

Regulatory and Audit Committee 11 July 2013

Additional Documents

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INVESTOR IN PEOPLE





The Audit Plan Buckinghamshire County Council Pension Scheme

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.

Year ended 31 March 2013

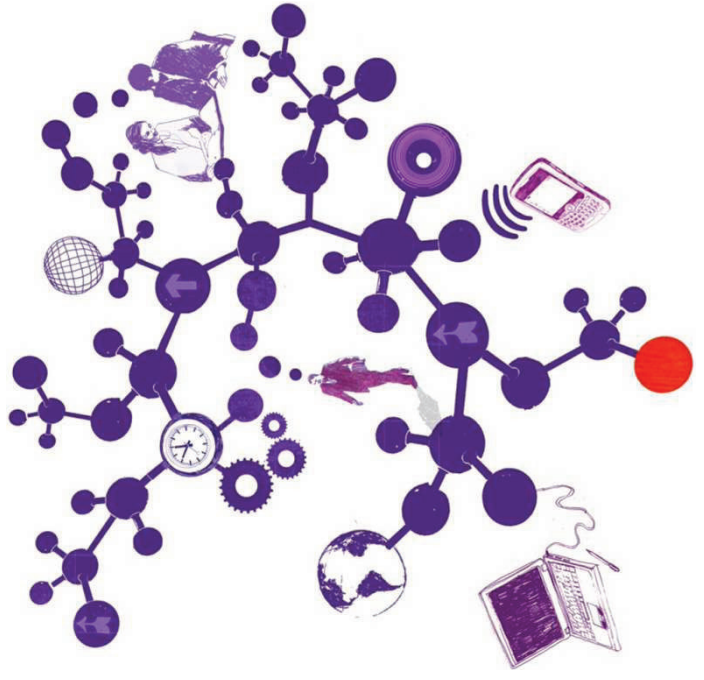
31 May 2013

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

Purpose

This Audit Plan highlights the key elements of our 2012/13 external audit strategy for the Buckinghamshire County Council Pension fund. We have compiled it based on our audit risk assessment and discussion of key risks with management. We report it to the Regulatory and Audit Committee for consideration in accordance with International Standard on Auditing (UK & Ireland) 260.

Our responsibilities

As external auditors we are responsible for performing the audit in accordance with ISA's (UK & Ireland), and to give an opinion on the Pension fund financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Communicating the results of audit work

The findings from our interim work are communicated in this Plan, and any findings from the final accounts audit will be reported following the completion of the final accounts work. Page 14 of this Plan includes the timescale for the audit and audit reporting, which sets this out in more detail.

We look forward to working with the Pension fund officers during this year's audit.

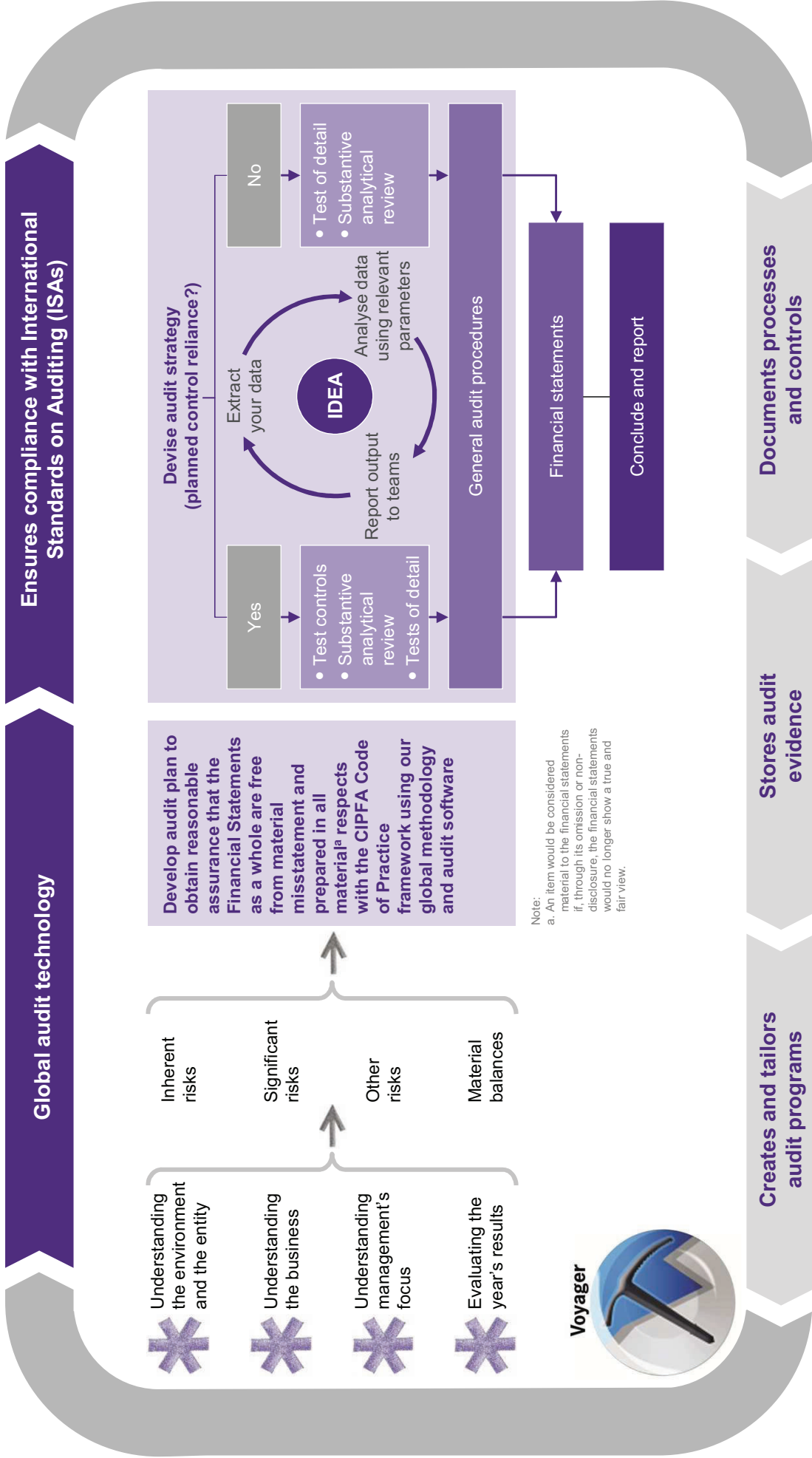
Developments relevant to your business and the audit

In planning our audit we also consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice and associated guidance.

| Developments and other requirements | | | |
|--|--|--|---|
| <p>1. Financial reporting</p> <ul style="list-style-type: none"> CIPFA publication of a revised set of example accounts for pension funds in 2013. | <p>2. LGPS 2014</p> <ul style="list-style-type: none"> Planning for the impact of the implementation of career average re-valued earnings scheme (CARE) from 1 April 2014. | <p>3. Financial Pressures – scheduled and admitted bodies</p> <ul style="list-style-type: none"> Managing pensions administration where contributing bodies are offering early retirement and redundancies placing additional workload on the pension fund in dealing with severance arrangements. | <p>4. Financial Pressures – Pension fund</p> <ul style="list-style-type: none"> Pension funds are increasingly requiring to withdraw from assets to fund the demand on benefits payable that are not covered by contributions in year. Pension fund investment strategies need to be able to respond to these demands as well as the changing nature of investment markets. |
| | | | <p>5. Triennial valuation</p> <ul style="list-style-type: none"> Demands on pension funds' time in terms of administering the information to pass to the actuary and regular dialogue with the actuary. |

| Our response | |
|--|--|
| <ul style="list-style-type: none"> We will ensure that the Pension Fund complies with the requirements of the CIPFA Code of Practice through our substantive testing | <ul style="list-style-type: none"> We will discuss the impact of the changes with the Pension Fund through our regular meetings with senior management and those charged with governance, providing a view where appropriate. |
| <ul style="list-style-type: none"> We will maintain regular dialogue with management to assess the impact this may have on the administration of the Pension fund. We will raise any concerns with those charged with governance. | <ul style="list-style-type: none"> We will monitor the changes being made to the pension fund investment strategy through our regular discussions with senior management and those charged with governance. We will consider the impact of changes on the nature of investments held by the pension fund and adjust our testing strategy as appropriate. |
| <ul style="list-style-type: none"> We will maintain regular dialogue with management to assess the impact this may have on the administration of the Pension fund. We will raise any concerns with those charged with governance. | |

Our audit approach



An audit focused on risks

We undertake a risk based audit whereby we focus audit effort on those areas where we have identified a risk of material misstatement in the accounts. The table below shows how our audit approach focuses on the risks we have identified through our planning and review of the national risks affecting the sector. Definitions of the level of risk and associated work are given below:

Significant – Significant risks are typically non-routine transactions, areas of material judgement or those areas where there is a high underlying (inherent) risk of misstatement. We will undertake an assessment of controls (if applicable) around the risks and carry out detailed substantive testing.

Other – Other risks of material misstatement are typically those transaction cycles and balances where there are high values, large numbers of transactions and risks arising from, for example, system changes and issues identified from previous years audits. We will assess controls and undertake substantive testing, the level of which will be reduced where we can rely on controls.

None – Our risk assessment has not identified a risk of misstatement. We will undertake substantive testing of material balances. Where an item in the accounts is not material we do not carry out detailed substantive testing.

| | Material (or potentially material) balance? | Transaction Cycle | Inherent risk | Material misstatement risk? | Description of Risk | Planned control reliance? | Substantive testing? |
|---------------------------------------|---|----------------------------|---------------|-----------------------------|---|---------------------------|----------------------|
| FUND ACCOUNT | | | | | | | |
| Contributions receivable | Yes | Scheme Contributions | Medium | Other | Recorded contributions not correct | Yes | ✓ |
| Transfers in | Yes | Transfers in to the scheme | Low | None | | No | ✓ If material |
| Pensions payable | Yes | Benefit payments | Medium | Other | Benefits improperly computed/claims liability understated | Yes | ✓ |
| Payments to and on account of leavers | Yes | Benefit payments | Low | None | | No | ✓ If material |
| Administrative expenses | No | Administrative expenses | Low | None | | No | X |
| Investment income | Yes | Investments | Medium | Other | Investment activity not valid | No | ✓ |

An audit focused on risks (continued)

| | Material (or potentially material) balance? | Transaction Cycle | Inherent risk | Material misstatement risk? | Description of Risk | Planned controls assurance? | Substantive testing? |
|--|---|--|---------------|-----------------------------|---|-----------------------------|----------------------|
| Profit and loss on disposal of investments and changes in value of investments | Yes | Investments | Medium | Other | Investment activity not valid | No | ✓ |
| Taxes on income | No | Investments | Low | None | | No | X |
| Investment management expenses | No | Investments | Low | None | | No | X |
| NET ASSETS STATEMENT | | | | | | | |
| Investments | Yes | Investments | Medium | Other | Investments not valid Fair value measurement not correct | No | ✓ |
| Current assets | No | Scheme Contributions, investments and cash | Low | None | | No | X |
| Current liabilities | No | Benefit payments, investments | Low | None | | No | x |

Significant risks identified

'Significant risks often relate to significant non-routine transactions and judgemental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgemental matters may include the development of accounting estimates for which there is significant measurement uncertainty' (ISA 315).

In this section we outline the significant risks of material misstatement which we have identified. There are two presumed significant risks which are applicable to all audits under auditing standards (International Standards on Auditing – ISAs) which are listed below:

| Significant risk | Description | Substantive audit procedures |
|--|---|---|
| <p>Revenue</p> | <p>Under ISA 240 there is a presumed risk that revenue (which for the purposes of the Pension Fund we have considered as investment income, transfers into the scheme and contributions) may be misstated due to the improper recognition of revenue.</p> | <p>We have rebutted this presumption and therefore do not consider this to be a significant risk for Buckinghamshire County Council Pension fund since:</p> <ul style="list-style-type: none"> • The nature of the Pension fund's revenue is in many respects relatively predictable and does not generally involve cash transactions. • The split of responsibilities between the Pension fund, its fund managers and the custodian, provides a very strong separation of duties reducing the risk around investment income. • Revenue contributions are made by direct salary deductions and direct bank transfers from admitted /scheduled bodies and are supported by separately sent schedules and are directly attributable to gross pay making any improper recognition unlikely. • Transfers into the scheme are all supported by an independent actuarial valuation of the amount which should be transferred and which is subject to agreement between the transferring and receiving bodies. |
| <p>Management over-ride of controls</p> | <p>Under ISA 240 there is a presumed risk that the risk of management over-ride of controls is present in all entities.</p> | <ul style="list-style-type: none"> • Review of accounting estimates, judgements and decisions made by management • Testing of journals entries • Review of unusual significant transactions |

Other risks

The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures (ISA 315).

| Other reasonably possible risks | Description | Planned audit procedure |
|---------------------------------|---|---|
| Investments | Investments not valid Investments activity not valid Fair value measurement not correct | <p>We will review the reconciliation between information provided by the fund managers, the custodian and the pension fund's own records and seek explanations for any variances.</p> <p>We will select a sample of the individual investments held by the Scheme at the year end and then test the valuation of the sample by agreeing prices to third party sources where published (quoted investments) or by critically assessing the assumptions used in the valuation (unquoted investments and direct property investments). The existence of investments will be confirmed directly with independent custodians or by agreement to legal documentation.</p> <p>We will test a sample of sales and disposals during the year back to detailed information provided by the custodian and fund managers.</p> |
| Benefit Payments | Benefits improperly computed/claims liability understated | <p>We will select a sample of individual transfers, pensions in payment (new and existing), lump sum benefits and refunds which are tested by reference to the member files. This testing is designed to ensure that all the appropriate documentation is correctly filed and internal control procedures operated by the Pension Fund have been followed.</p> <p>We will rationalise pensions paid with reference to changes in pensioner numbers and increases applied in the year together with comparing pensions paid on a monthly basis to ensure that any unusual trends are satisfactorily explained.</p> <p>The movements on membership statistics will also be compared to transactions in the accounting records.</p> |

Other risks

The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures (ISA 315).

| Other reasonably possible risks | Description | Planned audit procedure |
|---------------------------------|---|--|
| Contributions | Recorded contributions not correct | <p>We will test the controls the pension fund operates to ensure that it receives all expected contributions from member bodies.</p> <p>We will rationalise contributions received with reference to changes in member body payrolls and numbers of contributing pensioners to ensure that any unexpected trends are satisfactorily explained.</p> |
| Membership Data | Member data not correct Regulatory, legal, and scheme rules/requirements not met | <p>We will confirm the existence of key controls and reconciliations covering the input of evidence onto the Pensions Administration System.</p> <p>We will review the disclosures and ensure the data is in line with the regulatory, legal and scheme rules and requirements in place.</p> |

Results of interim audit work

Scope

As part of the interim audit work and in advance of our final accounts audit fieldwork, we have considered:

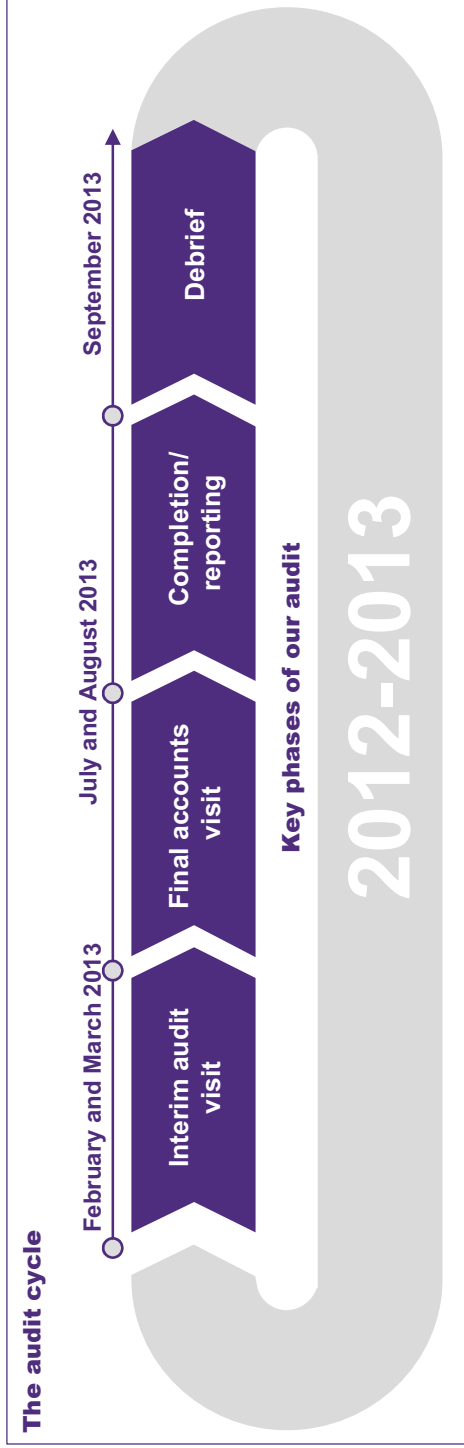
- the effectiveness of the internal audit function
- internal audit's work on the Pension fund's key financial systems
- walkthrough testing to confirm whether controls are implemented as per our understanding in areas where we have identified a risk of material misstatement
- a review of Information Technology (IT) controls

| | Work performed | Conclusion/ Summary |
|----------------------------|--|---|
| Internal audit | We have reviewed Internal Audit's overall arrangements which we have deemed to be adequate. We can therefore gain assurance from the work undertaken by Internal Audit and can conclude that the service is contributing positively to the internal control environment and overall governance arrangements within the Pension fund. | Overall, we have concluded that the Internal Audit service continues to provide an independent and satisfactory service to the Pension fund and that we can take assurance from their work in contributing to an effective internal control environment at the Council. |
| Walkthrough testing | Walkthrough tests were completed in relation to the specific accounts assertion risks which we consider to present a risk of material misstatement to the financial statements. The risk areas were identified as follows: <ul style="list-style-type: none"> • Investments • Scheme contributions • Member data • Benefits payments | No significant issues were noted and in-year internal controls were observed to have been implemented in accordance with our documented understanding. |

Results of interim audit work (continued)

| | Work performed | Conclusion/ Summary |
|---|---|---|
| Review of information technology (IT) controls | Our information systems specialist performed a high level review of the general IT control environment, as part of the overall review of the internal controls system. | <p>No significant issues were noted. IT controls were observed to have been implemented in accordance with our documented understanding.</p> <p>Three potential improvements to your IT control environment was identified and the recommendations were discussed these with management. The recommendations and management's responses are set out in the Council's Audit Plan. We have not repeated the agreed action plan in this report but set out the recommendations below for your information:</p> <ul style="list-style-type: none"> • document an annual review of user rights to ensure that user permissions are aligned with user roles and that conflicting permissions are identified and either removed or mitigated • separation should be made between users who require privileged access, such as SE38 or similar development transaction codes in production and the ability to open the production client (SCC4) • Management should deliver a clearly documented policy on program testing and ensure that all testing results are formally documented for future reference. |
| Journal entry controls | We have reviewed the Pension fund's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Pension fund's control environment or financial statements. | As part of our year-end testing, we will review all Pension fund journals raised during 2012/13. We will extract and test any 'unusual' and large journal entries. |

Logistics and our team



| Date | Activity |
|-------------------------|--|
| February and March 2013 | Planning meeting and interim site work |
| June 2013 | The audit plan presented to the Regulatory and Audit Committee and Pension Fund Committee |
| July 2013 | Year end fieldwork commences |
| August 2013 | Audit findings clearance meeting |
| September 2013 | Audit Findings Report presented to the Regulatory and Audit Committee and Pension Fund Committee |
| September 2013 | Issue opinion of the financial statement and annual report |

Our team

| | |
|---|--|
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Fees and independence

Fees

| | |
|--------------------|--------|
| | £ |
| Pension fund audit | 25,033 |

Fees for other services

| Service | Fees £ |
|---------|--------|
| None | Nil |

Our fee assumptions include:

- Our fees are exclusive of VAT
- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Pension fund and its activities have not changed significantly
- The Pension fund will make available management and accounting staff to help us locate information and to provide explanations

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings report at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirement of the Auditing Practices Board's Ethical Standards.

Communication of audit matters with those charged with governance

International Standards on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to those charged with governance.

Respective responsibilities

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Council and Pension fund's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Pension Fund's key risks when reaching our conclusions under the Code.

The audit of the Pension fund's financial statements does not relieve management or those charged with governance of their responsibilities.

| Our communication plan | Audit plan | Audit findings |
|--|------------|----------------|
| Respective responsibilities of auditor and management/those charged with governance | ✓ | |
| Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications | ✓ | |
| Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issue arising during the audit and written representations that have been sought | | ✓ |
| Confirmation of independence and objectivity | ✓ | ✓ |
| A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. | ✓ | ✓ |
| Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. | | |
| Details of safeguards applied to threats to independence | | |
| Material weaknesses in internal control identified during the audit | | ✓ |
| Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements | | ✓ |
| Non compliance with laws and regulations | | ✓ |
| Expected modifications to the auditor's report, or emphasis of matter | | ✓ |
| Uncorrected misstatements | | ✓ |
| Significant matters arising in connection with related parties | | ✓ |
| Significant matters in relation to going concern | | ✓ |



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Regulatory and Audit Committee

| | |
|--------------------------------|---|
| Title: | Whistleblowing Policy |
| Date: | June 2013 |
| Author: | Michelle Higgs, HR Manager, Change, Policy and ER |
| Contact officer: | Anne Nichols, Senior HR Officer, Change, Policy and ER, 01296 382875 |
| Local members affected: | Peter Hardy, Resources & Business Transformation |

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

The Whistleblowing Policy was written in January 2010 and is scheduled for formal review during 2013. This is in line with all the Human Resources Employment Policies. The policy was updated in June 2013 to ensure compliance with the legislative changes resulting from the Enterprise and Regulatory Reform Act 2013. A further more thorough review will take place before the end of the financial year.

The Policy is referred to as part of the Council's Code of Conduct for Officers. This was audited during 2012 and a reasonable outcome documented in May 2012. The audit report mentions that all related policies and procedures were considered.

The policy is brought to the attention of new entrants through Appendix 1, County Wide Confidentiality Statement, attached to Contracts of Employment. It is also available to all employees through the Council's intranet A-Z and Schoolsweb A-Z.

During the last financial year there has been one whistleblowing case from the Resources and Business transformation Portfolio. The case related to inappropriate and unacceptable behaviour towards a colleague on social media. The hearing outcome was dismissal – this was overturned at Appeal to a Final Written Warning. The employee subsequently resigned – never physically returning to work.



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Recommendation

The process for Whistleblowing will be brought to Employees' attention later this year when the revised policy is launched.

BUCKINGHAMSHIRE COUNTY COUNCIL

WHISTLEBLOWING

POLICY AND PROCEDURE

BUCKINGHAMSHIRE COUNTY COUNCIL WHISTLEBLOWING POLICY AND PROCEDURE

1. Introduction

- 1.1 The Council is committed to achieving the highest possible standards of service and ethical standards in public life.
- 1.2 This document sets out the Council's whistleblowing policy and encourages employees/workers to not overlook concerns they may have but to raise those concerns within the Council through a supportive network.
- 1.3 The policy forms part of the Council's Anti-Fraud and Corruption strategy and provides a structured mechanism for employees/workers to raise any serious concerns about any aspect of the Council's work without the risk of any subsequent detriment or disadvantage.
- 1.4 This policy is in addition to the Council's Complaints and Grievance Procedures. It does not form part of the disciplinary procedures, although disciplinary action may result from the application of this policy.

2. Scope

- 2.1 This policy applies to:
 - a. All Buckinghamshire County Council employees, employed under the terms of Bucks Pay Employment Conditions
 - b. Workers, including agency staff, consultants, self employed individuals and trainees engaged to work in Council establishments
 - c. Contractors working for the Council on Council premises and suppliers and those providing services under a contract with the Council on their own premises
 - d. Organisations working in partnership with the Council
 - e. Volunteers working with or for the Council (note that Volunteers are not currently covered by Public Interest Disclosures Act 1998)

This policy does not apply to:

 - a. Members of the general public. Concerns raised by the general public should be made via the Council's Complaints Procedure.
 - b. Employees on Bucks Pay Employment Conditions who are employed in Schools.
- 2.2 This policy does not form part of the BCC contract of employment.
- 2.3 Existing procedures are in place to enable employees/workers to lodge a grievance relating to their own employment. Any serious concerns that an employee/worker has about an aspect of service provision or conduct of any employed or working for BCC, can and should be reported under this policy.

3. Roles and Responsibilities

- 3.1 Both managers and employees/workers have a responsibility within this procedure.

Managers will:

- a. Ensure the Whistleblowing procedures are followed correctly, seeking advice from HR where they are unsure.
- b. Support employees/workers who raise concerns under this procedure to ensure that they do not suffer detriment as a result of their action e.g. loss of status/income/conditions of employment.
- c. Inform the Council's Monitoring Officer (Service Director Legal & Democratic) when a concern is raised to them.
- d. Protect the identity of an employee/worker who raises concerns, by only telling those who need to know and asking them to respect the confidentiality of this information.
- e. Ensure that, even in the case of anonymity, the employee/worker is aware that any investigation may reveal the source of the information, and that they may be asked to give a statement as part of the process of gathering evidence.
- f. Where managerial or procedural action through a different policy e.g. Conduct and Discipline, is being taken against the employee who has raised concerns, the manager should contact Human Resources who in turn will contact the Council's Monitoring Officer (Service Director Legal and Democratic), and other appropriate colleagues, to decide whether that action should be delayed whilst an investigation under the whistleblowing procedure takes place.

- 3.2 Employees/Workers will:

- a. Not blow the whistle for personal gain or with malicious intent but use this procedure to raise concerns in the public interest.
- b. Reasonably believe their allegations and the information they provide are substantially true.

4. Principles

- 4.1 The policy and procedure contained within this document is founded on the following principles:
- a. That employees/workers have a legal right and duty to report their concerns if they have a reasonable belief that wrongdoing may be occurring, or may have occurred, within the Council.
 - b. That the Public Interest Disclosure Act 1998 protects employees/workers from reprisal, victimisation or harassment at work if they raise a concern in the public interest.
 - c. To encourage employees/workers to raise serious concerns within the Council initially, rather than overlooking a problem or blowing the whistle outside.

- d. To encourage and enable individuals to raise concerns about any aspect of the Council's work and receive feedback on any action taken without fear of reprisal.
- e. To ensure that individuals receive a timely response to their concerns.
- f. Not to discriminate against any individual in the application of this policy and procedure on the protected characteristics of age, disability, gender reassignment, marriage and civil partnership, maternity and pregnancy, race, religion or belief, sex, sexual orientation, or other grounds protected in law (e.g. part-time worker status, trade union membership or HIV positive status).

5. Definition of Whistleblowing

- 5.1 Whistleblowing occurs when an employee or worker raises a concern about a dangerous or illegal activity that they are aware of through their work and that may affect others, e.g. customers, members of the public, or their employer. A concern raised, also known as a protected disclosure under the Public Interest Disclosure Act 1998, must be in the public interest to qualify for protection.
- 5.2 The Whistleblower may not be directly or personally affected by the danger or illegality. Consequently, the whistleblower rarely has a personal interest in the outcome of the investigation and as such should not be expected to prove their case. Instead, he or she may raise the concern, also known as a protected disclosure, using the process outlined in this policy, so that others can address it.
- 5.3 Concerns that are covered by this policy include:
 - Conduct which is an offence or breach of law
 - Failing to comply with a legal obligation
 - Health and Safety risks, including risks to the public as well as employees/workers
 - Damage to the environment
 - Abuse of clients
 - Safeguarding concerns relating to children, young people or vulnerable adults
 - Practice which falls below established standards of practice
 - Possible fraud, corruption or financial irregularity including unauthorised use of Council funds (*please see the BCC Anti Fraud and Corruption Framework*)
 - Any other unethical conduct
 - Covering up information about anything listed above
- 5.4 This policy incorporates provisions that are required from the Public Interest Disclosure Act 1998.

6. Exclusions

- 6.1 This policy does not cover the following cases:

- a. Issues raised by the general public – in these instances the Council's Complaints Procedure should be used
- b. Issues raised by an employee about their own employment – this is dealt with through the grievance procedure
- c. Concerns regarding Safeguarding will be raised under the Whistleblowing Policy to ensure that the employee/worker raising the concern is protected by Public Interest Disclosure Act 1998. However, the concern itself may be dealt with under the Managing Allegations Policy.

See Figure 1 for how to identify which policy, Complaints, Grievance, Managing Allegations or Whistleblowing, should be used to deal with a concern. See Toolkit for examples of situations that may apply to the Whistleblowing policy.

- d. This policy is not to be used as an appeal mechanism for other procedures i.e. following an unfavourable outcome from a grievance procedure unless employees/workers feel that the process in another procedure was significantly and seriously compromised.
- e. Employees/workers must not use dismissal or redundancy selection as sole reasons for making a disclosure under this policy.

7. Misuse of the policy

- 7.1 The Council will take seriously any concerns raised that are subsequently proven to have been made maliciously. Any employee/worker who is found to have acted maliciously, may be subject to disciplinary action.
- 6.2 If, however, an employee/worker raises a concern in good faith that is not later confirmed by investigations, no action will be taken against that employee/worker.

8. Confidentiality & Anonymity

- 8.1 If a concern is raised in confidence, the employee's or worker's identity will not be disclosed without first informing them. If the situation arises where the Council is unable to resolve the concern without revealing the identity, e.g. because evidence is needed in court, this will be discussed first with the employee/worker who raised the concern to agree how to proceed. However, the Council will not disclose the identity of the whistleblower to the person who is the subject of the disclosure or others not involved in the investigation unless it is absolutely necessary to do so and only with prior consent from the whistleblower.
- 8.2 It is important to note that it will be much more difficult to investigate the matter or proceed in instances where a concern is raised anonymously. Accordingly, whilst the Council will consider anonymous reports, it may not be possible to apply all aspects of this policy for concerns raised anonymously.
- 8.3 It is expected that all parties involved in the whistleblowing process will maintain strict confidentiality throughout by ensuring that only the people who need to know have access to details of the case. (with the exception of any legal obligations requiring action from the Council, e.g. in health and safety matters)

- 8.4 Any person found to have breached the terms of this policy in relation to confidentiality may be subject to action under the Council's Conduct and Discipline procedures.

9. Safeguarding

- 9.1 If an employee/worker has a concern that any person who works with children, young people or vulnerable adults, in connection with his/her employment or voluntary activity, has:
- a. behaved in a way that has harmed a child, young person or vulnerable adult or may have harmed a child, young person or vulnerable adult
 - b. possibly committed a criminal offence against or related to a child, young person or vulnerable adult
 - c. behaved towards a child, young person or vulnerable adult in a way that indicates he/she is unsuitable to work with children, young people or vulnerable adults

the employee/worker should raise the concern via the Whistleblowing Policy as this policy affords the employee/worker protection under the Public Interest Disclosure Act 1998. It is important that a safeguarding concern is raised as a matter of urgency as the safety of others may be dependent upon the concern being dealt with swiftly. The concern may then be dealt with under the procedures surrounding Safeguarding Vulnerable Adults and Managing Allegations against Staff and Volunteers working with Children and Young People.

10. Raising a Concern under the Whistleblowing Policy

- 10.1 In the first instance, the employee/worker should raise their concern orally or in writing with their immediate manager, or, if the concern involves the direct line manager, the Service Director. If the concern involves a Service Director an approach should be made to the Strategic Director.
- 10.2 Alternatively, if the employee or worker feels unable to raise a concern to an appropriate level of line management they may use the Council's Whistleblowing Hotline on **01296 382237** or email audit@buckscc.gov.uk.
- 10.3 Concerns can also be raised through the employee/workers trade union representative. The representative should then seek advice on procedures from the local representative.
- 10.4 Workers, such as agency workers or contractors, should raise a concern with their contact within the Council, usually the person to whom they report.
- 10.5 The employee/worker must make it clear that they are raising the concern under the Whistleblowing policy.
- 10.6 If they wish to remain anonymous, they should make this clear to the person they contact.
- 10.7 Employees/workers will not be required to provide evidence of the concern but will be expected to demonstrate that there are reasonable grounds for raising the issue.

- 10.8 Employees/Workers should have nothing to fear by reporting concerns and individuals who do invoke the Whistleblowing procedures will be seen as 'witnesses' rather than 'complainants' by the Council.
- 10.9 Any investigations that are deemed necessary following the reporting of a concern will not be influenced by any disciplinary or redundancy procedures that may already affect employees/workers.
- 10.10 If an initial concern raised within the Council includes any possible financial irregularity, the Service Director (Finance & Commercial) should be informed by the Service Director/Strategic Director.
- 10.11 The employee/worker has a right to be accompanied by an accredited trade union representative or work colleague at any meeting throughout the Whistleblowing process.
- 10.12 The Council will not meet any costs associated with the attendance of the representative or colleague at a Whistleblowing meeting beyond granting paid time off to a Council employee.

11. Formal Stages of the Whistleblowing Procedure¹

11.1 Stage 1 – Meeting with Line Manager or Service Director

- a. On receipt of the concern from the employee/worker, the Line Manager/ Service Director should inform the Council's Monitoring Officer (Service Director, Legal & Democratic) as to the nature of the concern.
- b. The Line Manager/Service Director will then either continue to deal with the concern or refer it to another appropriate Senior Manager. Where concerns raised involve Children, Young People or Vulnerable Adults, the appropriate process should be followed. (Please see Toolkit Section 11 for further information).
- c. The Line Manager/Service Director will then write to the employee/worker within 5 working days of receipt of the concern to arrange a meeting to discuss the details of the concern that has been raised. This meeting should take place promptly.
- d. The Line Manager/Service Director should take notes of the details of the concern either during or straight after the meeting.
- e. The Line Manager/Service Director will then carry out a preliminary investigation and make a decision on whether a full investigation needs to take place or if urgent action needs to be taken e.g. referral to the police.
- f. If a decision to carry out an internal investigation is made, the Line Manager/Service Director will appoint an Investigating Officer, and any parties involved in the concern will be interviewed. Notes of all meetings and interviews should be made.

¹ Figure 2 – Flowchart on Bucks County Council's Whistleblowing Procedure

- g. The Line Manager/Service Director will then notify the employee/worker of the outcome in writing within 5 working days of the date of the meeting. This time limit may be extended if the investigation is fairly complex and will take time but the employee/worker who raised the concern must be notified of any delay. This letter must be copied to the Council's Monitoring Officer – the Service Director (Legal and Democratic) .
- h. If the employee/worker is dissatisfied with the outcome at Stage 1, they may opt to take the matter to Stage 2 by writing to the Strategic Director within 10 working days of the date of the decision letter at Stage 1.
- i. The Council will also notify the person that is the subject of the disclosure within 5 working days of the date of the meeting. Upon receipt of the confirmation the individual will be able to appeal any decisions by writing to the Line Manager/Service Director.

11.2 Stage 2 – Meeting with Strategic Director

- a. If the employee/worker has notified the Strategic Director (Hearing Officer) in writing that they are dissatisfied with the outcome at Stage 1, the Strategic Director will write to the employee/worker within 5 working days of receiving the letter to arrange a meeting to discuss the continuing concerns. This meeting should take place promptly.
- b. The Strategic Director may then decide to investigate further and will need to decide what action to take. The employee/worker must be updated with the outcome of the meeting, within 5 working days, copying the response to the Council's Monitoring Officer.
- c. If the employee/worker is dissatisfied with the outcome at Stage 2, they may opt to take the matter to Stage 3, by raising the concern outside the Council, within 10 working days of the date of the decision letter at Stage 2.
- d. Following a Hearing if the employee/worker is dissatisfied with the way in which procedures were followed, they should put their concerns in writing to their relevant HR contact in order that concerns may be addressed.

11.3 Stage 3 – Raising the Concern Externally

- a. At Stage 3, the employee/worker is entitled to take their concern to any of the following²:
 - A County Councillor or the local Member of Parliament
 - The District Auditor
 - The Police
 - Public Concern at Work³ (www.pcaw.co.uk or telephone 020 7404 6609)

² In taking their concerns outside the Council, the employee/worker should, as far as possible, avoid revealing confidential information (e.g. about pupils, clients or other workers).

- A relevant professional body or inspectorate (e.g. OFSTED OR SSI)
- A trade union or professional association
- The Local Government Ombudsman

12. Service Director/Strategic Director

- 12.1 Service Directors may raise their concern initially to the Strategic Director and then the Chief Executive if they wish to take the concern to a Stage 2.
- 12.2 In the event that a Strategic Director wishes to raise a concern under the Whistleblowing Policy, they will need to address their concerns to the Chief Executive in the first instance, or directly to a Member of the Council.

13. Investigation

- 13.1 When a concern is raised through the Whistleblowing Policy, it may be necessary to carry out an internal enquiry. In this instance, an Investigating Officer will be appointed by the Hearing Officer (Strategic Director) and is responsible for investigating events surrounding or leading to the concern raised.
- 13.2 The Investigating Officer will meet any other parties or witnesses named in the investigation or deemed to be relevant. At this point, a written summary of interview notes and any findings should be produced for the Hearing Officer.
- 13.3 If further allegations or information come to light during the course of the investigation the Hearing Officer must be kept informed.

14. Action under the Whistleblowing Policy

- 14.1 Feedback will be given to the employee/worker who has raised the concern under the Whistleblowing Policy. However, it may not be possible to tell the employee/worker the precise action that may be taken as a result as this may infringe a duty of confidence owed by the Council to another employee/worker.
- 14.2 Prior to any investigation, the Manager/ Service Director may decide to:
- Take action without the need for an investigation
 - Take urgent action before an investigation takes place, e.g. suspension of an employee/worker, if sufficient initial evidence indicates this is warranted. See the Conduct and Discipline Policy for details on Suspension .
 - Undertake an investigation e.g. through the disciplinary procedure, Managing Allegations against Staff and Volunteers Working with Children and Young People, Safeguarding Vulnerable Adults process or by internal audit through the

³ Public Concern at Work is an accredited legal advice centre so an employee/worker who approaches this organisation does not breach the duty of confidence that they owe to their employer.

Anti-Fraud and Corruption Statement of Policy if the case involves financial irregularity or corruption.

- Refer the concern straight to the police. If a concern is referred straight to the police then an internal investigation must not be carried out as the police will wish to speak to all parties involved.
- Arrange an independent enquiry

14.3 The employee/worker should be kept informed as to what decision has been made and an explanation given for the decision.

14.4 If a decision is made to take action under another policy e.g. Conduct and Discipline or Managing Allegations, after an investigation, the Manager/Service Director should:

- Write to the employee/worker who has raised the concern to inform them of the outcome within 5 working days of the meeting, copying in the Council's Monitoring Officer.
- Give reasons for the decision made and explain that the employee/worker has a right to take the matter to the next level and give details of how they should do this.

14.5 If, following the use of the whistleblowing procedures, an individual believes they are being subjected to detrimental treatment by any person within the Council, they must inform their relevant Line Manager immediately and appropriate action will be taken to protect them from any reprisals.

14.6 As part of the Council's commitment to dealing with concerns raised via this policy, any person who victimises or harasses an individual as a result of their having raised a concern under the procedure may be subject to disciplinary action.

14.7 Similarly any person who deters or attempts to deter any individual from genuinely raising concerns under this policy may also be subject to disciplinary action.

15. Records

15.1 The Council's Monitoring Officer (Service Director, Legal and Democratic) will keep a central register of all concerns raised relating to Buckinghamshire County Council and Schools. Confidential records of the outcome of any concerns raised will also be maintained.

15.2 Records should not be kept on the file of the individual who raised the concern under any circumstances.

15.3 As part of the ongoing review of the effectiveness of this policy, an annual report will be issued to the Buckinghamshire County Council Standards Committee of all concerns raised under the Whistleblowing policy.

Review Date: June 2014

Figure 1

WHICH POLICY TO USE WHEN A CONCERN IS RAISED

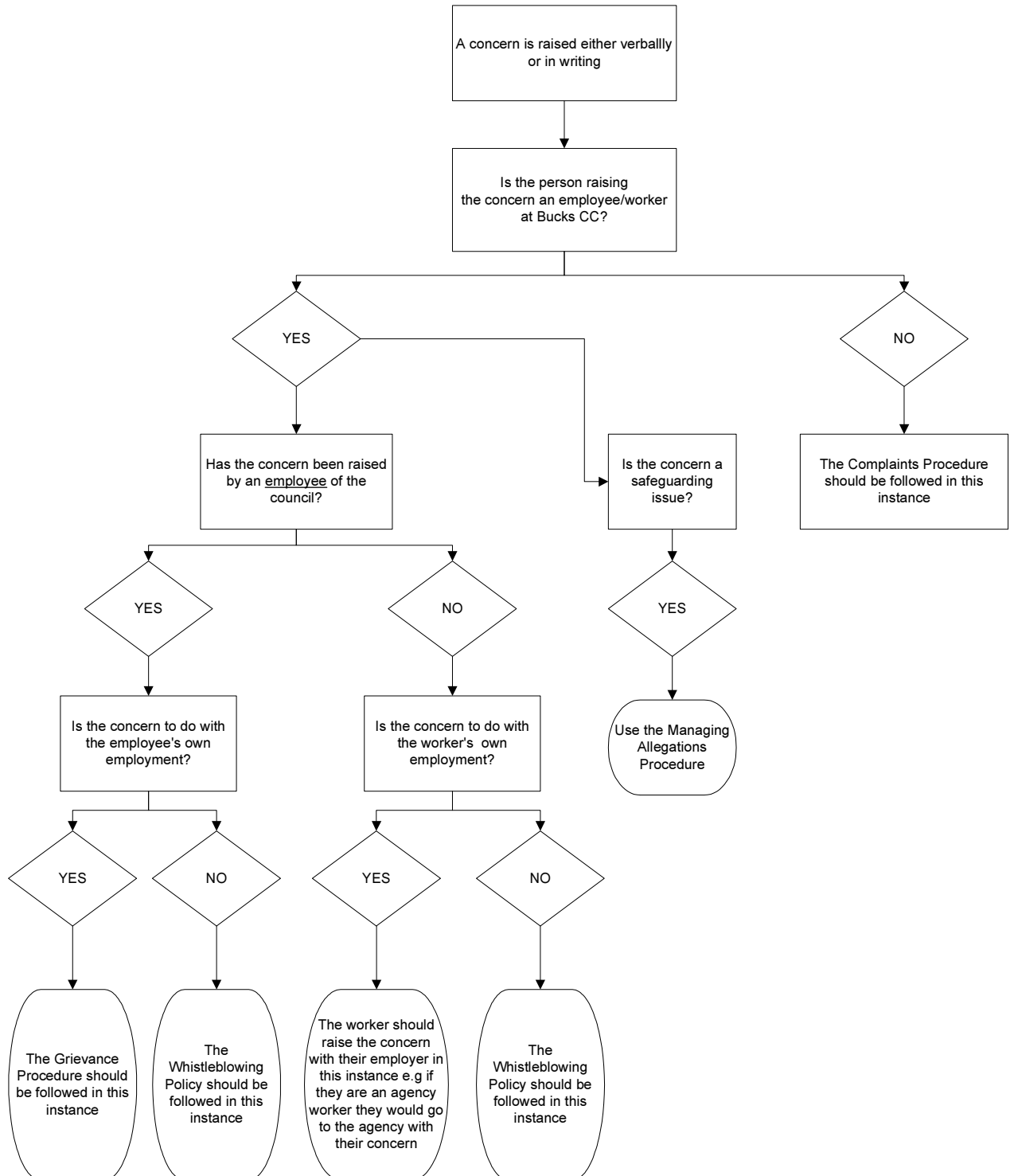
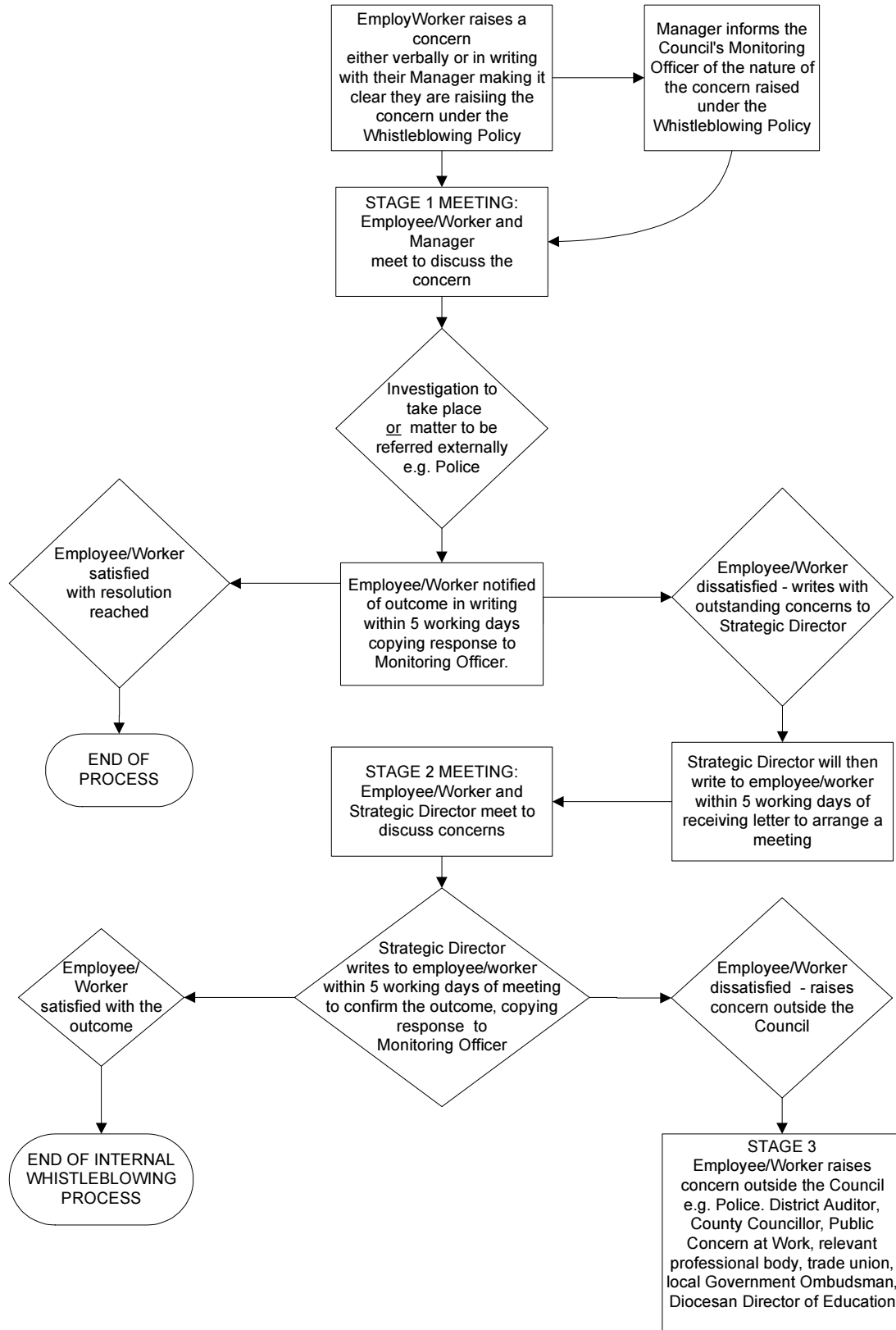


Figure 2

THE COUNCIL'S WHISTLEBLOWING PROCESS



Regulatory and Audit Committee

Title: Anti-Money Laundering Policy

Date: 11 July 2013

Author: Anne Davies, Service Director, Legal and Democratic
Services / Monitoring Officer

Contact officer: Anne Davies, 01296 383650

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

This Report provides an update to the Committee regarding administrative changes to the Council's Anti-Money Laundering Policy.

At its meeting on 27 June 2012 the Committee received a report on the revised Anti-Money Laundering Policy (attached as Appendix 1). It resolved that County Council be recommended to adopt the Policy; and that powers be delegated to the Head of Legal and Democratic Services to make any administrative changes to the Policy.

Recommendation

It is recommended that the Committee approve that the Anti-Money Laundering Policy and recommend to County Council that the Policy be adopted.

Supporting information to include the following if a decision is being requested:

Resource implications

In terms of risk, the risk of money laundering occurring within the Council is low. This is because:

- the Council does not receive large individual amounts as cash income;
- the Council does not accept cash payments for the sale of land and property and deals through prospective purchasers' solicitors who are obliged to have undertaken their own customer due diligence of their clients ;
- the Council does not carry out significant trading activity which would generate cash income



INVESTOR IN PEOPLE



- the majority of the Council's income is received from other public service organisations or government bodies; and
- any relevant services provided "by way of business" are primarily for customers who are UK public authorities.

The 2007 Regulations require the MLRO to take appropriate measures to ensure that all relevant employees are made aware of the law in this area and understand how to recognise and deal with potential instances of money laundering or terrorist financing.

The Internal Audit team will include Anti-Money Laundering provisions within the Council's Anti-Fraud and Corruption framework. Legal Services and Internal Audit will share training and awareness responsibilities.

Legal implications

As set out in the Anti-Money Laundering Policy

Other implications/issues

BUCKINGHAMSHIRE COUNTY COUNCIL

ANTI MONEY-LAUNDERING POLICY

1. INTRODUCTION

- 1.1 The Money Laundering Regulations 2007¹, which came into effect on the 15 December 2007, introduced changes to the money laundering regime that are relevant to the Council. As a consequence the Council's Anti Money-Laundering Policy has been up-dated so as to reflect the 2007 Regulations. The Policy therefore replaces the Council's 2004 Anti Money-Laundering Policy.

2. SCOPE OF THE POLICY

- 2.1 This Policy applies to all employees of the Council and aims to maintain the high standards of conduct which currently exist within the Council by preventing criminal activity through money laundering. The Policy sets out the procedures that must be followed, for example the reporting of suspicious money laundering activity, to enable the Council to comply with its legal obligations.
- 2.2 The Policy is accompanied by three additional documents:
- The Customer Due Diligence Pro-Forma (Appendix 1).
 - The Due Diligence Flowchart.
 - The Enhanced Due Diligence and Ongoing Monitoring Flowchart.
- 2.3 Failure by a member of staff to comply with the procedures set out in the Policy may lead to disciplinary action being taken against him/her. Any disciplinary action will be dealt with in accordance with the County Council's disciplinary Policy and Procedure.

3. WHAT IS MONEY LAUNDERING?

- 3.1 The definition of money laundering is very wide. It includes all forms of handling or possessing criminal property, including possessing the proceeds of one's own crime and facilitating any handling or possession of criminal property. Property is criminal if it constitutes or represents a person's benefit from criminal conduct and the alleged offender knows or suspects that it constitutes such a benefit; criminal property may take any form and includes money, securities, tangible and intangible property. Criminal conduct is conduct which constitutes an offence in the UK or would constitute an offence in the UK if it occurred there. Money laundering also includes activities relating to terrorist financing.
- 3.2 Money laundering activity may range from a single act, for example being in possession of the proceeds of one's own crime, to complex and sophisticated schemes involving multiple parties and multiple methods of handling and transferring criminal property as well as concealing it and entering into

¹ SI 2007/2157

arrangements to assist others to do so. Council employees need to be alert to the risks of clients, their counterparties and others laundering money in any of its many forms.

- 3.3 The main money laundering offences are those under sections 327 to 329 of the Proceeds of Crime Act 2002 and section 18 of the Terrorism Act 2000. In summary the offences are committed as follows. Under section 327 it is an offence to conceal, disguise, convert, transfer or remove criminal property from England and Wales. Under section 328 it is an offence for a person to enter into or become concerned in an arrangement which s/he knows or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person. Under section 329 it is an offence for a person to acquire, use or have in his/her possession criminal property.
- 3.4 Under section 18 of the Terrorism Act 2000 it is an offence for a person to enter into or become concerned in an arrangement which facilitates the retention or control by or on behalf of another person of terrorist property by concealment, removal from the jurisdiction, transfer to nominees or in any other way. Terrorist property is defined as money or other property which is likely to be used for the purposes of terrorism (including any resources of a prescribed organisation), proceeds of the commission of acts of terrorism, and proceeds of acts carried out for the purposes of terrorism.
- 3.5 It is important to note that anyone, Council employee or not, can commit any of the above offences. However, in addition to these offences there are a series of obligations imposed on the Council by the 2007 Regulations that it must fulfil and of which breach can also amount to an offence by the Council.

4. WHAT ARE THE OBLIGATIONS ON THE COUNCIL?

- 4.1 The obligations on the Council are those imposed by the 2007 Regulations which apply to “relevant persons” acting in the course of business carried on by them in the UK. Not by any means all of the Council’s business is relevant for the purposes of the Regulations; it is mainly the accountancy and audit services carried out by Financial Services and the financial, company and property transactions undertaken by Legal Services.

- 4.2 It should be remembered that under Reg. 3(1), the Regulations only apply to “persons acting in the course of a business”.

Therefore Council employees in the Financial Services and Legal Services sections are those to whom the Policy most directly applies.

- 4.3 It is reasonable to conclude that the money laundering regime is not primarily aimed at local authorities and that local authorities’ work is to some extent tangential to the regime. However, the safest way to ensure compliance with the regime is nonetheless to apply its requirements to all of the Council’s areas of work and to ensure that all staff comply with the reporting procedure set out in the Policy.

- 4.4 The obligations on the Council are to establish and maintain appropriate and risk-sensitive policies and procedures relating to the following

- Customer due diligence measures and ongoing monitoring
- Reporting

- Record-keeping
 - Internal control
 - Risk assessment and management
 - The monitoring and management of compliance with, and the internal communication of such policies and procedures
- 4.5 All employees are required to follow the procedure set out in the Policy and in this way the Council will properly discharge its obligations under the money laundering regime.

5. THE IMPORTANCE OF DISCLOSING ANY SUSPICIONS TO THE MLRO

- 5.1 Where you know or suspect that money laundering activity is taking/has taken place, or you are concerned that your involvement in the matter may amount to a prohibited act under the legislation, you must disclose to the MLRO this suspicion or concern as soon as practicable; the disclosure should be made within hours rather than days or weeks of the information coming to your attention. **IF YOU FAIL TO DO SO YOU MAY BE LIABLE TO PROSECUTION.**
- 5.2 Your disclosure should be made to the MLRO on the Pro Forma attached at Appendix 2. The report must include as much detail as possible, for example:
- Full details of the people involved (including yourself if relevant) e.g. name, date of birth, address, company names, directorships, phone numbers etc.
 - If you are concerned that your involvement in the transaction would amount to a prohibited act under sections 327-329 of the 2002 Act then your report must include all relevant details as you will need consent from the National Crime Agency (NCA) or relevant successor body, through the MLRO, to take any further part in the transaction. This is the case even if the client gives instructions for the matter to proceed before such consent is given. You should therefore make it clear in the report if such consent is required and clarify whether there are any deadlines for giving such consent e.g. a completion date or court deadline.
 - The types of money laundering activity involved. If possible cite the section number(s) under which the report is being made.
 - The date of such activities, including whether the transactions have happened, are on-going or are imminent.
 - Where they took place.
 - How they were undertaken.
 - The (likely) amount of money/assets involved.
 - Why, exactly, you are suspicious.
 - In addition, any other information to enable the MLRO to make a sound judgment as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable her to prepare her report to the NCIS, where appropriate. You should also enclose any copies of relevant supporting documentation.
- 5.3 As soon as you have reported the matter to the MLRO you must follow any directions she gives you. **You must NOT make any further inquiries into the matter yourself.** Any necessary investigation will be undertaken by the National Crime Agency (NCA) or relevant successor body; simply report your suspicions to the MLRO, who will refer the matter to the National Crime Agency (NCA) or relevant successor body, if appropriate. All members of

staff will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.

- 5.4 Similarly, **at no time and under no circumstances should you voice any suspicions** to the person(s) organisation you suspect of money laundering; otherwise you may commit the criminal offence of “tipping off”.
- 5.5 Do not, therefore, make any reference on a client file to a report having been made to the MLRO. Should the client exercise his/her right to see the file then such a note would obviously tip them off to the report having been made. Again you would be at risk of prosecution for tipping off. The MLRO will keep the appropriate records in a confidential manner.

6. Customer Due Diligence

- 6.1 In summary, customer due diligence is a new requirement introduced by the Regulations, and means that the Council must know its clients and understand their businesses. This is so that the Council is in a position to know if there is suspicious activity that should be reported; clearly it is only by the Council knowing its clients and their businesses that it can recognise abnormal and possibly suspicious activity.
- 6.2 The obligations imposed on the Council must, of course, be brought into effect by its individual employees. Employees must therefore be familiar with these obligations.
- 6.3 The 2007 Regulations require that the Council identifies its customers and verifies that identity on the basis of documents, data or information obtained from a reliable source. Where there is a beneficial owner who is not the customer then the Council must identify that person and verify the identity and where the beneficial owner is a trust or similar then the Council must understand the nature of the control structure of that trust. Finally the Council must obtain information on the purpose and intended nature of the business relationship.
- 6.4 The checks described in the paragraph above must generally be undertaken by the Council before it establishes a business relationship or carries out an occasional transaction, or if it suspects money laundering or terrorist funding or doubts the veracity of any information obtained for the purposes of identification or verification. However, the Council is not required to undertake these checks if its customer is another public authority, unless it suspects money laundering or terrorist funding.
- 6.5 The Council is also obliged to maintain ongoing monitoring of its business relationships which means it must scrutinise transactions throughout the course of the relationship to ensure that the transactions are consistent with the Council’s knowledge of the customer and keep the information about the customer up-to-date.
- 6.6 Where the Council is not able to apply the customer due diligence measures set out above it must not carry out a transaction with or for a customer through a bank account, it must not establish a business relationship or carry out an occasional transaction with the customer, it must terminate any business relationship with the customer and consider whether to make a disclosure.

- 6.7 However, the above paragraph does not apply where a lawyer or other professional adviser is in the course of advising the legal position for his/her client or performing his/her task of defending or representing that client in, or concerning, legal proceedings including the advice on the institution or avoidance of proceedings.
- 6.8 The due diligence procedures can be found in the Customer Due Diligence Flowchart.

7. Enhanced Customer Due Diligence and Ongoing Monitoring

- 7.1 It will in certain circumstances be necessary to undertake what is known in the Regulations as Enhanced Customer Due Diligence. In summary, this will be necessary where:
- the customer has not been physically present for identification purposes; or
 - in any other situation which by its nature can present a higher risk of money laundering or terrorist financing.
- 7.2 Where this applies, the Council will need to take adequate measures to compensate for the higher risk. For example, this will mean ensuring that the customer's identity is established by additional documents, data or information.
- 7.3 Similarly, where the Council is in an ongoing "business relationship" with a customer, the Regulations impose a special obligation to carry out ongoing monitoring. This means that the Council must:
- scrutinise transactions undertaken throughout the course of the relationship to make sure that these transactions are consistent with the Council's knowledge of the customer, his/her business and risk profile; and
 - keep documents, data or information obtained for the purpose of applying Customer Due Diligence measures up-to-date
- 7.4 The enhanced due diligence and ongoing monitoring procedures can be found in the Enhanced Due Diligence and Ongoing Monitoring Flowchart.

8. Internal Clients

- 8.1 Appropriate evidence of identity for Council departments will be signed, written instructions on Council headed notepaper or an e-mail on the internal system at the outset of a particular matter. Such correspondence should then be placed on the Council's client file along with a prominent note explaining which correspondence constitutes the evidence and where it is located.

9. External Clients

- 9.1 The MLRO will maintain a central file of general client identification and verification information about the Council's external clients to whom the Council provides professional services. You should check with the MLRO that the organisation or individual in respect of which you require identification

and verification information is included in the MLRO's central file and then check the details of the information held in respect of the particular client. If the organisation or individual is not included in the central file you should discuss the matter with the MLRO.

- 9.2 In practice the Council can fulfil its obligations if employees complete the Customer Due Diligence Pro-Forma attached.

10. Record Keeping

- 10.1 The information gathered by the Council in pursuance of its customers due diligence obligations and described above must be kept for a period of 5 years from either the completion of the transaction or the end of the business relationship. Each Department or Section of the Council should nominate an officer who is to be responsible for the secure storage of these records.

11. THE MONEY LAUNDERING REPORTING OFFICER

- 11.1 The officer nominated to receive disclosure about money laundering activity within the Council is the Service Director, Finance and Commercial Services. They can be contacted as follows:

Richard Ambrose
Service Director, Finance and Commercial Services
Buckinghamshire County Council
County Hall
Aylesbury
Bucks

Telephone: 01296 383120

In the absence of the MLRO the Service Director, Legal and Democratic Services, Anne Davies, is authorised to deputise for her. Anne can be contacted at the above address or on telephone 01296 383650 (direct line).

APPENDIX 1
Customer Due Diligence Pro-Forma

| | |
|--|--|
| SECTION A: PRELIMINARY | |
| NAME OF CUSTOMER | |
| Is this customer another public authority (e.g. a local authority)? | <i>If "Yes", the due diligence measures below in Sections B and C do not need to be applied.</i> |
| Does the Council suspect the customer of money laundering or terrorist financing? | <i>If "Yes", the suspicion MUST always be reported to the MLRO immediately.</i> |
| SECTION B: DUE DILIGENCE MEASURES | |
| <p>These measures are to be applied where the Council:</p> <ol style="list-style-type: none"> 1) establishes a business relationship with a customer²; 2) carries out an occasional transaction³; 3) doubts the veracity or adequacy of documents, data or information previously obtained from the customer for the purposes of identification or verification. <p><i>To apply the due diligence measures, please answer as fully as possible the questions below.</i></p> | |
| 1. | Can the Council identify this customer? |
| 2. | How has the identity of this customer been established? [Attach documents, data or information establishing identity] |
| 3. | Are these documents, data or information from an independent and reliable source? |
| 4. | Can the Council verify the identity of the customer? [Through the documents referred |

² "**business relationship**" means a business, professional or commercial relationship which the Council expects, at the time the contact is established, to have an element of duration.

³ "**occasional transaction**" means a transaction, carried out other than as part of a business relationship, amounting to 15,000 Euro or more, whether a single operation or several operations which appear to be linked. [Sterling equivalent at date of final document]

| | | |
|---|--|---|
| | to in Questions 2 and 3] | |
| 5. | Is there a beneficial owner involved with the customer who is a different person or entity to the customer identified above? | |
| 6. | What is the identity of the beneficial owner? | |
| 7. | Can the Council verify the identity of the beneficial owner? | |
| 8. | Does the Council doubt the veracity or adequacy of documents, data or information obtained for the purposes of identification or verification? | |
| 9. | When were the documents, data or information obtained for the purposes of identification or verification of this customer last up-dated? | |
| 10. | When will the documents, data or information obtained for the purposes of identification or verification of this customer next be up-dated? | |
| 11. | What is the ownership and control structure of the beneficial owner? | |
| 12. | Does the Council wish to establish a business relationship with this customer? | <i>If "No", go straight to Section C.</i> |
| 13. | What is the purpose and intended nature of the business relationship? | |
| SECTION C: OUTCOME OF DUE DILIGENCE MEASURES | | |
| <p>Is the Council unable to answer any of the above questions because the customer has been unable or unwilling to provide information?</p> <p>If so, please give full details.</p> | | <p><i>If the answer is "Yes", the Council must not establish a business relationship or carry out an occasional transaction with this customer; it must not carry out any transaction with or for the customer through a bank account; it must terminate any business relationship with the customer AND the suspicion must be reported immediately to the MLRO.</i></p> |

NOTE

This pro-forma must be kept for 5 years from the end of the business relationship or occasional transaction with this customer

