

DECISION-MAKER:	AUDIT COMMITTEE		
SUBJECT:	ANTI MONEY LAUNDERING POLICY - REVIEW		
DATE OF DECISION:	19 th March 2009		
REPORT OF:	CHIEF INTERNAL AUDITOR (Acting)		
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STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

SUMMARY

The Chartered Institute of Public Finance and Accounts (“CIPFA”) has recently published a guidance document entitled ‘Managing the Risk of Fraud’ which outlines good practice for an organisation to be effective in countering fraud. Internal Audit has undertaken a review of the Council’s arrangements in light of this guidance.

In accordance with good practice, the Council’s Anti Fraud and Anti Corruption Strategy and interrelated policies, of which the Anti Money Laundering policy is one, are subject to annual review with any significant changes being reported to the Audit Committee for approval.

RECOMMENDATIONS:

That the Audit Committee:

- (i) Approves the updated Anti Money Laundering Policy (Appendix 1)

REASONS FOR REPORT RECOMMENDATIONS

1. The Audit Committee is the member body with responsibility for oversight of and provision of assurance to the Standards and Governance Committee on ‘the scope and effectiveness of the internal control systems established by management to identify, assess, manage and monitor financial and non-financial risks (including measures to protect against, detect and respond to fraud)’.
2. The Council is expected to have an Anti Money Laundering policy in place, applying to all aspects of the Council’s business and communicated throughout the Council. This policy should be supported by appropriate arrangements to receive and investigate allegations of breaches of proper standards of financial conduct.

CONSULTATION

3. The updated Anti Money Laundering Policy has been viewed by the Solicitor to the Council; Executive Director of Resources; Head of Finance and Head of Organisational Development.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

4. No alternative options have been considered.

DETAIL

5. The Council has had in place an Anti Money Laundering Policy and supporting measures for identification and reporting since November 2004. These measures met the requirements of the Proceeds of Crime Act 2002 (the POCA), the Money Laundering Regulations 2003 (the Regulations 2003), the Terrorism Act 2000 (the TA 2000) and professional guidance issued at the time by the Chartered Institute of Public Finance and Accountancy (CIPFA).
6. The Money Laundering Regulations 2007 (the Regulations 2007) came into force on 15 December 2007 and the Council's Anti Money Laundering Policy and procedures have been updated to take account of the Regulations 2007.
7. The main changes in the Policy (Appendix A) are as follows:
 - Customer Due Diligence – Enhanced customer due diligence must be carried in a number of specified circumstances and those deemed relevant to the Council are set out in the Policy.
 - Retention of records – there is now an increased likelihood of monitoring and inspection of our compliance with the 2007 Regulations by HMRC, so a requirement is now included for copies of customer due diligence records to be sent to the Money Laundering Reporting Officer (MLRO) so that a central record can be maintained for regulatory purposes.
 - Receipt of cash income – whilst there are no changes in the 2007 Regulation, it is felt prudent that cash payments to the Council in excess of £3,000 should be reported to the MRLO, on the basis that cash payments above this level should give grounds for suspicion and ought to be reported to the Serious and Organised Crime Agency (SOCA).
 - Serious and Organised Crime Agency (SOCA) – SOCA has replaced the National Criminal Intelligence Service (NCIS).

FINANCIAL/RESOURCE IMPLICATIONS

Capital

8. NONE

Revenue

9. NONE

Property

10. NONE

Other

11. NONE

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

- 12. The Audit Commission Act 1998 and the Accounts and Audit (Amendment) (England) Regulations 2006 require the Council to adopt Good Governance arrangements in respect of the discharge of its functions. The above arrangements are intended to meet those responsibilities.
- 13. The Money Laundering Regulations 2007 (the Regulations 2007) came into force on 15 December 2007 and the Council's Anti Money Laundering Policy and procedures have been updated to take account of the Regulations 2007

Other Legal Implications:

14. NONE

POLICY FRAMEWORK IMPLICATIONS

15. NONE

SUPPORTING DOCUMENTATION

Appendices

1.	Anti Money Laundering Policy
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Documents In Members' Rooms

1.	NONE
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Background Documents

Title of Background Paper(s)		Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.		

Background documents available for inspection at: n/a

FORWARD PLAN No: N/A

KEY DECISIONN/A

WARDS/COMMUNITIES AFFECTED: n/a

Report Tracking

VERSION NUMBER:	1.1
DATE LAST AMENDED:	05/03/2009
AMENDED BY:	Neil Pitman