sometimes worried about possible repercussions. We encourage openness and will support all members of staff who raise genuine concerns in good faith under this policy, even if they turn out to be mistaken.

- 2.3.1 It is important to note that this policy does not offer protection if you choose not to use the procedures set out below. In an extreme case, malicious or wild allegations made outside these procedures could give rise to legal action by the persons complained about

2.4 UNTRUE ALLEGATIONS

If you make an allegation in the public interest, but it is not confirmed by the investigation, no action will be taken against you. If you are found to have made allegations which you did not honestly believe to be true and did so maliciously or vexatiously and/or with a view to personal gain, you could be subject to disciplinary action.

3.0 NOTIFYING A RESPONSIBLE PERSON OF YOUR CONCERNS

- 3.1 You can raise any concerns initially with either:

- The Town Clerk
- The Deputy town Clerk
- Leader of the Council,
- Members of the Audit Committee
- Any Trade Union Representative
- Internal Auditor
- External Audit - MAZARS, SMALLER AUTHORITIES EXTERNAL AUDIT TEAM, SALVUS HOUSE, AYKLEY HEADS, DURHAM, DH1 5TS

- 3.2 If the concerns relate to a fraud or corruption matter the person concerned above will immediately inform the Town Clerk in accordance with the requirements of the Council's Financial Regulations

- 3.3 Concerns are best raised in writing. You are invited to set out the background and history of the concern, giving names, dates and places where possible, and the reason

why you are particularly concerned about the situation. If you do not feel able to put your particular concern in writing, you can telephone or meet the appropriate person. The person notified of an individual's concern must make arrangements for those concerns to be recorded and for a statement to be taken where it is felt appropriate.

- 3.4 The earlier you express the concern, the easier it is to take action, and although you will not be expected to prove the truth of the allegation, you will need to be able to demonstrate to the person contacted that there are sufficient grounds for your concern.
- 3.5 You may invite your Trade Union or professional association to raise a matter on your behalf.
- 3.6 Advice and guidance on how matters of concern may be pursued can be obtained from:
Town Clerk: Tony Briggs
Deputy Town Clerk: Sarah Thomas
Internal Auditor: Graham Keatley
- 3.7 There can be no guarantee that a disciplinary issue will not be the consequence and disclosures may lead to criminal investigations.

4 HOW THE COUNCIL WILL RESPOND

- 4.1 The Council will protect the identity of a notifying individual in accordance with the measures set out at section 2.3 of this document.
- 4.2 The action taken by the Council will depend on the nature of the concern. The matters raised may:
 - * be investigated internally,
 - * be referred to the Police,
 - * be referred to the external auditor, or
 - * form the subject of an independent inquiry.
- 4.3 In order to protect individuals and the Council, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Concerns or allegations which fall within the scope of specific procedures will normally be referred for consideration under those procedures.
- 4.4 Some concerns may be resolved by agreed action without the need for an investigation.
- 4.5 Within 10 working days of a concern being received, the Council will write to you:
 - * acknowledging that the concern has been received,
 - * indicating how it proposes to deal with the matter,
 - * giving an estimate of how long it will take to provide a final response,
 - * telling you whether any initial enquiries have been made, and
 - * telling you whether further investigations will take place, and if not, why not.
- 4.6 The amount of contact between the persons considering the issues and you will depend upon the nature of the matters raised, the potential difficulties involved, and the clarity of the information provided. If necessary, further information will be sought from you.

- 4.7 When any meeting is arranged, you have the right, if you so wish, to be accompanied by a Union or professional association representative or a friend who is not involved in the area of work to which the concern relates.
- 4.8 The Council will take steps to minimise any difficulties that you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings, the Council will advise you about the procedure.
- 4.9 The Council accepts that you need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, you will receive information about the outcomes of any investigations.

5.0 HOW THE MATTER CAN BE TAKEN FURTHER

- 5.1 This policy is intended to provide you with an avenue to raise concerns within the Council. The Council hopes you will be satisfied. If you are not, and if you feel it is right to take the matter outside the Council, the following are possible contact points:

- * your local Council member (if you live in the area of the Council)
- * the External Auditor
- * relevant professional bodies or regulatory organisations
- * your solicitor
- * the Police, or
- * Public Concern at Work, 0207-404-6609, www.helpline@pcaw.co.uk , are a registered charity set up to give free independent advice to employees who contact them with concerns. They have qualified legal staff.

Advice will be offered by the Council as to the appropriate contact.

- 5.2 If you do take the matter outside the Council, you need to ensure that you do not disclose confidential or privileged information such as personal details which are not directly relevant to your concern.

6.0 THE TOWN CLERK'S RESPONSIBILITIES

The Town Clerk has overall responsibility for the maintenance and operation of this policy. The Town Clerk will maintain a record of concerns raised and the outcomes (but in a form which does not endanger your confidentiality) and will report as necessary to the Council.

7.0 OTHER RELEVANT POLICIES

There are other policies and procedures which may be used to support this policy and these are listed below. These policies are available from the Town Clerk, The Deputy Town Clerk or Internal Auditor.

- Financial Regulations and Standing Orders
- Anti Fraud and Corruption Strategy

APPENDIX B

Lichfield City Council

Anti-Money Laundering Policy

1 Introduction

- 1.1 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017) came into force on 26 June 2017. They implement the EU's 4th Directive on Money Laundering. In doing so, they replace the Money Laundering Regulations 2007 (MLR 2007) and the Transfer of Funds (Information on the Payer) Regulations 2007 which were previously in force.
- 1.2 A key difference is that relevant persons are obliged to adopt a more risk-based approach towards anti-money laundering, in particular in how they conduct due diligence. Determining the appropriate level of due diligence requires analysis of risk factors based on the EU Directive and which are set out in MLR 2017.

2 Scope of the Policy

- 2.1 This Policy applies to all employees and elected members of the Council and aims to maintain the high standards of conduct which currently exist within the Council by preventing criminal activity through money laundering. The Policy sets out the procedures which must be followed (for example the reporting of suspicions of money laundering activity) to enable the Council to comply with its legal obligations.
- 2.2 The Policy sits alongside the Council's Whistleblowing Policy and Anti-Fraud and Corruption Strategy.
- 2.3 Failure to comply with the procedures set out in this Policy may lead to further action being taken, including disciplinary action.

3 What is Money Laundering?

- 3.1 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 2002 Act); 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); or
 - acquiring, using or possessing criminal property (section 329);
- 3.2 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.
- 3.3 Potentially any person 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.

3.4 Whilst the risk to the Council of contravening the legislation is low, it is extremely important that all employees are familiar with their legal responsibilities: serious criminal sanctions may be imposed for breaches of the legislation. ***The key requirement on employees is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer (MLRO).***

4 What are the obligations on the Council?

4.1 Whilst Local Authorities are not directly covered by the requirements of the Money Laundering Regulations 2017, guidance from finance and legal professions, including the Chartered Institute of Public Finance and Accounting (CIPFA), indicates that public service organisations should comply with the underlying spirit of the legislation and regulations and put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements

4.2 The Regulations apply to “relevant persons” acting in the course of business carried on by them in the UK. Not all of the Council’s business is “relevant” for the purposes of the legislation. It is mainly accountancy and financial, company and property transactions undertaken by Legal Services. However, the safest way to ensure compliance with the law is to apply them to all areas of work undertaken by the Council; therefore, **all** staff are required to comply with the reporting procedure set out in the policy

4.3 The obligations on the Council are to establish and maintain appropriate and risk-sensitive policies and procedures. Organisations must:

- appoint a Money Laundering Reporting Officer (“MLRO”) to receive disclosures from employees of money laundering activity (their own or anyone else’s);
- implement a procedure to enable the reporting of suspicions of money laundering;
- maintain client identification procedures in certain circumstances; and
- maintain record keeping procedures.
- Conduct a money laundering and terrorist financing risk assessment and adopt appropriate internal controls.

5 The Money Laundering Reporting Officer

5.1 The officer nominated to receive disclosures about money laundering activity within the Council is the Town clerk who can be contacted as follows

Tony Briggs
Town Clerk
Lichfield City Council
Donegal House,
Bore street
Lichfield
WS13 6LU
Townclerk@lichfield.gov.uk

5.2 In the absence of the Town Clerk, the Deputy Town Clerk is authorised to deputise

6 Disclosure Procedure

Cash Payments

6.1 No payment to the Council will be accepted in cash (including notes, coins or travellers' cheques in any currency) if it exceeds £2,000.

Reporting to the Money Laundering Reporting Officer (MLRO)

6.2 Any employee who suspects money laundering activity is taking place, or an employee who becomes concerned that their involvement in a matter may amount to a prohibited act under the legislation, must disclose this promptly to the MLRO.

6.3 The disclosure can be made to the MLRO or deputy using the proforma report attached at Appendix 1 **or** via email to the MLRO or Deputy if preferred. The report must include as much detail as possible.

6.4 The employee must follow any subsequent directions from the MLRO or deputy and must not make any further enquiries themselves into the matter. Additionally, they must not take any further steps in the transaction without authorisation from the MLRO or deputy.

6.5 The employee must not disclose or otherwise indicate their suspicions to the person(s) suspected of money laundering. They must not discuss the matter with others or note on a file that a report has been made to the MLRO in case this results in the suspect becoming aware of the suspicion.

Consideration of the disclosure by the Money Laundering Reporting Officer

6.6 The MLRO or deputy must promptly evaluate any disclosure to determine whether it should be reported to the National Crime Agency ("NCA") <http://www.nationalcrimeagency.gov.uk/>.

6.7 The MLRO or deputy must, if they so determine, promptly report the matter to the NCA through the NCA website. Alternatively, a SAR can be made via the SAR Online System: <https://www.ukciu.gov.uk/saronline.aspx>. NCA can be contacted 24 hours a day on 0370 496 7622.

6.8 All disclosure reports referred to the MLRO or deputy and reports made to the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.

6.9 The MLRO or deputy will commit a criminal offence if they know or suspect, or have reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering and they do not disclose this as soon as practicable to the NCA.

7 Customer Due Diligence

7.1 Where the Council is carrying out certain regulated business (accountancy, audit and tax services and legal services re financial, company or property transactions) and as part of this

- a) forms an ongoing business relationship with a client
- b) undertakes a one off or occasional transaction amounting to €15,000 or more whether carried out as a single transaction or several linked ones

- c) suspects money laundering or terrorist financing;

then the Customer Due Diligence Procedure must be followed before any business is undertaken for that client.

7.2 Customer due diligence means:

- a) Identifying the customer and verifying the customer's identity on the basis of information obtained from a reliable and independent source e.g. conducting a search at Companies House.
- b) Obtaining information on the purpose and intended nature of the business relationship.

7.3 The Regulations regarding customer due diligence are detailed but the following questions help determine whether it is necessary:

- Is the service a regulated activity?
- Is the Council charging for the service?
- Is the service being provided to a customer other than another UK public authority?
- If the answer to any of these questions is **no then there is no need to carry out customer due diligence**

7.4 If the answer to all these questions is yes then customer due diligence needs to be carried out prior to conducting business for that client.

7.5 Where the "relevant business" is being provided to another UK public sector body then written, signed instructions on the body's headed paper should be obtained prior to the transaction being completed.

7.6 The requirement for customer due diligence applies immediately for new customers and should be considered on a risk sensitive basis for existing customers. Customer due diligence means that the Council must know its clients and understand their businesses. This is so that the Council is in a position to know if there is suspicious activity that should be reported; clearly it is only by the Council knowing its clients and their businesses that it can recognise abnormal and possibly suspicious activity

7.7 The 2017 Regulations require that the Council identifies its customers and verifies that identity on the basis of documents, data or information obtained from a reliable source. Where there is a beneficial owner who is not the customer then the Council must identify that person and verify the identity and where the beneficial owner is a trust or similar then the Council must understand the nature of the control structure of that trust. Finally, the Council must obtain information on the purpose and intended nature of the business relationship. The MLR 2017 introduces the need for the Council to consider both customer and geographical risk factors in deciding what due diligence is appropriate.

7.8 The checks described in the paragraph above must generally be undertaken by the Council before it establishes a business relationship or carries out an occasional transaction, or if it suspects money laundering or terrorist funding or doubts the veracity of any information obtained for the purposes of identification or verification. However, the Council is not required to undertake these checks if its customer is another public authority, unless it suspects money laundering or terrorist funding

7.9 The Council is also obliged to maintain ongoing monitoring of its business relationships which means it must scrutinise transactions throughout the course of the relationship to ensure that the transactions are consistent with the Council's knowledge of the customer and keep the information about the customer up to date.

Enhanced Customer Due Diligence and Ongoing Monitoring

7.10 It will in certain circumstances be necessary to undertake what is known in the Regulations as Enhanced Customer Due Diligence. In summary, this will be necessary where:

- The customer has not been physically present for identification purposes; or
- In any other situation which by its nature can present a higher risk of money laundering or terrorist financing.

7.11 Where this applies, the Council will need to take adequate measures to compensate for the higher risk. For example, this will mean ensuring that the customer's identity is established by additional documents, data or information.

7.12 Similarly, where the Council is in an ongoing "business relationship" with a customer, the Regulations impose a special obligation to carry out ongoing monitoring. This means that the Council must: scrutinise transactions undertaken throughout the course of the relationship to make sure that these transactions are consistent with the Council's knowledge of the customer, his/her business and risk profile; and keep documents, data or information obtained for the purpose of applying Customer Due Diligence measures up-to-date.

8. Record Keeping

8.1 Where the "relevant business" is carried out then the customer due diligence identification evidence and the details of the relevant transaction(s) for that client must be retained for at least five years.

8.2 The precise nature of these records is not set down in law but should be capable of providing an audit trail during any subsequent investigation.

9. Risk Management and Internal Control

The risk to the City Council of contravening the anti-money laundering legislation will be assessed on a periodic basis and the adequacy and effectiveness of the Anti-Money Laundering Policy will be reviewed in light of such assessments.

APPENDIX 1

CONFIDENTIAL Report to Money Laundering Reporting Officer

Re: Suspected money laundering activity

To: Money Laundering Reporting Officer, (The Town Clerk) Lichfield City Council

From:
[insert name of employee]

Details of suspected offence:

Name(s) and address(es) of person(s) involved

(e.g. a company/public body include details of nature of business)

Nature, value and timing of activity involved:

(please include full details e.g. what, when, where, how,

Nature of suspicions regarding such activity:

[Please continue on a separate sheet if necessary]

Signed.....

Dated.....

Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping off offence, which carries a maximum penalty of 5 years' imprisonment.

There is no requirement to use this form for reporting purposes – if you prefer you may email the Money Laundering Reporting Officer directly at townclerk@lichfield.gov.uk