



**FINANCE AND PROCUREMENT CABINET
MEMBER MEETING
13 December 2018**

ITEM 4

Report sponsor: Don McLure – Strategic
Director of Corporate Resources
Report author: Neil Sheard – Programme
Manager: Delivering Differently

Know Your Customer Policy

Purpose

- 1.1 This policy and related processes is a requirement for all financial transactions where the Council is offering services covered by Anti-Money Laundering legislation.
- 1.2 With a clear Know Your Customer (KYC) policy in place, the Council can issue prepaid cards/electronic bank accounts to provide financial support to our clients in the most efficient and controlled manner. The list of services this will support will include (but not be limited to):
 - Appointeeship payments
 - Direct Payments (Adults)
 - Care leaver Payments
 - Homeless Payments
- 1.3 This policy is an extension to Derby City Council's Anti-Money Laundering Policy approved in November 2017.

Recommendations

- 2.1 To approve the Policy in Appendix 1.
- 2.2 To note the Council's requirements under Money Laundering Regulations 2017, The Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 (SI 2017 No. 692), the Serious Crime Act 2015 and the Terrorism Act 2000 and Proceeds of Crime Act 2002 (Amendment) Regulations 2007).

Reasons

- 3.1 To meet Financial Regulation requirements that allows the Council to establish its first prepayment cards and virtual bank accounts for Appointeeship, Direct Payment, Care Leaver and Homeless clients.
- 3.2 To establish a clear policy and criteria that meets the identification checking standards detailed in the Money Laundering Regulations 2017.

Supporting information

- 4.1 The full list of legislative documentation is detailed on the website <https://www.icaew.com/library/subject-gateways/law/money-laundering/uk-legislation-and-regulations>
- 4.2 The implementation of a Know Your Customer (KYC) policy will enable us to enter into a contract with prepaid card suppliers to provide virtual banking services for some of our most vulnerable client groups.
- 4.3 The KYC policy strengthens our current Anti-Money Laundering policy and provides a reference document for our online Money Laundering training.

Public/stakeholder engagement

- 5.1 A full Equalities Impact Assessment has been completed and is featured in Appendix 2.

Other options

- 6.1 The Council could continue to meet its money laundering obligations by continuing to update the Anti-Money Laundering Policy approved in November 2017 but would fail to provide the necessary detail to satisfy banking or prepaid card partners and therefore not be able to provide the option of virtual or prepaid card services to our clients.

Financial and value for money issues

- 7.1 The KYC policy is essential to deliver prepaid cards and virtual bank accounts. These methods of 'payment out' will enable the Council to scrutinise, and have an oversight of, expenditure made through Direct Payments.

Legal implications

- 8.1 The KYC policy contained in Appendix 1 brings the Council into line with our requirements for identity checking under the Money Laundering Regulations 2017.

Other significant implications

- 9.1 Equalities considerations - A full Equalities Impact Assessment has been completed and is featured in Appendix 2.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal Finance	Olu Idowu – Head of Legal Services	29/11/2018
	Peter Shillcock – Group Accountant (Corporate)	20/11/2018
	Alison Parkin – Head of Finance (Peoples' Services)	30/11/2018
Service Director(s) Report sponsor	Mags Young – Director of Communities and Place	15/11/2018
	Don McLure – Strategic Director of Corporate Resources	29/11/2018

