London Borough of Hounslow

Report for: ACTION

Contains Confidential or Exempt Information	No
Title	Anti-Money Laundering Policy
Member Reporting	n/a
Contact Details	Clive Palfreyman, ext 6048
For Consideration By	Audit Committee
Date to be Considered	22nd September 2014
Implementation Date if Not Called In	22nd September 2014
Affected Wards	All
Keywords/Index	Internal Audit, Investigations

1. Details of Recommendations

The Audit Committee is asked to agree the following:

- Approve the Anti-Money Laundering Policy and the designation of the Head of Internal Audit as the appointed Money Laundering Reporting Officer

If the recommendations are adopted, how will residents benefit?	
Implementation of risk sensitive policies to maintain high standards of conduct within the Council by preventing criminal activity through money laundering.	Anti-Money Laundering Policy, communication and training.

2. Report Summary

Historically, legislation to tackle the laundering of proceeds of crime was aimed at the financial and investment sector. However, it was subsequently recognised that those involved in criminal conduct were able to 'clean' criminal proceeds through a wider range of businesses and professional activities.

The Proceeds of Crime Act 2002 (as amended by the Serious Organised Crime and Police Act 2005), the Money Laundering Regulations 2007 and the Terrorism Act 2000 (as amended by the Anti-Terrorism, Crime and Security Act 2001) broaden the definition of money laundering and increase the range of activities caught by statutory controls. They also imposed obligations in respect of money laundering. These impact on certain areas of the local authority business and require the Council to establish internal procedures to prevent the use of their services for money laundering.

The policy therefore applies to all Council employees and aims to maintain existing high standards of conduct within the Council by preventing criminal activity through money laundering. The policy sets out the procedures that must be followed to enable the Council to comply with its legal obligations.

In addition, the Council has an obligation to appoint a Money Laundering Reporting Officer to receive disclosures from employees of money laundering activity and to implement risk sensitive policies and procedures relating to:

- Customer due diligence;
- Record keeping;
- Internal control;
- Risk assessment and management
- Monitoring and management of compliance; and
- Internal communication of such policies and procedures.

The report recommends that the Head of Internal Audit discharge these responsibilities.

3. Reason for Decision and Options Considered

3.1 LB Hounslow is required by law to ensure that organisations in the regulated sector and conducting relevant business, appoints a Money Laundering Reporting Officer. The Money Laundering Regulations 2007 require appropriate systems of internal control to prevent money laundering and terrorist financing. There must be management controls in place to help identify possible attempts to launder money or fund terrorism, so that appropriate action to prevent or report it can be taken.

3.2 It is recommended that the Head of Internal Audit be appointed as the Money Laundering Reporting Officer, as it is considered that the role of this officer is closely linked to required obligations as outlined above.

4. Key Implications

How is success to be measured?		
Defined Outcomes		**Date they should be deliver by**
Formally adopted Anti-Money Laundering Policy and appointment of a Money Laundering Reporting Officer		June 2014

5. Financial Details

a) Financial Impact On The Budget (Mandatory)

N/A

b) Comments of the Assistant Director Strategic Finance

the AD Strategic Finance owns this policy and has been consulted in its drafting.

6. Legal (to be completed in conjunction with the Legal Department)

a) Legal Details
As set out in the main body of the report

b) Comments of the Assistant Director Corporate Governance
The report objectives are noted by the Assistant Director Corporate Governance

7. Value For Money
N/A

8. Sustainability Impact Appraisal
n/a

9. Risk Management
All risks associated with this proposal can be managed to tolerable levels.

10. Links to Council Priorities
Efficient use of Council resources.

11. Equalities, Human Rights and Community Cohesion
No direct implications arising.

12. Staffing/Workforce and Accommodation implications:
Staffing and accommodation implications are minor in their nature.

13. Property and Assets
n/a

14. Any Other Implications
n/a

15. Consultation
Relevant stakeholders have been consulted on a formal or informal basis. Feedback has been considered within the report above.

16. Timetable for Implementation
Immediate

17. Appendices
n/a

18. Background Information

Anti-Money Laundering Legislation

REPORT ENDS