

Audit Committee

24th March 2017



Report of: Denise Murray – Service Director Finance & S151

Title: Money Laundering Policy Review

Ward: Citywide

Officer Presenting Report: Alison Mullis/Melanie Henchy McCarthy – Head of Internal Audit

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Recommendation

The revised Money Laundering Policy and associated guidance be noted.

Summary

A review of the Money Laundering Policy and guidance has been undertaken in order to simplify and clarify guidance to work colleagues.

The significant issues in the report are:

That the responsibility of Money Laundering Reporting Officer currently rests with the Monitoring Officer but this is currently under review.



Policy

1. A Money Laundering Policy already exists, but is currently unpublished.
2. **Consultation**
3. **Internal**
Legal Services – Shahzia Daya, Service Director – Legal Services & Monitoring Officer
Legal Services – Nicholas Mimmack, Lawyer
Legal Services – Nancy Rollason, Service Manager
4. **External**
Not applicable

Context

5. The Money Laundering Policy has not been reviewed since 2012.
Clarity around who held the role of Money Laundering Reporting Officer was required as the constitution and the 2012 policy were inconsistent in this respect.
Previous guidance on money laundering was lengthy and complex.
A review has been undertaken by Internal Audit and Legal Services to address these issues.

Proposal

6. The Service Director Legal is currently named in the constitution as the Money Laundering Reporting Officer and as such the policy has been amended to reflect this. As part of the constitution review the holder of this role is being revisited but if any changes are made, the Audit Committee will be advised.
7. The policy has been reviewed and some minor changes have been made to make it simpler to understand. The revised policy is attached at Appendix A.
8. The guidance has been shortened and simplified and is attached at Appendix B.
9. The review will provide an opportunity to re-launch the policy and guidance on 'The Source' to raise awareness within the Authority.
10. An E-learning course covering Fraud, which includes a short and simple section on money laundering, is shortly to be rolled out to all employees and Members. This includes some examples of how a Local Authority such as Bristol City Council could be targeted for money laundering and how to recognise it and will include a link to the policy and guidance.
11. The provision of detailed training, for those working in areas most at risk is also being considered and the Audit plan for and is also being considered, along with some testing of financial transactions.

Other Options Considered

12. The role of Money Laundering Reporting Officer could be held by the Service Director Legal Services and Monitoring Officer/ or the Service Director Finance and S151 Officer. Further consideration is being given as to where the role best sits as part of the constitution review.

Risk Assessment

13. Although Local Authorities are not a sector that would be considered a high target risk for Money laundering activities, there are some transactions within Local Authorities where there is some risk which can be reduced by raising awareness of the issue and how to respond to it. Failure to recognise and report suspected money laundering is an offence.

Public Sector Equality Duties

- 8a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:
- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
 - ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
 - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
 - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
 - iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
 - tackle prejudice; and
 - promote understanding.
- 8b) None required for this report.

Legal and Resource Implications

Legal

There is no requirement in legislation that the MLRO be appointed by Full Council. The Chief Executive is able to agree appointment to this role. Audit Committee and Full Council will need to be notified of any change once the constitution is updated. Some minor amendments made to policy – now actioned.

Nicholas Mimmack – Lawyer

Financial

(a) Revenue

None

(b) Capital

None

Land

None

Personnel

None

Appendices:

Appendix A – Money Laundering Policy

Appendix B – Guidance Document

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

None