

Committee(s): Audit and Scrutiny Committee	Date: 11 March 2021
Subject: Anti-Fraud Policy	Wards Affected: All
Report of: Jacqueline Van Mellaerts, Corporate Director, Finance and Resources	
Report Author/s: Name: Jacqueline Van Mellaerts Telephone: 01277 312500 E-mail: jacqueline.vanmellaerts@brentwood.gov.uk	For Decision

Summary

Following a fraud risk assessment undertaken by internal auditors 'BDO' in October 2020, it was subsequently recommended that the Anti-Fraud Policy be updated to incorporate a section on Money Laundering and investment properties and the Policy is also due for review.

This was deemed necessary by BDO, due to the creation of Seven Arches Investments Limited in 2018 (SAIL). SAIL is a wholly owned company for Brentwood Borough Council which seeks to generate an income stream for the Council by purchasing investment property.

This additional component has now been included within section 10.6 of the existing Anti-Fraud Policy.

Recommendation(s)

Members are asked to:

R1. To approve and adopt the Anti-Fraud Policy, incorporating the additional section 10.6 on Money Laundering and Investment Properties (Appendix A).

Main Report

Introduction and Background

1. The previous Anti-Fraud Policy was approved at Regulatory and Governance Committee on 10th October 2018.

2. A Fraud Risk Assessment was undertaken in October 2020. One recommendation was to 'Update Money Laundering guidance in relation to the purchasing and sale of investment properties and ensure that appropriate and in-depth due diligence processes are in place for the procuring and selling of all property'.
3. The additional section (10.6) has been reviewed and approved internally by the appropriate senior officer.

Issue, Options and Analysis of Options

4. It is recognised that criminal gangs may use investment properties as a channel for money laundering through selling or buying Council investment properties.
5. It was noted by internal auditors, that the Council's Anti-Fraud Policy includes a section on Money Laundering and the generic guidance that would be expected in a Money Laundering policy, however, does not specifically cover investment properties.

Reasons for Recommendation

6. To raise awareness and provide a basic level of understanding for officers surrounding the potential for money laundering within the specific area of investment properties.
7. To ensure the Council is adopting and implementing recommendations from internal auditors, which endeavours to keep any risk of fraud to the Council at a minimum.

Consultation

8. None required

References to Corporate Plan

9. Reviewing the Council Corporate Policies underpins all aspects of the Corporate Plan.

Implications

Financial Implications

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10. No direct financial implications, however, reviewing the Council Anti-Fraud Policy provides assurance that the Council is conducting itself in the appropriate manner and internal controls are in place, and also assists in reducing the overall risk of Money Laundering within the Council.

Legal Implications

Name & Title: Amanda Julian, Director of Law & Governance and Monitoring Officer

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11. The recommendation is lawful and within the Council's powers and duties. The addition of information regarding money laundering and investment properties within the Anti-Fraud Policy will contribute towards mitigating the risk of money laundering within current Council processes and procedures

Economic Implications

Name/Title: Phil Drane, Director of Strategic Planning

Tel/Email: 01277 312610/philip.drane@brentwood.gov.uk

12. There are no direct economic implications arising from this report.

Background Papers

- Fraud Act 2006
- Bribery Act 2010
- Proceeds Of Crime Act 2002
- Money Laundering Regulations 2020

Appendices to this report

Appendix A: Anti-Fraud Policy