

Rhondda Cynon Taf County Borough Council

Anti-Fraud, Bribery & Corruption Strategy (including Anti-Money Laundering Policy)

UPDATED/APPROVED: March 2025

Anti-Fraud, Bribery & Corruption Strategy (including Anti-Money Laundering Policy)

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Foreword

Rhondda Cynon Taf County Borough Council has a 'zero-tolerance' culture to fraud, bribery and corruption.

We continue to have some tough challenges ahead, in particular the financial context, economic challenges and on-going cost of living pressures. Whilst we continue to make Rhondda Cynon Taf a better place to live, work and do business, in line with Corporate Plan well-being objectives, it is essential that we are able to protect our limited resources and assets from the risks associated with fraud, bribery and corruption.

Rhondda Cynon Taf County Borough Council is not immune to these risks. If risks do materialise and funds are lost to fraudsters then it reduces resources that could be spent on vital services for our residents.

The Council has a duty to make clear to all Stakeholders that malpractice in any form will not be tolerated. We need to demonstrate the highest standards of probity and transparency. Whilst all stakeholders have a part to play in reducing the risk of fraud, Elected Members and Senior Management are ideally positioned to influence the cultural tone of the organisation and play a crucial role in fostering a culture of high ethical standards and integrity.

The Council's Senior Leadership Team and wider Management Teams are expected to deal swiftly and firmly with those who attempt to defraud the Council. Rhondda Cynon Taf County Borough Council will not tolerate fraud, bribery and / or corruption; it will seek to instigate the strongest penalties against those that believe it is acceptable to attempt these offences.

This Anti-Fraud, Bribery & Corruption Strategy sets out the responsibilities and behaviours that are expected of us all. The Council will adhere to the seven principles of public life set out in the Nolan Committee report on Standards in Public Life:

Selflessness: Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their families or their friends.

Integrity: Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity: In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability: Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness: Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information

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only when the wider public interest clearly demands. Openness requires an inclusive approach, an outward focus and a commitment to partnership

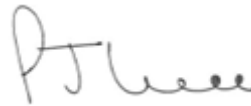
Honesty: Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership: Holders of public office should promote and support these principles by leadership and example.

Preventing fraud, bribery and corruption from happening in the first place must be our aim. However, in the event that a fraudulent activity occurs, a robust enforcement response will be applied to pursue fraudsters and deter others.



Councillor Andrew Morgan
Leader



Paul Mee
Chief Executive

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Section 1

Introduction and Purpose

- 1.1 Rhondda Cynon Taf County Borough Council is resolute in its determination to maintain its reputation as a Council that will not tolerate fraud, bribery, corruption or abuse of position for personal gain. In managing its responsibilities, the Council is determined to protect itself against fraud, bribery and corruption both from within the Council and from any external threats.
- 1.2 Responsibility for promoting an anti-fraud, bribery and corruption culture is the duty of all those involved in giving political direction, determining strategy and managing resources. The Council expects that Elected Members and employees at all levels will lead by example in ensuring adherence to legal requirements, financial regulations, codes of conduct, procedures and good practices. As part of embedding this expectation into the culture of the organisation, this document sets the governance requirements, the resources deployed to identify and manage the associated risk along with how individuals can report suspicions and allegations.
- 1.3 This Strategy applies to Elected Members, co-opted Members of committees and all employees. Where the Council contracts with external suppliers or contractors then appropriate clauses will be included within its contracts in respect of the consequences should fraud, bribery and / or corruption materialise.
- 1.4 The following appendices are provided to further inform the Strategy: Appendix 1 the Council's Anti Money Laundering Policy and guidance; Appendix 2 provides a summary of all stakeholders along with their roles and responsibilities; Appendix 3 provides a list of Key Definitions; and Appendix 4 sets out a list of typical Local Authority Fraud Risk exposure.
- 1.5 This Strategy is based upon the key principles of the [Local Government Counter Fraud & Corruption Strategy 2016-2019](#) and '[Fighting Fraud and Corruption Locally - A strategy for the 2020s](#)'. It includes an additional two areas of activity that have emerged, these being 'govern' and 'protect'. Figure 1 sets out the Local Government Counter Fraud high level principles.

Figure 1: The Local Government Counter Fraud high level principles:

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(Source : Fighting Fraud and Corruption Locally – A strategy for the 2020s)

Govern

Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. Having a holistic approach to tackling fraud is part of good governance.

Acknowledge

Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.

Prevent

Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

Pursue

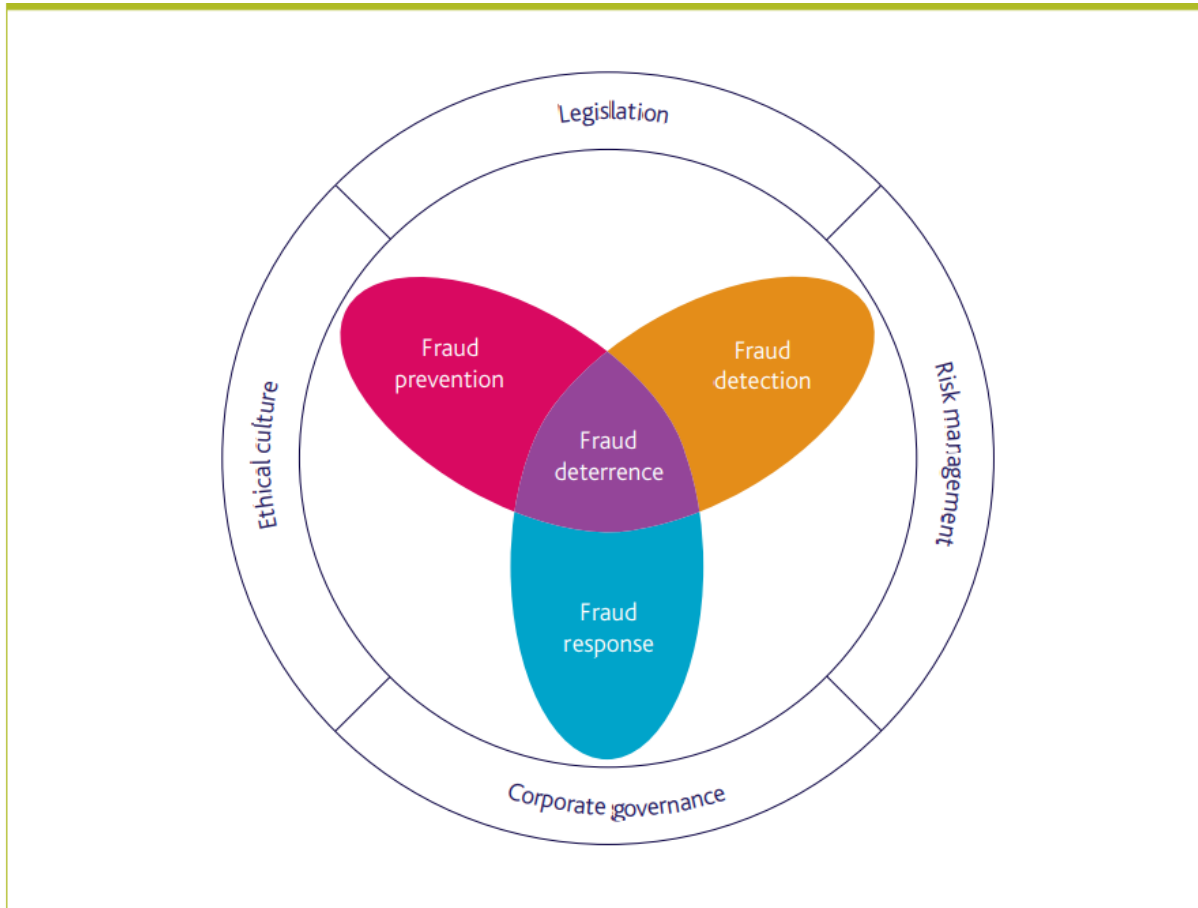
Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive local enforcement response. Local authorities have achieved success by following this approach; however, they need to respond to an increasing threat and protect themselves and the community.

Protect

Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community. For a local authority this will also cover protecting public funds, protecting its organisation from fraud and cybercrime and also protecting itself from future frauds.

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Figure 2 – Provides further context on how all the active anti-fraud components interact to provide an effective strategy:



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Section 2

Governance Arrangements

- 2.1 The Deputy Chief Executive and Group Director of Finance, Digital and Frontline Services has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure that proper arrangements are made for the Council's financial affairs. In addition, PART 3 (Financial Management and Internal Control) of the Accounts and Audit (Wales) Regulations 2014 states:
'The accounting control systems determined in accordance with paragraph (1)(b) must include—
- 4.1 *measures to ensure that the financial transactions of the body are recorded as soon as reasonably practicable and as accurately as reasonably possible, measures to enable the prevention and detection of inaccuracies and fraud, and the ability to reconstitute any lost records'*
- 2.2 The Council's aim is to have sound financial systems and procedures that incorporate efficient and effective internal controls. The mechanisms set out within Section 3 of this Strategy aim to deliver the Council's responsibilities associated with the prevention and detection of fraud, bribery and corruption.
- 2.3 The Council has the following Policies & Procedures which support the implementation of the Council's intentions in respect of countering fraud, bribery & corruption:
- An Anti-Fraud, Bribery & Corruption Strategy and Procedure that emphasises the importance of probity to all concerned;
 - Elected Member support;
 - Codes of conduct for Elected Members and Employees;
 - Whistle blowing Strategy, and Complaints Procedure / Corporate Feedback Scheme;
 - Contract Procedure Rules and Financial Procedure Rules;
 - Sound internal control systems, procedures and reliable records;
 - Clear disciplinary procedures;
 - Effective Internal Audit and Governance and Audit Committee;
 - A Corporate Fraud team;
 - A risk assessment process in respect of potential fraud, bribery & corruption;
 - Effective recruitment procedures;
 - Clear responsibilities, accountabilities and standards set out under the Scheme of Delegation;
 - Induction and training for employees and Elected Members;
 - Information Management Policies and Procedures;
 - A system of identification for potentially fraudulent liability claims against the Council;
 - Sharing of information between Council departments and other approved organisations external to the Council; and
 - Stringent controls in respect of gifts and hospitality.

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Deterrence

- 2.4 There are a number of ways to deter potential fraudsters from committing or attempting fraudulent or corrupt acts, whether they are inside or outside of the Council. The Council supports the following principles:
- Publicising the fact that the Council is firmly against fraud, bribery and corruption and states this at every appropriate opportunity;
 - Acting robustly and decisively when fraud, bribery and corruption are suspected and proven e.g. the termination of contracts, dismissal, prosecution, defending potentially fraudulent claims etc.;
 - Taking action to effect the maximum recoveries for the Council e.g. through agreement, Court action, penalties, insurance etc.;
 - Having sound internal control systems that, although still allowing for innovation, limits the opportunity for fraud, bribery and corruption; and
 - Publicising successful prosecutions.

Training

- 2.5 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business by putting in place a structured programme of fraud, bribery and corruption awareness for Elected Members and employees.
- 2.6 The training and awareness programme of work aims to ensure a strong counter fraud culture is embedded across all Council areas and this is led by counter fraud experts.
- 2.7 The Council recognises that the continuing success of this Strategy will depend largely on the effectiveness of programmed training, communication and the responsiveness of Elected Members and employees throughout the organisation.

Collaborating with Others to Prevent and Fight Fraud

- 2.8 With the rapid increase in recent years of organised fraud perpetrated against public bodies, the necessity to liaise with other organisations has become paramount. The Council is committed to exchanging information with other local and national agencies in order to identify and prevent fraud using data matching techniques. Such activity is carried out in full compliance with the Data Protection Act 1998 and in line with the National Fraud Initiative.
- 2.9 Any employee found to be perpetrating fraud against another local or national agency is liable to face disciplinary action for gross misconduct, as this has implications for the Council's trust and confidence in the employee.

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Section 3

Resources in place to Counter Fraud, Bribery and Corruption Risks

- 3.1 The Local Government Counter Fraud and Corruption Strategy requires the Council to deploy appropriate resources to counter risks associated with potential fraud, bribery and corruption. The resources in place must have appropriate capability, capacity and competence.
- 3.2 Following the transfer of staff to the Department for Work and Pensions 'Single Fraud Investigation Service' (DWP SFIS), the Council retained staff with expertise in the area of fraud investigations. This forms the Council's central / dedicated Corporate Fraud Team. The Council has also agreed to undertake shared fraud investigations with the DWP SFIS that impact on mutual benefits.

Fraud Team - Access to Information

- 3.3 In order to ensure robust arrangements are in place to investigate allegations of irregularity, the Council ensures that:
- Fraud Officers have unrestricted access to staff, Council premises and documents for the purposes of counter fraud, bribery and corruption work;
 - Fraud Officers are professionally trained and accredited members of staff;
 - If internal auditors support counter fraud work they must be led by a member of the Corporate Fraud team; and
 - If human resources support counter fraud work they must be led by a member of the Corporate Fraud team.
- 3.4 The work of the Fraud team covers all areas of counter fraud work and can be split into 3 distinct categories:

1. Risk Assessment

- 3.5 Undertake and continuously review and evolve the Council's Fraud, Bribery and Corruption a high-level risk assessment.
- 3.6 Fraud, Bribery and Corruption risk identification is essential to understand specific (potential) exposures to risk, changing patterns in potential threats and the potential consequences to the organisation and its service users.
- 3.7 In order to deliver a robust approach to preventing and detecting potential risk exposure, the Council is required to assess and understand the scope of potential fraud, corruption & bribery risks across the Council. In order to deliver this responsibility, a risk assessment is used as the basis to formulate a programme of counter fraud work which is summarised and communicated in an annual 'Fraud Risk Work Programme'.

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- 3.8 This will be reported to the Council's Governance and Audit Committee and will reflect the required resources mapped to risks associated with potential fraud, bribery and corruption.
- 3.9 It is the Council's intention that fraud resources are assessed proportionately to the risks the Council faces and are aligned to the outcomes of the risk assessment which are mitigated via the 'Fraud Risk Work Programme'.

2. Advisory work (aligned to the outcome of the risk assessments)

- 3.10 The first line of defence is to proactively seek to prevent and detect fraud, bribery & corruption.
- 3.11 The Fraud Risk Work Programme includes the high-level outcome of the risk assessment for all services.
- 3.12 The Fraud Risk Work Programme will record where the resources of the Corporate Fraud Team are to be deployed in order to work with relevant Service Areas with the aim of reviewing arrangements and if appropriate, recommending preventative and detective controls.

3. Investigatory & Reporting Work

- 3.13 On receipt of a referral the investigating officer will conduct a thorough investigation based upon the following:
- The matter will be dealt with promptly;
 - Evidence will be lawfully obtained and professionally presented, regardless of whether the anticipated outcome of an investigation is a disciplinary hearing, civil action or criminal proceedings;
 - Officers will record and make secure all evidence that has been received and ensure that it is sound and adequately supported;
 - Where appropriate, contact other agencies; and
 - Where appropriate, arrange for the notification of the Council's insurers.
- 3.14 Any weaknesses revealed by instances of proven fraud, bribery or corruption will be fed back to Management via a formal report that will include recommendations for improvement. The report will be circulated to relevant Senior Management and the Council's Internal Audit Service.
- 3.15 Asset recovery and civil recovery will be considered in all cases.
- 3.16 In consultation with the Council's Communications Service, successful cases of proven fraud/bribery/corruption will be publicised where appropriate, to raise awareness and act as a deterrent.

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Governance and Audit Committee & Senior Leadership Team - Reporting Arrangements

- 3.17 Throughout the year, statistics will be kept by the Corporate Fraud Team and reported to senior management and the Governance and Audit Committee which covers all areas of activity along with the outcomes.
- 3.18 An annual report of all activity undertaken by the Corporate Fraud Team (incorporating risk assessment work, advisory work and investigatory work) will be reported to the Council's Governance and Audit Committee.

Section 4

Anti-Money Laundering

- 4.1 The Money Laundering and Terrorist Financing (Amendment) Regulations 2019 came into force on 10th January 2020 and sets out the amendments to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.
- 4.2 The Regulations apply to "relevant persons" acting in the course of business carried out by them in the UK. Relevant persons are now obliged to adopt a more risk-based approach towards anti-money laundering, in particular in how they conduct due diligence.
- 4.3 Not all of the Council's business is relevant for the purposes of the legislation; however, the safest way to ensure compliance with the law is to apply them to all areas of work. All members of staff are therefore required to comply with the reporting procedure set out in the Council's 'Anti-Money Laundering Policy' included as **Appendix 1**.

Section 5

Reporting Concerns

- 5.1 Despite the best efforts of the Council in embedding effective internal control frameworks, instances of fraud are often discovered by chance or 'tip-off'. It is often the alertness of Elected Members, employees and the public that enables detection to occur.
- 5.2 The following section aims to provide clear guidance for raising concerns along with the response that individuals can expect from the Council in order to ensure that allegations are properly dealt with.

Concerns will be treated in confidence, properly investigated and dealt with fairly

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- 5.3 The Council encourages concerns in respect of potential irregularity to be raised in writing via the [‘Report it’](#) section of the Council’s Website. Individuals should include as much information as possible such as relevant dates, incidents and witnesses. If access to the Internet is not possible:
- Letters can be sent to the Corporate Fraud Team
Rhondda Cynon Taf County Borough Council,
Corporate Fraud Team,
Oldway House
Porth,
CF39 9ST
 - Or
 - Contact the Fraud Team on 01443 680507
- 5.4 If any of the above is not the preferred method then individuals are encouraged to contact their [Local Councillor](#).
- 5.5 The earlier an individual expresses a concern, the greater the opportunity to take appropriate action.
- 5.6 In order to ensure the integrity of any potential investigation, initial enquiries and a risk assessment will be made to decide whether an investigation is appropriate.
- 5.7 Concerns or allegations that fall within the scope of specific procedures (for example, child protection or discrimination issues) will normally be referred for consideration under those procedures.
- 5.8 Whilst anonymous reports will be acted upon, individuals are encouraged to leave their contact details in order for an investigating officer to make contact and address any supplementary information that may be required. Confidentiality is assured.
- 5.9 Following receipt of information a co-ordinated and appropriate investigation will be undertaken to ensure:
- Consistent treatment of information regarding fraud, bribery and corruption;
 - A proper investigation by independent, experienced and qualified officers takes place; and
 - The optimum protection of the Council's interests.
- 5.10 Depending on the nature and anticipated extent of the allegations, the investigating officer may work closely with, for example, Management, Human Resources, Internal Audit and/or Legal Services and the Council’s ‘Cyber Security’ team.
- 5.11 Where financial impropriety is discovered, the Council's presumption is that referral to the Police will be given due consideration, based on the facts of the individual case. The Crown Prosecution Service determines whether or not a prosecution will be pursued. All referrals to the Police will be discussed with the Chief Executive and the Deputy Chief Executive and Group Director of Finance, Digital and Frontline Services. Potential criminal proceedings will not inhibit action under the Council’s disciplinary procedure (if the incident relates to an employee).

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Whistleblowing Policy & Procedure

- 5.12 The Council's Whistleblowing Policy & Procedure gives advice for workers on how to raise a concern, as well as providing information on the safeguards and support that are available to those who raise concerns.
- For the purpose of the Whistleblowing Policy & Procedure, 'workers' refers to all those that deliver services on behalf of the Council and also those organisations that provide services to the Council i.e. employees, contractors and suppliers; and
 - Workers are encouraged to report any concerns via the Council's Whistleblowing arrangements; however they are also able to report concerns via the Council's Anti-Fraud, Bribery & Corruption arrangements.
- 5.13 There is, of course, a need to ensure that any investigation process is not misused, therefore, any internal abuse, such as raising malicious or vexatious allegations, may be dealt with as a disciplinary matter (if raised by workers).

Section 6

Conclusion

- 6.1 The Council has in place a clear network of systems and procedures to assist it in the fight against fraud, bribery and corruption. It is determined that these arrangements will keep pace with any future developments, in both prevention and detection techniques, regarding fraudulent or corrupt activity that may affect its operation or related responsibilities.
- 6.2 To this end, the Council maintains a continuous review of such arrangements through its Senior Leadership Team and policies and procedures. This Strategy will be subject to regular review to ensure it remains fit for purpose.
- 6.3 In the event that individuals wish to raise a concern outside of the arrangements described in this document, they are reminded that the following points of contact are available:
- The External Auditor (Auditor General for Wales). The Auditor General can be contacted on telephone number 02920 320522:
Further information can be found in the document below:
[Are you concerned about wrongdoing where you work?](#)
We also have a dedicated email address for whistleblowing which is:
whistleblowing@audit.wales
 - Relevant professional bodies or regulatory organisations e.g. Inland Revenue or Health & Safety Executive; and
 - The Police via Action Fraud (0300 123 2040). <https://www.actionfraud.police.uk/>

Rhondda Cynon Taf County Borough Council

Anti-Money Laundering Policy & Associated Guidance

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Updated/Approved: March 2025

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1. Policy Statement

Rhondda Cynon Taf County Borough Council will do all it can to prevent the Council and its staff being exposed to money laundering, to identify the potential areas where money laundering may occur, and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases of money laundering.

Key Issues

- The Council is committed to the prevention, detection and reporting of money laundering.
- All employees must be vigilant for the signs of money laundering.
- Any employee who suspects money laundering activity must report this promptly to the Money Laundering Reporting Officer (MLRO).
- No payment to the Council will be accepted in cash if it exceeds **£5,000**.
- Where the Council is carrying out certain regulated activities by way of business then the customer due diligence procedure must be followed (this is expanded upon in Appendix 3).
- The Money Laundering Regulations are detailed and complex - if you are in any doubt about the application of this Policy you should contact the MLRO.

2. Introduction

- 2.1 The Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007 place obligations on the Council and its employees with respect to suspected money laundering. The Money Laundering and Terrorist Financing (Amendment) Regulations 2019 came into force on 10th January 2020.
- 2.2 The relevant legislation and regulations relating to money laundering obligations are included within:
- Terrorism Act 2000;
 - Anti-terrorism, Crime and Security Act 2001;
 - Proceeds of Crime Act 2002;
 - The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017;
 - Criminal Finances Act 2017; and
 - The Money Laundering and Terrorist Financing (amendment) Regulations 2019.

3. Scope of the Policy

- 3.1 This Policy applies to all employees 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.

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- 3.2 The Anti-Money Laundering Policy forms part of the Council's Anti-Fraud, Bribery and Corruption Strategy and sits alongside other relevant policies i.e. Whistle Blowing Policy, Code of Conduct for Employees and Treasury Management Strategy.
- 3.3 Failure by a member of staff to comply with the procedure set out in this Policy may lead to disciplinary action being taken in accordance with the Council's Disciplinary Procedures and Rules.

4. What is Money Laundering?

- 4.1 Money laundering may be defined as "the process by which the proceeds of crime and the true ownership of those proceeds are changed so that the proceeds appear to come from a legitimate source".
- 4.2 The process most commonly in use is to pass illegally acquired cash through financial systems so that it becomes 'legitimate'. There are three stages to Money Laundering:

Placement - the initial stage where illegal funds are introduced into a legitimate financial system

Layering – an action to make the money hard to detect and move it away from the initial stage of Placement.

Integration – the final stage of the laundering where the money is integrated back into the financial system as genuine funds.

- 4.3 Money laundering is the term used for a number of offences involving the proceeds of crime or terrorism funds. The following acts constitute the primary offences of money laundering:
- **Concealing**, disguising, converting, transferring criminal property or removing it from the UK (section 327, Proceeds of Crime Act 2002);
 - 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, Proceeds of Crime Act 2002); and
 - **Acquiring**, using or possessing criminal property (section 329, Proceeds of Crime Act 2002).
- 4.4 There are additional Proceeds of Crime Act 2002 (POCA) offences in respect of money laundering:
- **Failure to disclose** any of the three primary offences (see 4.3) (Section 332 Proceeds of Crime Act 2002 (Max: 5 years custody));
 - **Tipping off** where someone informs a person or persons who are involved in or who 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. (Section 333 Proceeds of Crime Act 2002 (Maximum: 2 years custody)); and
 - **Offences of prejudicing investigation** - If they make a disclosure which is likely to prejudice the investigation, or falsify, conceal, destroy or otherwise dispose of

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documents which are relevant to the investigation (Section 342 Proceeds of Crime Act 2002 (Maximum: 2 years custody)).

- 4.5 Any member of staff could potentially 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.**
- 4.6 Whilst the risk to the Council of contravening the legislation is low, it is important that employees are familiar with their responsibilities as 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 nominated Money Laundering Reporting Officer (MLRO).**

5. What are the obligations on the Council?

- 5.1 As an organisation conducting 'relevant business' the Council must:
- appoint a Money Laundering Reporting Officer (MLRO) to receive disclosures from employees of money laundering activity and suspected activity;
 - establish internal procedures to help forestall and prevent money laundering;
 - make arrangements to receive and manage the concerns of staff about money laundering and their suspicion of it;
 - make internal enquiries and make reports where necessary to the UK Financial Intelligence Unit (UKFIU);
 - carry out Customer Due Diligence;
 - provide targeted and proportionate training to those members of staff most likely to encounter money laundering; and
 - maintain record keeping procedures.
- 5.2 Not all of the Council's business is "relevant" for the purposes of the legislation. It is mainly the income collection, treasury management or company and property transactions. However, the safest way to ensure compliance with the law is to apply this Policy to all areas of activity undertaken by the Council; therefore all employees are required to comply with the disclosure procedure (reporting by employees) set out in Section 7.

6. The Money Laundering Reporting Officer (MLRO)

- 6.1 The officer nominated to be the Money Laundering Reporting Officer and to receive disclosures about suspected money laundering activity within the Council is Ian Traylor, Service Director Pensions, Procurement & Transactional Services. He can be contacted as follows:

Ian Traylor,
Service Director, Pensions, Procurement & Transactional Services
Oldway House
Porth,

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CF39 9ST

Email: lan.d.traylor@rctcbc.gov.uk

Note: In the absence of the MLRO, please contact Mr Matthew Davies, Corporate Fraud and Revenues Manager:

Corporate Fraud Team: 01443 680507

E-mail: Fraud@rctcbc.gov.uk

7. Prevention Procedure - Cash Payments

- 7.1 The Council will not accept payment in cash for any occasional transaction in excess of **£5,000**, whether the transaction is carried out in a single operation or in several operations which appear to be linked.
- 7.2 Cash is defined as notes, coins or travellers cheques in any currency.

8. Disclosure Procedure – Reporting by Employees

- 8.1 Any employee who suspects money laundering activity must report their suspicion **IMMEDIATELY** to the MLRO by using the form attached as **Appendix a** to this Policy. The employee may discuss their suspicion with the MLRO first if preferred or where the employee considers it a matter of urgency.
- 8.2 The employee must follow any subsequent directions of the MLRO. They must not themselves make any further enquiries into the matter. They must not take any further steps in any related transaction without authorisation from the MLRO.
- 8.3 After reporting to the MLRO the employee **MUST NOT**:
- voice your suspicion to the suspected person or any third party;
 - disclose to anyone the fact that you have made the report;
 - make any further enquiries into the matter yourself;
 - make any reference on the file of the report; and
 - do anything further on the matter unless you receive specific, written consent from the MLRO to proceed.

9. Disclosure Procedure – Evaluation and Reporting by the MLRO

- 9.1 The MLRO must promptly evaluate any Disclosure Report to determine whether it should be reported to the UK Financial Intelligence Unit (UKFIU) positioned within the National Crime Agency (NCA).
- 9.2 The MLRO must, in discussion with the Deputy Chief Executive and Group Director of Finance, Digital and Frontline Services (Section 151 Officer), promptly report the matter using the standard Suspicious Activity Report (SAR) report portal.

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- 9.3 The MLRO will commit a criminal offence if he knows or suspects or has reasonable grounds to do so through a disclosure being made to him that another person is engaged in money laundering and they do not disclose this as soon as practicable.

10. Customer Due Diligence

- 10.1 Where the Council is carrying out certain “regulated activities” then extra care needs to be taken to check the identity of the customer – this is known as carrying out customer due diligence and is in line with Regulation 28 Customer due diligence measures - The Money Laundering and Terrorist Financing (Amendment) Regulations 2019, Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.

- 10.2 “Regulated activity” is defined as the provision ‘by way of business’ of:

- advice about tax affairs
- accounting services
- treasury management
- investment or other financial services
- audit services
- legal services
- estate agency
- services involving the formation, operation or arrangement of a company or trust
- dealing in goods wherever a transaction involves a cash payment of 15,000 Euros (or equivalent pounds stringing) or more

In the course of delivering its day to day services the Council will not normally carry out any “regulated activity by way of business”. It does not for example normally provide advice about tax affairs, or provide accounting, audit or legal services, or provide investment or other financial services, to third parties in return for professional fees. The Council also refuses cash payments in excess of £5,000.

- 10.3 The Regulations regarding customer due diligence are detailed and complex, **but they are likely to need to be applied only in exceptional circumstances.** However, the Council and its employees need to remain vigilant. If there is any doubt about whether customer due diligence needs to be carried out then the MLRO should be contacted. Further advice and guidance in respect of customer due diligence can be found at **Appendix b.**

11. Guidance and Training

- 11.1 In support of this Policy and its procedures the Council will:

- make all staff aware of the requirements and obligations placed on the Council and on themselves as individuals by the law relating to money laundering; and

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- provide targeted (but proportionate) training to those members of staff most likely to encounter money laundering in how to recognise and deal with transactions and other activities which may be related to money laundering.

12. Conclusion

- 12.1 The legislative requirements concerning anti-money laundering procedures are lengthy and complex. **This Policy has been written to enable the Council to meet the legal requirements in a way which is proportionate to the perceived low risk to the Council of contravening the legislation.**

13. Policy Review

- 13.1 This Policy will be reviewed periodically to ensure its continuing effectiveness and to meet any legislative or other changing requirements for the Council.

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Appendix a

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL
Report to the Money Laundering Reporting Officer
Re: Suspected Money Laundering Activity

To: Service Director Pensions, Procurement and Transactional Services (Corporate Fraud Team)

From:

Service/Department:

Employee Contact Details: (insert e-mail address, telephone number)

Details of suspected offence:

Name(s) and address(es) of person(s) involved ((if a company or a public body please include details of nature of business)

Nature, value and timing of activity involved (include full details of what, when, where, how).

Nature of suspicions regarding such activity (provide a summary of reasons for suspecting money laundering activity):

Has any investigation been undertaken (as far as you are aware)? Yes/No (If yes, please include details below):

--

Have you discussed your suspicions with anyone else? Yes/No
(If yes, please specify below explaining why such discussion was necessary).

--

Please set out below any other information you feel is relevant.

--

Signed: (sending the form as an electronic attachment will not require a signature)

Dated: (ditto)

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

Regulated Activities requiring 'Customer Due Diligence'

In the **unlikely** event that the Council were to provide or seek to provide regulated activities by way of business then customer due diligence must be carried out.

1. The Regulations regarding customer due diligence are detailed and complex but there are some simple questions that will help decide if it is necessary:

- Is the service a regulated activity? (see list in 10.2 of the Policy)
- Is the Council charging for the service? (i.e. is it 'by way of business')
- Is the service being provided to a customer? (other than a UK public authority)

If the answer to **any** of these questions is **"no"** then there is no need to carry out customer due diligence.

If the answer to **all** of these questions is **"yes"** then customer due diligence must be carried out before any business is undertaken for that customer.

If there is any doubt about whether customer due diligence needs to be carried out then the MLRO should be contacted.

2. Where the need to carry out customer due diligence is established then evidence of identity must be sought. For example, this may be achieved by:

- checking with the customer's website to confirm their business address;
- conducting an on-line search via Companies House to confirm the nature and business of the customer and to confirm the identities of the Directors; and
- seeking evidence from the key contact of their personal identity (for example, their passport) and their position within their organisation.

3. The requirement for customer due diligence applies immediately for new customers and should be applied on a risk sensitive basis for existing customers. Ongoing customer due diligence must also be carried out during the life of a business relationship but should be proportionate to the risk of money laundering based on knowledge of the customer and a regular scrutiny of the transactions involved.

4. If at any time any employee suspects that a customer for whom the Council is currently or is planning to carry out a regulated activity is carrying out money laundering or has lied about their identity then the employee must report this to the MLRO.

5. In certain circumstances enhanced customer due diligence must be carried out. For example, where:

- the customer has not been physically present for identification.

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- the customer is a politically exposed person (this is an individual who at any time in the preceding year has been entrusted with a prominent public function by a state outside of the UK, or by an EU institution, or by an international body; or it is an immediate family member of that individual; or it is a known close associate of that individual).
 - there is a beneficial owner who is not the customer (a beneficial owner is any individual who holds more than 25% of the shares, voting rights or interest in a company, partnership or trust).
6. Enhanced customer due diligence could include any additional documentation, data or information that will confirm the identity of the customer and/or the source of the funds to be used in the business relationship or transaction. If an employee believes that enhanced customer due diligence is required then they must consult the MLRO before they carry it out.
 7. Customer due diligence records and the details of the relevant transaction(s) for that customer must be retained for at least 5 years after the end of the business relationship.
 8. A copy of every customer due diligence record must be sent to the MLRO to meet the requirements of the Regulations and in case of inspection by the relevant supervising body.

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Appendix c

SUMMARY CHECKLIST FOR EMPLOYEES

What is this anti-money laundering policy about?	It's about preventing criminals from using the Council as a way of converting the illegal proceeds of crime into something that looks legal and legitimate. Basically the criminals want to disguise the original (illegal) source of the proceeds so that they can enjoy the future benefits without arousing suspicion.
How would they do that?	Generally they would seek to convert their dirty (stolen) cash into clean (legal) money by passing it through a legitimate source – hence the term laundering. So they might buy something expensive with their dirty cash or make an investment with it and subsequently sell it to get clean money to make it look legitimate.
Give me an example that might apply to the Council.	They may try to acquire a Council Asset (for example, a building) and want to pay for it in cash and then sell it on later. Or they may want to use the dirty cash to make a large payment to us (such as a high value rent or business rates).
How do we stop them?	We won't accept a cash payment if it exceeds £5,000. We have identified particular risk areas in the Council and will target our efforts at raising awareness with the staff who work there.
Will this affect our normal cash customers?	There is no change for them and they can carry on paying in cash as they always have. Fortunately, we don't get too much money paid in cash in any event but this Policy isn't about the relatively low values for council tax, business rates, etc. It's about the high value, one-off payments or a series of linked and / or "unusual" cash transactions. We need to look out for any potentially large (and possibly rogue) cash transaction.
So below £5,000 is OK?	Generally yes, but if something seems unusual or suspicious, you should report it. For example, you should still be diligent in looking out for possible counterfeit bank notes.
Is the Council likely to be a target for money laundering?	It's considered low risk but we still need to manage that risk. It's low risk because due to mitigation control i.e. don't accept cash payments above £5,000, we don't receive large individual amounts in cash, we don't accept cash payments when we sell land and property and we manage our loans and investments in line with a national Code of Practice and set limits on how much and with whom we invest.
So nothing for me to do then?	Everyone has a role to play as we are all guardians of public money. So please read the Policy, be vigilant, report anything suspicious and be aware that the legislation not only puts a corporate responsibility on the Council but also a personal responsibility onto every employee. So, if you suspect that money laundering is taking place, you should report it as you could face a disciplinary or even criminal investigation if you fail to do so.
If I suspect anything, who do I report it to?	The Council has a designated Money Laundering Reporting Officer (MLRO). Ian Traylor Service Director, Pensions, Procurement & Transactional Services, Corporate Fraud: 01443 680507 e-mail address ian.d.traylor@rctcbc.gov.uk You should report any suspicions using the form available or contact the Corporate Fraud Team if you need any further advice / guidance about money laundering.

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Roles and Responsibilities

APPENDIX 2

Role	Responsibilities
Chief Executive	Ultimately accountable for setting the tone and culture of the organisation in respect of a zero-tolerance culture. Accountable for the effectiveness of the Council's arrangements for countering fraud, bribery, corruption and cyber risk.
Leader & Cabinet Members	Responsible for setting the tone and culture of the organisation in respect of a zero-tolerance culture.
Deputy Chief Executive and Group Director of Finance, Digital & Frontline Services	To ensure the Council has adopted an appropriate anti-fraud strategy, there is an effective internal control environment in place and there is an adequately resourced and effective Corporate Fraud Team and Internal Audit Service to deliver assurance. To ensure appropriate arrangements in respect of cyber risk mitigation and assurance.
Monitoring Officer and Director of Legal & Democratic Services	To advise Councillors and Officers on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes of Practice. The Director of Legal & Democratic Services is the appointed Monitoring Officer. Part of this role has overall responsibility for the maintenance and operation of the Codes of Conduct set out in the Constitution.
Governance and Audit Committee	Statement of Purpose The purpose of the Governance and Audit Committee is to provide independent assurance to the Members of Rhondda Cynon Taf County Borough Council of the adequacy of the risk management framework and the internal control environment. It provides independent review of Rhondda Cynon Taf County Borough Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place Specific responsibilities in the Terms of Reference for the Governance and Audit Committee states: To review the assessment of fraud risks and potential harm to the Council from fraud and corruption and to monitor the counter fraud strategy, actions and resources Promote and review any measures designed to raise the profile of probity within the Authority.
Standards Committee	Promotes and maintains high standards of Member conduct and assists Members in observing the Code of Conduct. Terms of Reference (relevant section) Promoting and maintaining high standards of conduct by Councillors, co-opted Members and Church and Parent Governor representatives.

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Elected Members	<p>To comply with the Members Code of Conduct and related Council policies and procedures, to be aware of the possibility of fraud, corruption and theft, and to report any genuine concerns accordingly.</p> <p>Elected Members are an important element in the Council's stance on fraud, bribery and corruption, and they are positively encouraged and expected to raise any concerns that they may have on these issues where they are associated with the Council's activities.</p>
External Audit	Statutory duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud, corruption and theft.
Internal Audit	Supporting the evaluation for potential fraud.
Corporate Fraud Team	<p>Responsible for the delivery of the Council's Anti-Fraud, Bribery & Corruption Strategy (including Anti-Money Laundering Policy, including the measures in place to acknowledge, prevent and pursue fraud and corruption activity.</p> <p>Provide a dedicated point of contact to report a suspected fraudulent activity.</p> <p>This also includes the co-ordination role in the National Fraud Initiative (NFI).</p>
Directors, Heads of Service and Service Managers	Manage and mitigate the risk of fraud and corruption. To promote staff awareness and ensure that all suspected or reported irregularities are immediately referred to the Corporate Fraud Team. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption and theft and to reduce these risks by implementing strong internal controls. It is vital that this group show leadership in supporting investigations into fraud and corruption and that they are responsive to implementing actions arising from this work. Their role in the NFI exercise is to provide data for matching and to analyse the outputs from the matching exercise and take appropriate action.
Employees	Our employees are the first line of defence against fraud and corruption. They are expected to conduct themselves in ways which are beyond reproach, above suspicion and fully accountable. Also responsible for reporting malpractice through well established 'whistleblowing' procedures. Employees are expected to adhere to the Employee Code of Conduct, Financial Procedure Rules and Contract Procedure Rules. It is the responsibility of all workers of the Council to prevent and detect fraud, bribery and corruption.
Appointed Suppliers & Contractors	Responsible for adopting the tone and culture of the Council in respect of a zero-tolerance culture and reporting allegations of irregular activity in line with the recommended approach as set out in this document.

Key Definitions

What is fraud?

The **Fraud Act 2006** details the legal definitions of fraud and is used for the criminal prosecution of fraud offences. The Council also deals with fraud in non-criminal disciplinary matters.

For the purposes of this document fraud is defined as: the dishonest action designed to facilitate gain (personally or for another) at the expense of the Council, the residents of the Borough or the wider national community.

The definition covers various offences including: deception, forgery, theft, misappropriation, collusion and misrepresentation.

What is corruption?

Corruption is the offering or acceptance of inducements designed to influence official action or decision making. These inducements can take many forms including cash, holidays, event tickets, meals.

The Bribery Act 2010

The Bribery Act 2010 is designed to combat bribery and corruption. Under the 2010 Act it is an offence for an individual or organisation to offer, promise or give a bribe as well as to request, agree to receive or accept a bribe.

Bribery is defined as the giving or taking of a reward in return for acting dishonestly and/or in breach of the law. There are four possible offences:

- Bribing another person - the offering, promising or giving financial reward to induce to perform a relevant function or activity improperly;
- Receiving a bribe - the accepting of, agreeing to accept or requesting of a reward in return for performing a relevant function or activity improperly;
- Bribing a foreign public official - to offer or give a financial advantage to a foreign public official with the intention of influencing the official or obtaining or retaining business, where the official is neither permitted nor required by written law; and
- Corporate offence of failing to prevent bribery - if an organisation fails to stop people who are acting on its behalf from being involved in bribery.

Further guidance is available from the Ministry of Justice to explain to organisations what action is required to ensure they are compliant.

In addition to the above, Facilitation Payments are a form of bribery made with the purpose of expediting or facilitating the performance by an overseas public official of a routine governmental action to obtain or retain business or any other undue advantage. Facilitation payments differ from outright bribery and corruption. In some countries, it may be considered normal to provide small unofficial payments under certain circumstances, although this practice is illegal in most countries.

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What is theft?

Theft is stealing any property belonging to the Council or which has been entrusted to it (i.e. client funds), including cash, equipment, vehicles, data.

Theft does not necessarily require fraud to be committed. Theft can also include the stealing of property belonging to our staff or Elected Members whilst on Council property.

What is money laundering?

Money laundering is the process by which criminals attempt to 'recycle' the proceeds of their criminal activities in order to conceal its origins and ownership and which leaves them with money that cannot be traced back. All employees are instructed to be aware of the increasing possibility of receiving requests that could be used for money laundering and illicit requests for money through e-mails. Detailed guidance is set out in the Council's Anti-Money Laundering Policy.

Any service that receives money from an external person or body is potentially vulnerable to a money laundering operation. The need for vigilance is vital and if there is any suspicion concerning the appropriateness of the transaction then advice must be sought. Officers should seek the advice from management, Internal Audit or the Corporate Fraud Team. The Council's Money Laundering Reporting Officer (MLRO) is the Service Director, Pensions, Procurement and Transactional Services.

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APPENDIX 4

Types of Local Authority 'Fraud' Risks

National research suggests that Local Authority fraud risk examples may include:

Types of Fraud Risk	Summary
Housing Benefit & Council Tax Reduction	A claimant makes a claim based on information known to be inaccurate or fails to inform the Council about a change in circumstances that would reduce the award
Council Tax Single Person Discount (SPD) / Other Council Tax Discounts	A claimant claims a discount when more than one person actually lives in the household, falsely claims to be a student or claims a property is empty and unfurnished
Cyber Fraud	The misuse of technology to take advantage of any perceived vulnerability. This could include ransomware/malware attacks, hacking or inappropriate use of Council systems and data.
Direct Payments	A recipient falsely claims Direct Payments, e.g. by misrepresenting their care needs or failing to disclose receipt of other benefits.
Procurement Fraud	These are activities including price-fixing, bid-rigging and cover pricing. Risk includes potential internal bribery and corruption.
National Non-Domestic Rates (NNDR)	A business makes a claim for rate relief based on false information.
Internal Fraud by Officers and Members	Officers or Members may abuse their position for private gain or misuse council assets for personal gain.
Client Finances	Inappropriate management of vulnerable client finances.
Election Fraud	Voter registration fraud; impersonation (at polling stations); phishing and hacking, denial of service and ransomware (particularly at the time of an election).
Cash Handling	Theft or false accounting occurs with officers responsible for handling cash (and other income) security and banking.
Organised Crime/ Money Laundering	Council systems potentially used to launder money.
Insurance Fraud	Bogus claims are made with serial claimants across authorities.
Blue Badges	Misuse of the scheme benefits by the badge holder or another.
Payment to suppliers (including payment by Purchasing Cards)	Misuse of Council payments systems or inappropriate bank mandate risks.
Employment / Payroll	Inappropriate pay claims or 'ghost employees'/ career polygamy.
Grants	Risk of bogus companies or individuals submitting inappropriate claims. Examples could include financial support scheme paid by the Council on behalf of others.
Licensing	License applications are not legitimate or appropriate.
Recruitment	Failure to disclose or provide appropriate information relevant to the post.