



Finance Sub-Committee

Minutes of a meeting held on Monday 22 June 2015 at 7.30pm, East Northamptonshire House, Thrapston

Present: Councillors: David Brackenbury
Roger Glithero JP
Glenvil Greenwood-Smith
Glenn Harwood MBE
Richard Lewis
Steven North

Officers: David Oliver (Chief Executive)
Glenn Hammons (Chief Finance Officer)
Michelle Drewery (Finance Manager)
Katy Everitt (Head of Resources and Organisational Development)
Phil Grimley (Head of ICT Services)
James McLaughlin (Democratic and Electoral Services Manager)

1.0 APPOINTMENT OF CHAIRMAN FOR THE 2015/16 MUNICIPAL YEAR

RESOLVED:

That Councillor Steven North be appointed Chairman of the Sub-Committee for the 2015/16 Municipal Year.

2.0 APPOINTMENT OF VICE-CHAIRMAN FOR THE 2015/16 MUNICIPAL YEAR

RESOLVED:

That Councillor Richard Lewis be appointed Vice-Chairman of the Sub-Committee for the 2015/16 Municipal Year.

3.0 MINUTES

3.1 The minutes of the meeting of the Finance Sub-Committee held on 9 February 2015 were approved and signed by the Chairman

4.0 APOLOGIES FOR ABSENCE

4.1 Apologies for absence were received from Councillor Val Carter.

5.0 DECLARATIONS OF INTEREST

5.1 The following interests were declared in the Agenda items specified below:

Councillor	Agenda item	Nature of Interest	DPI	Other Interest
Glenvil Greenwood-Smith	Fees and Charges for Reprographic Services	Customer of Reprographic Services		Yes
Roger Glithero JP	Treasury Management Report	Account holder with Banks referred to in report		Yes

6.0 QUESTIONS UNDER PROCEDURE RULE 10.3

6.1 There were no questions submitted under Procedure Rule 10.3.

7.0 EXCLUSION OF PUBLIC AND PRESS

7.1 **RESOLVED:**

That the public and press be excluded from the meeting during consideration of the following item of business because exempt information, as defined under paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972, may be disclosed.

8.0 ASSET MANAGEMENT – SALE OF LAND AND BUILDINGS PROGRESS UPDATE

8.1 The Head of Resources and Organisational Development presented a report providing the Sub-Committee with an update on progress made in relation to the sale of Council owned land and buildings.

RESOLVED:

That the contents of the update report be noted.

(Reason: to note the progress on the sale of assets)

(At the conclusion of this item, members of the public and press were able to be admitted to the meeting for the remaining items of business)

9.0 BUDGET MONITORING DRAFT OUTTURN 2014/15

9.1 The Chief Finance Officer reported revenue and capital expenditure against the approved budget for the financial year 2014/15, highlighting any significant under or overspending against the budget and proposals for use of the underspend on the budget.

RESOLVED:

That the revenue, capital and reserves positions for 2014/15 be noted.

(Reason – information / monitoring report – no decision required)

RESOLVED TO RECOMMEND to the Policy and Resources Committee:

That

- (i) the carry forward requests outlined in Appendix 4 to the report be approved.

(Reason – for formal approval into the capital budget for 2015/16)

- (ii) Use of the 2014/15 underspend set out in Section 7 and Appendix 2 of the report be approved.

(Reason – for formal approval to incur expenditure in 2015/16 and strengthen reserves)

- (iii) The reserves position set out in Appendix 3 to the report be approved.

(Reason – for approval of the strengthened reserves to mitigate some future financial risks)

10.0 TREASURY MANAGEMENT REPORT PERIOD 4 2014/15

- 10.1 The Chief Finance Officer presented a report outlining the Treasury Management position for the fourth quarter of 2014/15.

RESOLVED:

That the Treasury Management performance for quarter 4 2014/15 be noted.

(Reason – in accordance with CIPFA guidance and best practice in Treasury Management)

11.0 CAPITAL PROGRAMME 2015-16

- 11.1 The Finance Manager presented a report setting out proposals to transfer a number of ICT projects from the Development Pool to the Approved Capital Programme, together with revisions proposed to the Disabled Facilities Grants budget arising from the receipt of additional funds from Northamptonshire County Council.

RESOLVED:

That the transfer of the proposed ICT schemes from the Development Pool to the Approved Capital Programme be approved and the changes shown in the revised Capital Programme be noted.

RESOLVED TO RECOMMEND to Council:

That the increase to the Disabled Facilities Grant budget in the Approved Capital Programme as a result of additional funds being received from Northamptonshire County Council be approved.

(Reason - For formal approval of the amendment to the Capital Programme Budget for 2015/16)

12.0 ANTI-MONEY LAUNDERING POLICY

12.1 The Finance Manager reported that the Money Laundering Regulations 2007 and the Proceeds of Crime Act 2002 had broadened the definition of money laundering and increased the range of activities covered by the statutory framework. Whilst ENC, as a Local Authority, did not have a statutory duty to comply with these regulations, it was committed to following best practice and establishing internal procedures to prevent money laundering in all of its dealings and relationships.

12.2 The Sub-Committee considered a draft policy to recommend to the Policy and Resources Committee for adoption.

RESOLVED:

That the Equality Impact Assessment has been considered and noted.

RESOLVED TO RECOMMEND to the Policy and Resources Committee

That the Anti-Money Laundering Policy attached at Appendix 1 to these minutes be approved.

(Reason - to reduce the risk to the Council and its employees of contravening money laundering regulations)

13.0 FEES AND CHARGES FOR REPROGRAPHIC SERVICES

13.1 The Democratic and Electoral Services Manager reported that there was currently no provision within the Fees and Charges schedule to levy a charge for printing work undertaken on behalf of other public sector organisations, community groups or individuals.

13.2 To ensure that the Council recovered its costs when carrying out work for external organisations, an appropriate hourly rate had been calculated and the introduction of a revised charging schedule to incorporate this charge, together with a minimum fixed charge for work carried out, was proposed.

RESOLVED TO RECOMMEND to the Policy and Resources Committee:

That the Committee recommends to the Council:

- (i) that the Fees and Charges for 2015-16 be amended to include the insertion of a fixed fee for the provision of printing services to be levied to all external customers;
- (ii) that the Council sets a minimum fixed fee at £57.18, the equivalent of one hour's cost, and automatically increased annually in line with cost increases incurred in the delivery of printing services.

(Reason – to ensure that the Fees and Charges levied by the council fully recover the costs incurred in the delivery of printing services.)

Chairman



East
Northamptonshire
Council

Appendix 1

Anti-Money Laundering Policy



Definition, prevention, disclosure of money
laundering and employee guidance

If you would like to receive this publication in an alternative format (large print, tape format or other languages) please contact us on 01832 742000.

Document Version Control

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Approval date and by who (SMT / committee)	
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For internal publication only or external also?	Internal and external
Document stored on Council website or Eunice?	Eunice / Website
Next review date	

Change History

Issue	Date	Comments
0.1	May 2015	New Policy following Internal Audit recommendation
0.2	May 2015	Front page
0.3	May 2015	Amendments to staff guidance

NB: Draft versions 0.1 - final published versions 1.0

Consultees

Internal	External
All staff and managers	Members

Distribution List

Internal	External
All staff and managers	Agency staff/ Volunteers/ Agents/ Members/ Suppliers/ Partners/ Contractors

Links to other documents

Document	Link

Additional Comments to note

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1 Introduction / foreword

- 1.1 The Money Laundering Regulations 2007 and the Proceeds of Crime Act 2002 broadened the definition of money laundering and increased the range of activities covered by the statutory framework. The Council, as a Local Authority, does not have a statutory duty to comply with these regulations. However, the Council is committed to following best practice and will therefore establish internal procedures to prevent money laundering in all of its dealings and relationships.
- 1.2 This policy enables the Council to meet its legal requirements in a proportionate manner that recognises that there is only a low risk of the Council contravening the legislation.
- 1.3 The Council expects staff, suppliers and contractors to lead by example in combating money laundering. Where money laundering is suspected it will be dealt with seriously. Failure to comply with the procedures set out in the policy and guidance may lead to disciplinary action
- 1.4 This policy serves to protect Council employees by making them aware of their personal obligations and to provide them with a mechanism to raise any concerns.
- 1.5 This policy should be read in conjunction with the supporting Anti-Money Laundering - Employee Guidance (Appendix A).

2 Scope

- 2.1 This policy covers all Council activities and applies to all Council employees, Members, temporary and agency staff, volunteers, contractors, agents, consultants and partners acting on the Council's behalf, all of whom could potentially contravene the money laundering regulations.

3 Policy outcomes

- 3.1 The outcomes to be delivered by this policy are:

Policy outcomes	Links to corporate outcomes (delete as appropriate)
<ul style="list-style-type: none">• Appropriate action is taken to prevent, reduce and report crime in relation to money laundering activities• Staff, managers and other affected parties are made aware of the Councils' obligations and understand their responsibilities in respect of money laundering	<ul style="list-style-type: none">• Effective partnership working• Effective management• Councillors and staff with the right knowledge, skills and behaviours

4 Definition

- 4.1 Money laundering is generally used when describing the activities of organised crime where the intention is to 'legitimise' income by creating a plausible explanation for its source. However, for most people who come across it or are affected by it, it will involve a suspicion that someone you know, or know of, is benefitting from dishonest activities.
- 4.2 Legally, money laundering is defined as:
- concealing, disguising, converting, transferring criminal property or removing it from the UK (section 327 of the Proceeds of Crime Act 2002);
 - entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (section 328 of the Proceeds of Crime Act 2002);
 - acquiring, using or possessing criminal property (section 329 of the Proceeds of Crime Act 2002);
 - becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property (section 18 of the Terrorism Act 2000)
- 4.3 Potentially any individual could contravene the money laundering provisions if they know of, or suspect money laundering, and either become involved with it in some way and/or do not report it. In addition, an offence of "Tipping off" could be committed should an individual make a disclosure that is likely to prejudice a current or potential investigation into any potential money laundering (section 342 of the Proceeds of Crime Act 2002).
- 4.4 Whilst the risk to the Council of contravening the legislation is low because it does not deal in cash transactions, **it is important that all employees are familiar with their legal responsibilities**, as serious criminal sanctions may be imposed for breaches of the legislation with potentially heavy penalties, including imprisonment, for those who are convicted of breaking the law.
- 4.5 The Council's Monitoring Officer has overall responsibility for this policy and is the Council's Money Laundering Reporting Officer. This role includes carrying out regular reviews of the Council's operational experience under this policy to ensure that all Council activities and any organisational changes still comply with best practice or changes in legal requirements. In the absence of the Monitoring Officer, the Finance Manager is authorised to deputise
- 4.7 The Council's Chief Finance Officer will also have a role to assist the Monitoring Officer as required and ensure the integrity of any proceedings under this policy, including decisions on the procedure to be followed in case of doubt, is maintained.

5 The Council's obligations

- 5.1 To comply with its statutory obligations the Council has:
- Ensured it has a Money Laundering Reporting Officer
 - Implemented a procedure for the reporting of money laundering suspicions. This has been communicated to its employees through this policy in the Anti-Money Laundering Employee Guidance section of this policy.

6 Prevention

- 6.1 The Council is committed to working and co-operating with other organisations to prevent money laundering. Wherever possible, subject to data protection obligations, the Council will help, and exchange information with, other councils and public bodies to deal with money laundering. Where the Council suspects that money laundering has occurred it will consult directly with those external agencies as appropriate.
- 6.2 The Council will do all it can to prevent, wherever possible, the Council and its staff being exposed to money laundering, to identify potential areas where it may occur and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases. It is impossible to provide a complete list of activity that may be subject to money laundering but some high risk areas can be found at Appendix C.
- 6.3 The Council does not accept cash payments and offers alternative payment methods. Payees are asked to pay any sums owed to the Council by cheque or other financial instrument such as debit/credit card or direct debit. These provide an evidence trail so are much lower risk, especially if payments in and out are made via the same method
- 6.4 Where the Council is entering into a relationship with a new customer/client .e.g. setting up a new creditor or new council tax account, steps should be taken by staff to confirm the identity of that customer. Written instructions at the outset of the matter on either the organisation's official letterhead, or an email from the organisation, are regarded as being appropriate evidence of identity. .

7 Responsibilities

- 7.1 The prevention, detection and reporting of money laundering and other forms of corruption are the responsibility of all employees working for the Council. Employees are expected to be aware of the possibility that money laundering may exist in the workplace and to share any concerns with their manager.
- 7.2 Employees should make sure that they are aware of their personal responsibilities in relation to money laundering by reading and understanding and complying with this policy (including the Anti-Money Laundering –

Employee Guidance in Appendix A). In addition, they must adhere to the standards of personal conduct and behaviour outlined in Council's Officer Code of Conduct (The Council's Constitution Part 5.2)

- 7.3 It is the responsibility of the individual starting a relationship or transaction with the council to obtain satisfactory evidence of identity before any financial transactions take place. Written instructions at the outset of the matter on either the organisation's official letterhead, or an email from the organisation, are appropriate evidence of identity. If the identity cannot be confirmed in this way the matter should be reported to the Monitoring Officer before taking any further action.
- 7.4 Managers within the Council are responsible for ensuring that staff are provided with a copy of this policy and they understand their responsibilities under it.
- 7.5 Managers must carry out the following:
- ensure that awareness training is provided where appropriate, especially in services where staff are at greater risk of being exposed to money laundering activities.
 - ensure that any reports or suspicions of money laundering are reported to the Monitoring Officer without delay
 - take appropriate action to ensure staff are protected from any form of victimisation, bullying or harassment
- 7.6 The Monitoring Officer will, where there is evidence of money laundering, disclose the matter as soon as practicable to the National Crime Agency (NCA). In reaching the decision whether to report to the NCA, the Monitoring Officer may undertake further enquiries to ensure that all available information is taken into account, such as:
- reviewing other transaction patterns and volumes; and
 - consider the length of any business relationship involved.
- All enquiries will be made in such a way as to avoid tipping off those involved.
- 7.7 Where the Monitoring Officer concludes that there are no reasonable grounds to suspect money laundering then he/she shall mark the report accordingly and give consent for any ongoing or imminent transaction(s) to proceed.
- 7.8 All disclosure reports referred to the Monitoring Officer, and reports made by them to the NCA, will be retained by the Monitoring Officer in a confidential file kept for that purpose, for a minimum of five years.

8 Conclusion

- 8.1 Given the nature of what the Council does and who it can provide services for, instances of suspected money laundering are unlikely to arise.

8.2 **However please take prompt and proper action if you have any suspicions** and feel free to consult the Monitoring Officer at any time should you be concerned with any issues relating to money laundering.

Anti-Money Laundering - Employee Guidance

1 Introduction

1.1 This guidance note supports the Council's Anti-Money Laundering Policy. All employees should read this policy and understand their responsibilities in respect of money laundering. You should be aware that under the legislation it is a criminal offence to:

- assist a money launderer
- "tip off" a person suspected to be involved in money laundering that they are suspected or that they are the subject of police investigations
- fail to report a suspicion of money laundering and
- acquire, use or possess criminal property

2 When might money laundering occur?

2.1 It is impossible to give a definitive list of ways in which to spot money laundering. At all times staff should:

- be wary of unusually large cash transactions
- be wary of the absence of an obvious legitimate source of funds
- be alert to the possibility of money laundering by a client or a prospective client

2.2 To take a recent example, another council reported a suspected case of money laundering to the police. In this case, a council tax payer had set up a direct debit to pay an annual council tax bill by instalments. A lump sum overpayment was then made by credit card. The customer subsequently requested a refund to be paid into the account from which the direct debit had been set up. After further investigation, it was established that the credit card used to make the original payment had, in fact, been reported as stolen.

Please be alert and report any suspicions you have as soon as possible, via the attached disclosure form (Appendix B) to the Monitoring Officer.

3 What should I do if I suspect Money Laundering?

- 3.1 Where you know or suspect that money laundering activity is taking/has taken place, you must disclose this as soon as practicable to the Monitoring Officer, using the attached disclosure form, who will advise you on what action to needs to be taken.
- 3.2 Once the individual has reported the matter to the Monitoring Officer they must not make any further enquiries into the matter.
- 3.3 Under no circumstances should an individual voice any suspicions to the person(s) suspected of money laundering.
- 3.4 Employees should not make any reference on a client file to a report having been made to the Monitoring Officer.

MONEY LAUNDERING DISCLOSURE FORM	
Please complete all possible sections	
Date of Disclosure	
Name and Job Title of Officer making disclosure	
Officer Contact Details	
Subject Details	
Title	
Surname	
Forename	
Date of Birth	
In case of a legal entity (company)	
Name	
Address	
Company Number (if known)	
Reason for Disclosure	
<i>Please explain why you are suspicious. Outline the details of the activities and who was involved (what, when, where, how). Please provide as much information as you can , including copies of any relevant supporting documentation . Continue on a separate sheet, if necessary.</i>	
Please pass this form as quickly as possible to the Monitoring Officer.	

High risk areas for Money Laundering

The following are types of risk factors which may, either alone or cumulatively, suggest the possibility of money laundering activity:

Universal risk factors

- A secretive customer/client: e.g. refuses to provide requested information without a reasonable explanation;
- Concerns about the honesty, integrity, identity or location of a customer/client;
- Illogical third party transactions, such as the unnecessary routing or receipt of funds from third parties or through third party accounts;
- Significant overpayments by a client and subsequent requests for refunds;
- Involvement of an unconnected third party without logical reason or explanation;
- Absence of an obvious legitimate source of the funds;
- Movement of funds overseas, particularly to a higher risk country or tax haven;
- Where, without reasonable explanation, the size, nature and frequency of transactions or instructions (or the size, location or type of a client) is out of line with normal expectations;
- Refunds following the cancellation or reversal of an earlier transaction;
- Poor business records or internal accounting controls;
- Extensive use of corporate structures and trusts in circumstances where the customer/client's needs are inconsistent with the use of such structures;
- A transaction without obvious legitimate purpose or which appears uneconomic, inefficient or irrational;
- Instructions to receive and pay out money where there is no linked substantive property transaction involved (surrogate banking).
- A request is made for the refund to be paid via a different method to which it was paid (e.g. originally paid by credit card and request to refund amount to a bank account).

Property transaction risk factors

- Unusual property investment transactions if there is no apparent investment purpose or rationale;
- Funds received for deposits or prior to completion, in respect of a property transaction, from an unexpected source or where instructions are given for settlement funds to be paid to an unexpected destination.