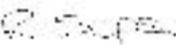




Report to:	Audit and Governance Committee	Date:	18 June 2020
Report title:	Whistleblowing Policy and Anti Money Laundering Policy updates		
Report from:	Richard Simpson, Strategic Director - Resources		
Ward/Areas affected:	Borough Wide		
Chair of Committee/Lead Member:	Councillor Sam Weatherlake		
Author(s)/Contact Number(s):	Margaret Culleton, Head of Internal Audit, 020 8770 4956		
Corporate Plan Priorities:	<ul style="list-style-type: none"> • A Smarter Way of Working 		
Open/Exempt:	Open		
Signed:		Date:	2 June 2020

1. Summary

- 1.1 The attached Whistleblowing and Anti Money laundering policies have been reviewed and updated for approval by the Audit and Governance Committee. These two policies form part of the council's Anti Fraud and Anti Corruption arrangements.

2. Recommendations

- 2.1 To approve the Anti money laundering policy
- 2.2 To comment upon and approve the revised Whistleblowing policy

3. The Whistleblowing policy

- 3.1 In May 1995 the Nolan Committee issued a report on the Standards in Public Life: Local Public Spending Bodies. This report made a number of recommendations, some sector specific and others more general in nature. The Nolan Committee recommended that Local Authorities should institute Codes of Practice on Whistleblowing, which would enable concerns to be raised confidentially inside and if necessary outside the organisation.
- 3.2 A Whistleblowing commission was established in February 2013 by the charity Protect to review the effectiveness of existing arrangements for workplace Whistleblowing and make recommendations for change.



- 3.3 They issued a report in November 2013 with recommendations to the secretary of state and a recommended Code of Practice. This code sets out practical guidance for the raising, handling, training and reviewing Whistleblowing arrangements.
- 3.4 An effective and positive whistleblowing culture has the following advantages:
- Detects and deters wrongdoing;
 - Provides information to managers so they can make decisions and contain the risk;
 - Demonstrates to stakeholders that Sutton is serious about good governance;
 - Reduces the chance of anonymous or malicious leaks;
 - Reduces the chance of Legal claims against the Council; and
 - Clear whistleblowing arrangements are likely to help with a defence under the Bribery Act 2010.
- 3.5 CIPFA's guide on delivering good governance, recommends the following is considered as part of its Annual Governance Statement
- Ensure that effective arrangements for Whistleblowing are in place to which officers, staff and all those contracting with or appointed by the authority have access. That a Whistleblowing policy exists and is reviewed on a regular basis. The policy is made available to members of the public, employees, partners and contractors.
- 3.6 The content of the current policy has therefore been reviewed and compared to best practice and other Local Authority's Whistleblowing Policies and has been updated, with clearer explanations in the following areas:-
- Harassment and victimisation
 - What protection do you have?
 - Support for employees

The Public Interest Disclosure Act 1998

- 3.7 Employees who blow the whistle on wrongdoing at work are protected from harassment and victimisation under the Public Interest Disclosure Act 1998. This Act aims to promote greater openness in the workplace between employers and workers in dealing with wrongdoing that might arise.
- 3.8 Under the Act, workers are initially required to resolve these concerns with their employer. Employees are protected from victimisation if in the last resort they have to take their concerns to an outside body.
- 3.9 A disclosure to a manager or the employer will be protected if the whistleblower has an honest and reasonable suspicion that the malpractice has occurred, is occurring or is likely to occur. The whistleblower will also be protected if they make their disclosures to an external body as long as they honestly and reasonably believe that the information and any allegations are substantially true.
- 3.10 Support is provided to employees, through their line manager, HR or trade union. The



council also provides an employee assistance programme.

Other areas of update are:-

- confidentiality
- anonymous allegations

Confidentiality and Anonymous allegations

- 3.11 An important issue addressed in the context of investigating allegations and dealing with complaints from an informant is that of respecting the anonymity of the informant, where appropriate or where requested.
- 3.12 Nolan considered it appropriate that anyone should be able to whistleblow confidentially if they so wish. As long as their complaint appears to have been made in good faith, their wish for confidentiality should be respected. Without this guarantee there is a risk that matters of concern could escape investigation, as people with genuine concerns might be deterred from bringing these concerns to the attention of the Council.
- 3.13 This approach is further supported by decisions of the court. They have recognised in certain circumstances the identity of the persons who have made the complaints or given information to the public or other bodies should not be revealed (in the course of legal proceedings, for example). They recognise that disclosure could discourage others from making complaints or giving information to the proper authorities. It is important to note, however, that a cast iron guarantee of confidentiality cannot be given to a whistleblower if a court or other tribunal directs otherwise.
- 3.14 Sutton's whistleblowing policy respects and reinforces this concept of confidentiality.

Other areas of update:-

- What action should you take?
 - How will the council respond?
- 3.15 The whistleblowing policy provides a list of officers that can be contacted with a concern (section 13) and details of how the council will respond (section 14), including recording concerns and allocating to an appropriate officer to investigate.
- 3.16 The council maintains a central register of all whistleblower allegations. This register records a summary of the original allegation and the actions taken. Where an allegation has been received by other departments in the council and involves a non-financial issue, an appropriate manager will be appointed to investigate the issue.
- 3.17 Where appropriate a summary of whistleblowing allegations will be reported to the Audit and Governance committee. The whistleblower's identity will, however, always remain confidential if known, unless the whistleblower makes it public.

4. Anti Money Laundering policy

- 4.1 Money laundering is the term used for a number of offences involving the proceeds of

crime or terrorist funds. The following acts constitute the act of money laundering:

- concealing, disguising, converting, transferring or removing criminal property from the United Kingdom
 - becoming concerned in an arrangement which facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person, either knowingly or merely by way of suspicion.
 - Acquiring, using or possessing criminal property
- 4.2 Although the term 'money laundering' is generally used when describing the activities of organised crime – for which the legislation and regulations were first and foremost introduced – to most people who are likely to come across it or be affected by it, it involves a suspicion that someone they know, or know of, is benefiting financially from dishonest activities.
- 4.3 The Consultative Committee of Accounting Bodies (CCAB) advice is that internal procedures should be in place regarding money laundering even if the employee's work is outside regulated business. It should be noted that local authorities are outside regulated business.
- 4.4 In recent years, new laws have been passed which significantly shifts the burden of identifying acts of money laundering away from government agencies and more towards organisations and their employees. They prescribe potentially very heavy penalties, including imprisonment, for those who are convicted of breaking the law.
- 4.5 It is vital to recognise that the regime under which money laundering is monitored operates on an 'all crimes' basis, and that there is no de minimis provision in the money laundering legislation. In other words, every crime, however small, is subject to the money-laundering regime.
- 4.6 Recent amendment to the Money Laundering Regulations has placed an enhanced duty upon organisations to identify their potential risk to Money Laundering, to have clear documented control processes in place to help prevent exposure, and to have defined reporting mechanisms in place should Money laundering be suspected. These arrangements need to be supported by guidance and training.
- 4.7 The Councils arrangements for addressing Money Laundering are incorporated within a code, attached at [Appendix B](#). The policy outlines the arrangements in place that will:
- Assist with ensuring that suitable policies, procedures and controls exist to mitigate the risk of money laundering and terrorist financing.
 - Support the application of a risk management approach to detecting and preventing risk of money laundering and terrorist financing to help inform the level of risk associated with particular business relationships and transactions in order to enable appropriate risk based decisions about clients and retainers.
 - Ensure all necessary steps to communicate this code and train staff in relation to identification and prevention of money laundering offences.



4.8 The policy has been reviewed and amended to take into account the enhanced organisational duties brought about by the 2017 amendment to the Money Laundering Regulations. The updates are :-

- Reference to complete regular, documented, risk assessments of the organisations exposure to money laundering and terrorist financing.
- Updating the reference to the Serious Organisational Crime Agency (SOCA) to the National Crime Agency (NCA)

5. Reporting

5.1 The council maintains a central register of all whistleblower allegations. This register records a summary of the original allegation and the actions taken. Where an allegation has been received by other departments in the council and involves a non-financial issue, an appropriate manager will be appointed to investigate the issue.

5.2 Where appropriate a summary of whistleblowing allegations will be reported to the Audit and Governance committee in the audit progress report. The whistleblower's identity will, however, always remain confidential if known, unless the whistleblower makes it public.

6. Publicity

6.1 It is important that all members of staff, contractors and members of the public are provided with details of the whistleblowing and Anti Money Laundering policies. These initiatives have continued to take place or are planned to promote the policy:

- Intranet Links on the Procurement site on the Internet
- The policy is available on the Intranet and the Internet.
- Confidential hotline

7. Issues

7.1 None

8. Options Considered

8.1 No other options applicable.

9. Impacts and Implications

Financial

9.1 The costs of dealing with Whistleblowing and Money Laundering allegations and the publication and promotion of the policy is usually met from within existing budgets.



Legal

- 9.2 These are contained within the report and reflect the requirements of the Public Interest Disclosure Act 1998 and the Bribery Act 2010 and Money Laundering Regulations
- 9.3 Human Rights implications are considered in the conduct of all investigations. For example if directed surveillance is felt necessary this will be carried out in accordance with the Regulation of Investigatory Powers Act 2000.

10. Appendices and Background Documents

Appendix letter	Title
A	Whistleblowing Policy
B	Anti Money Laundering Policy

Background documents
None

Audit Trail		
Version	Final	Date: 2 June 2020
Consultation with other officers		
Finance	Yes	Victoria Goddard
Legal	No	N/A
Equality Impact Assessment required?	No	N/A