

Report of the Deputy Chief Executive

Report to Corporate Governance and Audit Committee

Date: 24th June 2016

Subject: Review of the Anti-Money Laundering Policy

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. Money Laundering describes offences involving the integration of the proceeds of crime, or terrorist funds, into the mainstream economy. To ensure compliance with legislation, the council has put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements.
2. The Anti-Money Laundering Policy is published on the intranet and sets out the procedures which must be followed to enable the council to comply with its legal obligations in seeking to prevent or identify money laundering.
3. Incorporating advice and guidance provided by Legal Services, the Anti- Money Laundering Policy is being reviewed and updated to ensure that it reflects the correct legislative and reporting arrangements.
4. The revised Anti-Money Laundering Policy is attached with this report at Appendix A.

Recommendations

5. Members are requested to note the contents of this report, and provide comment on the proposed Anti-Money Laundering Policy. Having taken into account Corporate Governance and Audit Committee and Executive Member comments, the Chief Officer (Audit and Investment) will take a delegated decision to approve the revised policy prior to publication.

1 Purpose of this report

- 1.1 To inform Corporate Governance and Audit Committee of the revisions and to provide an opportunity to comment on the proposals.

2 Background information

2.1 Money Laundering describes offences involving the integration of the proceeds of crime, or terrorist funds, into the mainstream economy. To ensure compliance with legislation, the council has put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements.

2.2 Legislation concerning money laundering (the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007) has broadened the definition of money laundering and increased the range of activities caught by the statutory framework. As a result, the obligations impact on areas of local authority business and require local authorities to establish internal procedures to prevent the use of their services for money laundering.

2.3 To ensure compliance with money laundering legislation, the council is required to:

- appoint a Money Laundering Reporting Officer (MLRO) to receive disclosures from employees of money laundering activity;
- implement a procedure to enable the reporting of suspicions of money laundering;
- maintain client identification procedures in certain circumstances; and
- maintain record keeping procedures.

2.4 The council's Anti-Money Laundering Policy is published on the intranet and sets out the procedures to be followed when reporting suspicions of money laundering activity to enable the council to comply with its legal obligations. The policy offers clear guidance on how to bring concerns to the attention of the MLRO.

2.5 The Terms of Reference of the Corporate Governance and Audit Committee establish the authority of the committee to:

- Review the adequacy of policies and practices to ensure compliance with statutory and other guidance
- Review the adequacy of the Council's Corporate Governance arrangements (including matters such as internal control and risk management)

3 Main issues

3.1 The Anti-Money Laundering Policy is in place to set out appropriate and proportionate anti-money laundering safeguards and reporting arrangements. Internal Audit has reviewed the Anti-Money Laundering Policy with assistance

from Legal Services and updates have been proposed to reflect the prevailing legislative and reporting arrangements. No further material alterations have been made to the content or direction of the policy. The revised policy is attached with this report at Appendix A.

- 3.2 The purpose of the policy is to maintain the high standards of conduct which currently exist across the council by preventing or identifying money laundering. The policy sets out the procedures which must be followed when reporting suspicions of money laundering activity and covers all employees, agency workers and Members of the council.
- 3.3 To satisfy its obligations in respect of receiving and reporting suspected instances of money laundering, the council is required to nominate a Money Laundering Reporting Officer (MLRO). The officer nominated to receive disclosures about money laundering activity within the council is the Head of Audit, with the Principal Audit Managers authorised to deputise. The policy has been updated to reflect the reporting arrangements in place.
- 3.4 The policy has been revised to make the definitions and references clearer and more concise with the objective of making the key aims and requirements of the policy more accessible to the reader. Legislative references have been updated to reflect the transfer of functions from the Serious Organised Crime Agency (SOCA) to the National Crime Agency (NCA) in addition to incorporating the provisions of the Terrorism Act 2000, to which all of the council's employees and Members are subject. The Terrorism Act made it an offence of money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism, or resulting from acts of terrorism.
- 3.5 The council is obliged to implement effective and proportionate reporting, client identification and record keeping procedures to ensure that all instances of suspected money laundering activity are addressed appropriately. These sections of the policy have been reviewed and retained with no material alterations, thus ensuring that robust procedures remain in place and are clearly set out within the policy.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Through this report, Members of the Corporate Governance and Audit Committee have been informed of the policy revisions and provided with the opportunity to review and provide comment in accordance with the committee's authority to:
- Review the adequacy of policies and practices to ensure compliance with statutory and other guidance.
 - Review the adequacy of the Council's Corporate Governance arrangements (including matters such as internal control and risk management).

4.1.2 Training is available upon request from Legal Services regarding recognition and awareness of money laundering risks.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 This report does not highlight any issues regarding equality, diversity, cohesion and integration.

4.3 Council policies and City Priorities

4.3.1 The Council takes a zero tolerance approach to fraud and corruption and the Anti-Money Laundering Policy is a key element of the policy framework.

4.4 Resources and value for money

4.4.1 There are no implications upon resources or value for money.

4.5 Legal Implications, Access to Information and Call In

4.5.1 Updates to the policies take account of advice provided by Legal Services. The report does not require a key decision and is therefore not subject to call in.

4.6 Risk Management

4.6.1 There are no risk management implications

5 Conclusions

5.1 The review of the Anti-Money Laundering Policy has been undertaken to ensure that the policy is up to date and fit for purpose, offering clear, consistent and relevant guidance upon how to report any suspicions of money laundering activity. The revisions made to the policy will ensure that appropriate and proportionate anti-money laundering safeguards are in place that reflect current legislative and reporting arrangements.

6 Recommendations

6.1 Members are requested to note the contents of this report, and provide comment on the proposed Anti-Money Laundering Policy. Having taken into account Corporate Governance and Audit Committee and Executive Member comments, the Chief Officer (Audit and Investment) will take a delegated decision to approve the revised policy prior to publication.

7 Background documents¹

7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.