

**TREASURY MANAGEMENT PRACTICES – DETAILED RESPONSIBILITIES,
COMPLIANCES AND LIMITATIONS**

1. TMP1 - RISK MANAGEMENT

1.1 Interest Rate Exposure

- 1.1.1 It is a requirement of Section 45 of the Local Government and Housing Act 1989 that local authorities approve the maximum proportion of interest on borrowing which is subject to variable rate interest. This policy is fixed each year by Council prior to the beginning of the financial year to which it applies.

2. TMP4 - APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

2.1 Approved Methods of Raising Capital Finance

- 2.1.1 Capital finance may only be raised by means of authorised loan, lease, gifts, joint ventures, grants, operational lease, capital receipts, revenue contributions and approved funds.

2.2 Approved Sources of Financing

- 2.2.1 There shall be no general restriction on the sources of borrowing (except for foreign currency which is excluded). This includes any credit institution authorised by an E.C. Member state - in sterling only.

**3. TMP5 - ORGANISATION, CLARITY AND SEGREGATION OF
RESPONSIBILITIES, AND DEALING ARRANGEMENTS**

3.1 The Chief Executive:-

- Ensures that systems are laid down and resourced.

3.2 The Head of Legal & Democratic Services:-

3.2.1 As Monitoring Officer

- Has the ability (but not the express duty) to call upon the Management Auditor to check compliance by the Head of Financial Services with the Treasury Management Policy Statement and that the Statement (or any proposed variation to it) complies with the law.
- May advise the Head of Financial Services where the Head of Legal & Democratic Services' advice is sought.

3.3 **The Head of Financial Services will be responsible for:-**

- Preparing the Treasury Management Policy Statement.
- Preparing a Treasury Management Strategy.
- Ensuring that the Treasury Management Practices are regularly reviewed.
- Deciding on funding and short-term policies for the ensuing period.
- Deciding on lending and investment policy for the ensuing period.
- Advising on the acceptability and characteristics of treasury instruments.
- Reviewing performance of the treasury management function at least twice a year.
- Ensuring that the organisation of the treasury management function is structured and managed in a fully integrated way and that there is at all times a clarity of treasury management responsibilities.
- That there is proper documentation for all deals, transactions and transmission of funds.
- Preparation of an annual budget for treasury management for approval by Council.
- Cash flow projections on a regular and timely basis to ensure that there is at all times a level of funding available for the Council's service activity needs.
- Monitoring adherence to approved policy.
- Assessing and appointing brokers.
- Assessing and appointing Investment Managers if that course of action is projected to be beneficial to the Council.
- Maintaining full records of treasury management decisions and the processes and practices applied in reaching those decisions.
- Ensuring that all Treasury staff are aware of and have access to a copy of the Bank of England's current version of the "London Code of Conduct".
- Reporting to elected members and advising the Monitoring Officer where that is appropriate.

3.4 **Policy on Delegation**

- 3.4.1 The extent of delegation shall be as described in the foregoing paragraphs. However, should new advice or regulations be received which require urgent action then the Head of Financial Services, in consultation with the Leader of the Cabinet and the Cabinet Member for Finance & Corporate Affairs, shall have authority to amend the Treasury Management Policy Statement prior to reporting to the next Council.

4. **TMP6 - REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS**

4.1 The Treasury Management Policy Statement shall be reviewed as appropriate by Council.

5. **TMP9 - MONEY LAUNDERING**

Schedules Addressing this Council's Compliance

In order to address these requirements the Council has set up the following procedures :

5.1 **Training** - Through this document and specific training, staff will be kept aware of developments in money laundering regulations and the appropriate staff are encouraged to keep abreast of money laundering issues through publications and the internet. The Money Laundering Reporting Officer will be required to attend specific professional courses on money laundering development to ensure local knowledge is kept up to date.

5.2 **Material and regular deposits or borrowing** - For all investment or borrowing counterparties, the Council will ensure that the counterparty has been suitably identified. This will take the form of :

a) Investment Counterparties - All investment counterparties which are maintained on the Council's lending list should be a deposit taker authorised by a regulatory body (e.g. the FSA). As such the identification procedures usually required above do not apply since the institution carries out relevant business in the UK. Those counterparties not authorised as a deposit taker through the FSA are institutions, such as the Bank of England or Post Office, are not required to be the subject of stringent identification procedures, but the Council will review these on a case by case basis.

b) Borrowing Counterparties - All borrowing counterparties are dealt with through either of the following routes :

i) **Via Money Brokers - In this instance Money Laundering**

Regulations 5(2) applies in as much as the combination of the use of brokers and reasonable grounds that the counterparty carries on authorised business in the UK. However even when dealing via a broker it is the council's responsibility to verify the counterparty, not the broker's; or

ii) **Direct Dealing - in this instance the Council uses** only recognised names, ones with credit ratings and to which the Council has reasonable grounds to expect that the counterparty carries on regulated business in the UK. For a few notable exceptions (such as Bank of England or Post Office), the nature of their

business does not require stringent identification procedures, but the council will undertake procedures to “know the counterparty”.

- 5.3 If any treasury investment counterparties are not known to the Council, the treasury officer will ensure identification of the counterparty by checking the credit rating of the organisation via the Council’s treasury advisers Butlers. This would normally be undertaken during the compilation of the counterparty list. If the counterparty is neither credit rated, nor known to be carrying on regulated business (e.g. FSA), the Council will not deal with that organisation.
- 5.4 **Small or irregular treasury deposits** - The Council may from time to time accept deposits from local institutions or individuals. In these circumstances the Council will require and copy identification of the institution’s contact officer or individual and the Council will take such steps that are reasonable (as defined by the Council) to ensure the activities and operations of the counterparty are appropriate. The identification process and documentation will be held with the information relating to the transaction. In the event that identification is inadequate or not forthcoming the Council will not deal with that institution or individual.
- 5.5 **Reporting** - The Money Laundering Reporting Officer for this Council is the Head of Financial Services. Any concern of a transaction possibly being linked to either money laundering or the proceeds of crime must be referred to the Money Laundering Reporting Officer for consideration and if the concerns are validated the National Criminal Intelligence Service must be notified.