

**LONDON BOROUGH OF RICHMOND UPON  
THAMES**

**FINANCIAL REGULATIONS**

# **FINANCIAL REGULATIONS – SECTION 1**

## **KEY CONTROL REQUIREMENTS**

### **1. GENERAL**

#### **1.1 Overview**

1.1.1 Departments have many systems and procedures relating to the control of the Council's assets, including purchasing, costing and management systems. Departments are also increasingly reliant on computers for their financial management information. The information must therefore be accurate and the systems and procedures should be sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

1.1.2 The Director of Finance & Corporate Services has a professional responsibility to ensure that the Council's financial systems are sound and should be notified of any new developments or planned changes.

#### **1.2 Key Control Requirements**

1.2.1 Members and officers must understand and abide by their responsibilities as set out in this document.

1.2.2 Consultants or agency staff acting for the Council will be bound by these regulations and it must be a condition of their engagement or employment that they do so.

1.2.3 Basic data must as a minimum exist to enable the authority's objectives, targets, budgets and plans to be formulated.

1.2.4 Performance management information relevant to each service must be communicated to the appropriate managers on an accurate, complete and timely basis.

1.2.5 Early warning must be provided of deviations from targets, plans and budgets that require management attention.

1.2.6 Operating systems and procedures must be secure.

1.2.7 These regulations shall apply to services carried out under agency arrangements for any other authority or organisation.

### **2. RISK MANAGEMENT AND INTERNAL CONTROLS**

#### **2.1 Overview**

2.1.1 The authority is a complex organisation and has many statutory obligations and other policy objectives to achieve. In delivering its services, the Council

adheres to a corporate system of policy planning and performance management, together with an integrated risk management process.

2.1.2 All senior managers are required to complete risk registers in their areas of responsibility. The identification and management of risk must be linked to the achievement of the Council's objectives, and then a control environment established to manage or mitigate those risks, and hence ensure the achievement of those objectives. The Council has an agreed Risk Management Strategy, which sets out the standard risk based evaluation process to be applied across the Council. Risk assessment and internal controls should form an integral part of service planning and delivery, and not be regarded as a separate activity.

2.1.3 A system of internal controls is required in order to provide assurance that:

- risks to service delivery are identified and managed
- operations are efficient and effective;
- financial information and performance reporting is reliable;
- there is compliance with laws and regulations.

2.1.4 The Accounts and Audit Regulations 2003 (updated 2006) require Councils to publish an annual Statement of Internal Control as part of its annual accounts. This statement provides a set of assertions on the quality of the control environment operating throughout the Council. The Council has adopted an Assurance Framework process to obtain the necessary assurances from senior officers that the control environment is both adequate (fit for the purpose) and operating effectively as intended. The Assurance Framework is based on the Heads of Service completing Control Effectiveness reports, which are then reviewed and agreed with their Directors. The Directors then prepare control assurance statements, which feed directly into the Statement of Internal Control.

## **2.2 Key Internal Controls**

2.2.1 Managerial control systems must exist to define policies, set objectives and plans, identify risks, establish appropriate controls, monitor financial and other performance indicators and to take appropriate anticipatory and remedial action.

2.2.2 Financial and operational control systems and procedures include physical safeguards for assets, segregation of duties, authorisation and approval procedures and security of information systems.

2.2.3 An effective internal audit function must exist which operates in accordance with the principles stated in the Auditing Practices Board's auditing guideline 'Guidance for Internal Auditors', and also in accordance with the requirements of the accounts and Audit Regulations 2003 (updated 2006) and any other statutory obligations and regulation. Internal Audit undertake risk based, systems and compliance audits to review and evaluate the Council's risks and controls, systems and procedures on a regular basis.

### **3. PREVENTING FINANCIAL IRREGULARITIES**

#### **3.1 Overview**

- 3.1.1 The Council will not tolerate fraud and corruption in the administration of its responsibilities whether from inside or outside the authority.
- 3.1.2 The Council's expectation of propriety and accountability is that Members and staff at all levels will lead by example in ensuring adherence to legal and financial requirements, rules, procedures and practices.
- 3.1.3 The Council also expects that organisations it comes into contact with, and persons/companies working on its behalf, will act towards the Council with integrity and without thought or actions involving fraud and corruption.
- 3.1.4 Detailed guidance on reporting fraud and irregularities is available within the Council's 'Whistleblowing Policy' (see Part 5 of the Council's Constitution).

#### **3.2 Key Prevention Controls**

- 3.2.1 The key controls regarding the prevention of financial irregularities are that:
- the culture and tone of the authority is one of honesty and opposition to fraud and corruption;
  - all Officers and Members of the Council shall act with integrity and lead by example;
  - all individuals and organisations associated in any way with the Council will act with integrity;
  - senior managers are required to deal swiftly and firmly with those who defraud the Council or are corrupt and Internal Audit must be informed at the commencement of any investigation;
  - both Internal and External Audit regularly review the corporate governance of the authority and will draw matters to the attention of the Director of Finance & Corporate Services or the Monitoring Officer as appropriate.

### **4. REVENUE BUDGET**

#### **4.1 Overview**

- 4.1.1 Budget Management ensures that resources allocated by the Council are used for their intended purposes and that these resources are properly accounted for. Budgetary control is a continual process enabling the authority to review and adjust its budget targets during the financial year. It also provides the mechanism to call to account managers responsible for defined elements of the budget.
- 4.1.2 By identifying and explaining variances against budgetary targets, the Council can identify changes in trends and resource requirements at the earliest

opportunity. The Council itself operates within an annual cash limit, approved in setting the overall budget. To ensure that the Council does not overspend, each Head of Service / Assistant Director is required to manage his/her own expenditure within the cash limited budget allocated.

4.1.3 Budgets are approved by the Heads of Service and Council and the budget holders are therefore authorised to incur expenditure in accordance with those estimates

## **4.2 Key Revenue Budget Controls**

4.2.1 The key controls for managing and controlling the revenue budget are:

- The Council shall approve a revenue budget and Council Tax in accordance with the relevant legislation.
- Budget holders shall be responsible for expenditure against the budget which is allocated to them.
- Each “£” of budgeted expenditure shall be allocated to a named budget manager.
- Budget managers shall accept accountability for their budgets and the level of service to be delivered.
- Budget managers shall follow an approved certification process for all expenditure.
- Income and expenditure shall be properly accounted for and recorded.
- Performance levels/levels of service must be monitored in conjunction with the budget and necessary action taken to align service outputs and budget.
- Any contingency budgets must be identified to the Director of Finance & Corporate Services who shall be responsible for approving expenditure against any such contingency.
- Where in the opinion of the Head of Service / Assistant Director or the Director of Finance & Corporate Services actual or proposed expenditure is likely to result in a budget overspend, the Head of Service / Assistant Director concerned must seek a virement to offset this overspend.
- Managers shall receive and review budget monitoring reports regularly.

## **5. SCHEME OF VIREMENT**

### **5.1 Overview**

- 5.1.1 The Council's scheme of virement is administered by the Director of Finance & Corporate Services within guidelines set by Council. Any variation from this scheme requires the approval of Council.
- 5.1.2 The rules below cover virement, which is switching resources between different heads of expenditure. For the purposes of this scheme, a budget head is considered to be the estimate shown in the Council's accountancy system. These rules apply only to revenue expenditure.
- 5.1.3 Any restructuring of budgets that follows a management reorganisation, i.e. a service being transferred from one Directorate to another, but results in no change to either the level or purpose for which budgets are held, will not be considered as a virement for the purpose of these Regulations.
- 5.1.4 The Council's scheme of virement is intended to enable Heads of Service and their staff to manage budgets with a degree of flexibility, within the overall "Policy Framework" as determined by the Council, and therefore optimise the use of resources. Heads of Service are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Heads of Service must plan to fund such commitments from within their own budgets.

### **5.2 Key Virement Controls**

- 5.2.1 Virements should only be made in accordance with the following guidelines:
- the limits and authorisation requirements as set out in Appendix 5;
  - where such a virement leaves the originating budget with sufficient funds to meet its commitments.

## **6. CAPITAL PROGRAMME AND FUNDING**

### **6.1 Overview**

- 6.1.1 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the authority, such as land, buildings, and major items of plant and equipment or vehicles. Capital assets shape the way services are delivered for the long term and create financial commitments for the future in the form of financing costs and revenue running costs.
- 6.1.2 The Government places strict controls on the financing capacity of the Council. This means that capital expenditure should form part of an

investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

## **6.2 Key Capital Programme Controls**

6.2.1 The key controls for capital programmes are:

- The Capital Strategy Document which sets the framework within which all capital schemes should be approved and monitored;
- The Capital Asset Management Plan (CAMP) which identifies the key assets, their use, value and condition. The CAMP should be used as part of the process to determine the priorities when setting the capital programme;
- Specific approval is provided by the Council for the programme of capital expenditure;
- Expenditure on capital schemes is subject to the approval of the Director of Finance & Corporate Services;
- Steps shall be taken to enable land required for the purposes of the programme to be acquired in due time;
- A scheme and estimate, including associated revenue expenditure shall be prepared for each capital project, for approval by the Executive;
- Funding for all schemes shall be recommended by the Director of Finance & Corporate Services for approval by the Executive;
- Proposals for improvements and alterations to buildings must be incorporated within the Capital Programme and approved by Executive;
- Schedules for individual schemes within block votes must be submitted to the Executive for approval (for example, minor works).

## **7. ORDERING AND PAYING FOR WORK, GOODS AND SERVICES**

### **7.1 Overview**

7.1.1 Public money should be spent with demonstrable probity and in accordance with the Council's policies. The Council's procedures should help to ensure that services can receive value for money in their purchasing arrangements. These procedures should be read in conjunction with the Council's Procurement Handbook and Contract Standing Orders.

7.1.2 Every Officer and Member of the authority has a responsibility to declare any links or personal interest which they may have with purchasers or suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council. In addition they must comply with the Officer and Member Codes of Conduct respectively.

## **7.2 Key Payment Controls**

7.2.1 The key controls for ordering and paying for work, goods and services are:

- all purchases of goods and services must comply with the Council's Contract Standing Orders and the Procurement Handbook;
- all goods and services shall be ordered in accordance with the Council's Procurement Handbook unless they are purchased from within the Council
- all purchases of goods and services must be backed up by appropriate documentation that provides an audit trail for the transaction. Such documentation might be a contract, specialist records relating to specific service provision, record of an on line order, a non Council order form or an official Council order. The records must show the goods and services being procured, an estimated price and the name of the authorising officer. The Director of Finance and Corporate Services may, from time to time, specify exceptions to this requirement. The current exceptions are utility bills, rent payments and purchases of minor items via petty cash or procurement cards.
- all goods and services must only be ordered by appropriate persons and must be recorded;
- goods and services must be checked to ensure they are in accordance with the order;
- payments must only be authorised by officers who can certify that goods have been received in terms of price, quantity and quality;
- all payments must be made to the correct person/persons, for the correct amount and shall be properly recorded regardless of the payment method;
- no payment shall be made to any organisation in advance of goods or services being rendered to the Council except in instances of subscriptions, memberships, training courses etc. Formal consent of a member of the Executive Board must be obtained in other instances;
- all appropriate payment documents must be retained and stored for at least the defined period in accordance with the Council's "Guidelines on the Destruction of Records" ( Appendix 2);
- officers certifying accounts for payment shall ensure that they are dealt with promptly, ensuring that any discounts available can be obtained and that the performance indicator for payment timescales is met;
- all expenditure including V.A.T. must be accurately recorded against the correct budget;

- in addition, the effect of e-business/e-commerce and electronic purchasing requires that processes are put in place to maintain the security and integrity of data for transacting business electronically;
- official orders must be in a form approved by the Director of Finance & Corporate Services;
- each order must conform with the directions of the Council on central purchasing and the standardisation of supplies and materials. The Council's standard terms and conditions must not be varied without the prior approval of the Director of Finance & Corporate Services;
- apart from petty cash, other payments from imprest/advance accounts or payments made by Procurement Card, the normal method of payment shall be by cheque or BACS drawn on the Council's bank account by the Director of Finance & Corporate Services. Payments made through petty cash, imprest account or procurement card must comply with the relevant guidance issued in respect of that payment method;
- the use of direct debit or standing order shall require the prior approval of the Director of Finance & Corporate Services;
- official orders must not be raised for any personal or private purchases, nor should personal or private use be made of Council contracts;
- commonly used goods, materials and services are to be contracted for and purchased from the named suppliers. A list of corporate contracts can be found on the Corporate Purchasing Intranet site. This provision may be waived in the event of a genuine emergency where agreement has been given by the Director of Finance & Corporate Services;
- any purchase of IT software or hardware (except for consumables) must be via the Council's IT Partner and shall require the approval of the relevant departmental commissioning agent. The departmental commissioning agent must keep a separate record of all purchases made, recording the date and the identification / property marking. This record must be made readily available to the Head of IT upon request.

## **8. INCOME COLLECTION**

### **8.1 Overview**

- 8.1.1 Income can be a vulnerable asset and effective utilisation of income collection systems is essential to ensure that all of the income due to the Council is identified, collected, receipted and banked properly. It is preferable, whenever practicable, to obtain income in advance of supplying goods or services as this improves the Council's cash flow and also avoids the time and cost of administering debts.

## 8.2 Key Income Collection Controls

8.2.1 The key controls for the collection of income are as follows:

- all income due to the Council must be identified and charged for correctly through the Council's primary income systems (e.g. DEBT, CTAX, NNDR) unless specifically authorised otherwise by the Director of Finance & Corporate Services;
- all income must be collected from the correct person at the right time using current procedures and approved stationery;
- all money received by an employee on behalf of the Council must be paid without delay to the Director of Finance & Corporate Services or as he/she directs, to the Council's bank account;
- on receipt of income, Council officers must issue an official receipt;
- effective action must be taken to pursue non-payment of debt within defined timescales;
- formal approval for write-off of any debt must be obtained using the standard form (see Appendices 2 & 8);
- appropriate write off action must be taken within defined timescales;
- appropriate accounting adjustments are made following write off action;
- the appropriate income documents must be retained for the defined period in accordance with "Guidelines on the Destruction of Records" (Appendix 2);
- all receipt forms, books, tickets etc. shall be in a form approved by the Director of Finance & Corporate Services;
- all manual receipts issued shall be signed by the receiving officer;
- personal cheques or electronic transactions may not be cashed out of money held on behalf of the Council;
- every transfer of official monies from one officer to another shall be evidenced in the records of the department concerned by the signature of the receiving officer;
- scales of charges for goods/services provided by the Council shall be reviewed annually in accordance with the Council's Corporate Policy on Fees & Charges (see Appendix 7) and reported to the Executive and Council if appropriate. Directors can set and / or amend charges where the impact is under £10,000 per annum.

## **9. BANKING ARRANGEMENTS AND CHEQUES**

### **9.1 Overview**

9.1.1 The Council operates a number of bank accounts for the collection and payment of monies. Receipts and payments are made through these accounts by both manual (cash, cheques) and electronic (BACS, CHAPS) means. Most payments/receipts should come through the Council's centrally held main accounts; only in exceptional circumstances will separate accounts with cheque books / paying in facilities be issued.

### **9.2 Key Banking Controls**

9.2.1 All arrangements with the Council's bankers concerning the Council's bank accounts will be made through the Director of Finance & Corporate Services. Only the Director of Finance & Corporate Services is authorised to open bank accounts relating to the Council's business.

9.2.2 All bank accounts shall bear an official title and in no circumstances shall an account be opened in the name of an individual, with the exception of the Returning Officers Account for election expenses. All stocks of cheques must be held securely and stock records maintained to identify both issued and spoilt cheques.

9.2.3 Bank accounts shall be reconciled with cashbooks at least once in each month and any discrepancies identified and appropriate action undertaken.

9.2.4 Heads of Service, in relation to bank accounts, shall arrange such safeguards as necessary and practicable, including the separation of staff duties so that as far as possible the following are the responsibility of at least 2 separate officers:

- checking of creditors accounts;
- control of cheque forms;
- preparation of cheques;
- signature of cheques;
- despatch of cheques;
- entry of the cash accounts;
- reconciliation of bank balances.

## **10. PAYMENTS TO EMPLOYEES AND MEMBERS**

### **10.1 Overview**

10.1.1 Staff costs are the largest item of expenditure for most Council services. It is therefore important that there should be effective controls in place to ensure that payments are made only where they are due for services to the Council and that payments accord with individual conditions of service.

## **10.2 Key Remuneration Controls**

10.2.1 The key controls for payments to employees and Members are:

- proper authorisation procedures and adherence to corporate timetables for starters, leavers, variations and enhancements must be complied with;
- frequent reconciliation of payroll expenditure must be undertaken against approved budgets;
- all appropriate payroll documents must be retained and stored for the defined period in accordance with the “Guidance for the destruction of documents (Appendix 2);
- all employees must be paid through the Council’s payroll system;
- all absences from duty due to sickness or other reasons must be properly recorded in an approved format;
- information necessary to maintain records of service for pension funds must be properly recorded in an approved format;
- all timesheets or other pay documents must be signed by the employee and authorised by an approved member of staff confirming the entries to be accurate;
- an up to date list of officers authorised to certify salary documents must be provided to the Director of Finance & Corporate Services and any additions/deletions reported on a timely basis;
- a Members’ Allowances Scheme must be approved annually by the Council and all payments to Members must be made in accordance with that approved scheme.

## **11. INVENTORIES AND SECURITY OF ASSETS**

### **11.1 Overview**

11.1.1 The Council holds assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. It is important that assets should be safeguarded and used efficiently in the delivery of services, and that there should be arrangements for the security of both assets and service operations.

### **11.2 Key Asset Controls**

11.3 An up to date inventory of all attractive and readily portable items and those with a purchase value of £250 or more and an estimated life in excess of 12 months shall be maintained for each establishment or department which records the following:

- description of item;
  - value of each item;
  - date of purchase;
  - security tag number;
  - make and model;
  - serial number.
- 11.4 An annual physical inventory check must be undertaken and any discrepancies identified and reported to the Head of Service / Assistant Director. In respect of stores, procedures should be in place to ensure continuous stocktakes and the level of stock should be maintained at reasonable levels.
- 11.5 All assets over £250 shall, as far as practicable, be effectively marked as Council property.
- 11.6 The disposal of surplus or obsolete items shall be undertaken within the "Guidelines for the disposal of assets and I.T. equipment", (Appendix 3).
- 11.7 Authorisation from the responsible Head of Service / Assistant Director must be obtained for appropriate adjustment to the inventory and of stock records in the event of a loss or disposal as per Appendix 3.
- 11.8 All items loaned to Officers and Members e.g. laptop computers must be separately recorded in a record of loans and signatures should be provided by the borrowing officer.
- 11.9 The key controls for the security of resources such as land, buildings, fixed plant and machinery are:
- budget managers must obtain specific funds for the specified level of service delivery;
  - approval to commit expenditure is required using an approved authorisation process, in particular no fixed asset with a value in excess of £10,000 shall be acquired without the approval of the Cabinet Member for Resources;
  - resources must only be used for the purposes of the Council and shall be properly accounted for;
  - resources must be secured and available for use when required;
  - resources no longer required must be disposed of in accordance with the regulations of the Council so as to maximise benefits.
- 11.10 Maximum limits of cash as specified by the Council's insurers to be held at any one time shall not be exceeded without the permission of the Director of Finance & Corporate Services. (Advice on insurance limits may be obtained from the Council's insurers through the Director of Finance & Corporate Services).

- 11.11 Keys to safes and similar receptacles used for the safekeeping of cash must be kept on the person of the responsible officer at all times. The loss of any such keys must be immediately reported to Internal Audit.
- 11.12 Secure arrangements must be made for the preparation and holding of pre-printed cheques, stock certificates, bonds and other financial documents.
- 11.13 Whenever breaking and entering, burglary or criminal damage occurs the matter must be reported immediately to the police and Internal Audit.
- 11.14 Details regarding maintaining a fixed asset register, as per the guidelines issued by the Director of Finance & Corporate Services, shall be complied with at all times

## **12. DISPOSAL OF ASSETS**

### **12.1 Overview**

- 12.1.1 It would be unsatisfactory and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the guidance provided at Appendix 3.

### **12.2 Key Disposal Controls**

- 12.2.1 Assets must be disposed of at the most appropriate time, only when it is in the best interests of the Council, and at the best price reasonably obtainable. For items of significant value, disposal should be by competitive tender or public auction. Guidelines on disposal of assets are attached at Appendix 3.
- 12.2.2 The Corporate Asset Management Plan (CAMP) should be used to identify the initial value of the asset and whether there is any alternative use before disposal takes place.
- 12.2.3 All IT disposals must be via the Council's IT Partner and with the approval of the relevant departmental commissioning agent.

## **13. STOCKS AND STORES**

### **13.1 Overview**

- 13.1.1 Heads of Service shall be responsible for the proper custody of stocks and stores held and shall see that all stocks and stores under their supervision are subject to an effective system of stock recording and control and stocktaking.

### **13.2 Key Stock Controls**

- 13.2.1 Stocks in excess of reasonable requirements shall not be kept other than in exceptional circumstances.
- 13.2.2 Obsolete stock with a value of less than £500 should be disposed of after consultation with the Corporate Procurement Manager. Obsolete stock with a

value greater than £500 should be disposed of by competitive competition or auction unless in any particular case it is decided otherwise by the Executive.

- 13.2.3 All practicable steps must be taken to ensure that a delivery note submitted by the supplier or by the person delivering is obtained at the time of delivery. All goods delivered must be checked to verify that the correct quantity has been received.
- 13.2.4 All goods must be checked as regards quality and with the specification as soon as practicable after delivery.
- 13.2.5 No article or goods shall be issued from any store or depot unless the person receiving the goods produces a requisition note, properly certified.
- 13.2.6 The responsible Head of Service / Assistant Director shall make arrangements for a system of continuous stock-taking to be carried out so that the stock of all articles is confirmed at least once in each financial year. Stock checks must be undertaken annually by an officer not responsible for the stores and a certificate of stock must be issued to the Director of Finance & Corporate Services as at 31<sup>st</sup> March in all financial years.
- 13.2.7 The Director of Finance & Corporate Services shall be entitled to check stores, if necessary requiring closure of the stores after consultation and agreement with the Head of Service / Assistant Director concerned, and be supplied with such information as required in relation to stores for the accounting, costing and financial records of the Council.

## **14. PETTY CASH/ IMPREST ACCOUNTS ETC.**

### **14.1 Overview**

- 14.1.1 The Director of Finance & Corporate Services shall make such advances as deemed appropriate either to departmental management or direct to particular officers for the defraying of authorised expenses of the Council. Such advances shall be maintained on an imprest basis.

### **14.2 Key Petty Cash Controls**

- 14.2.1 A request should be made in writing, via the Director of Finance & Corporate Services, in order for a department/establishment to open/close a petty cash account/imprest account or an account with the Council's Bankers for use by an imprest holder.
- 14.2.2 Imprest accounts shall not be permitted to be overdrawn.
- 14.2.3 Adequate security arrangements with regard to any cash balances held should be exercised at all times in accordance with requirements of the Council's Insurers. Stamps (including any franking machine) and similar stocks shall be properly controlled.

- 14.2.4 Each imprest holder shall annually, and at other times when requested, provide a certificate to the Director of Finance & Corporate Services of the amount held and a reconciliation covering all expenditure incurred.
- 14.2.5 On leaving the Council's employment or otherwise ceasing to be responsible for an imprest, each officer shall account to the Director of Finance & Corporate Services for the amount advanced. It is the responsibility of the relevant officer's line manager to ensure that this happens.
- 14.2.6 Payments shall be limited to minor items of expenditure not exceeding £100 unless approval is given by Internal Audit for exceptional payments in excess of this figure.
- 14.2.7 Receipts for all disbursements shall be obtained and the imprest holder shall obtain a signature for all reimbursements. A VAT invoice must be obtained for all purchases, and care taken to isolate the VAT element in any payment made from the imprest account.
- 14.2.8 The imprest holder shall be responsible for the control and operation of the imprest account in accordance with any instructions issued by the Director of Finance & Corporate Services. All non-computerised records relating to imprest accounts shall be maintained in ink. Expenditure which should form part of the payroll system e.g. car allowances, subsistence and payment to casual staff shall not be processed through imprest accounts. Guidance on the operation of imprest/advance accounts is detailed at Appendix 4.
- 14.2.9 No income other than the original advance and reimbursement shall be credited to an imprest account.

## **15. UNOFFICIAL FUNDS**

### **15.1 Overview**

- 15.1.1 An "unofficial fund" is any fund where the income and expenditure does not form part of the Council's accounts, but which is controlled wholly or in part by an officer by reason of employment by the authority or employment by a semi-autonomous body.

### **15.2 Key Unofficial Fund Controls**

- 15.2.1 The existence of all 'Unofficial funds' shall be notified to the Director of Finance & Corporate Services who will issue and update accounting instructions for them where necessary.
- 15.2.2 All 'Unofficial funds' must be properly accounted for and be subject to an independent annual audit.
- 15.2.3 Accurate records must be maintained as per the regulations governing the operation of Imprest Accounts (Appendix 4).

## **16. INFORMATION SYSTEMS**

### **16.1 Overview**

16.1.1 The Council is responsible for many computer systems and items that support the electronic exchange of information. It is important that relevant Acts of Parliament are complied with, (such as Data Protection Act 1998), and that all systems contain the necessary internal control mechanisms to protect the Council's assets.

### **16.2 Key Information Systems Controls**

16.2.1 The development and implementation of all major I.T. systems should conform to the Council's overall ICT Strategy.

16.2.2 Officers should ensure that they comply with the Computer Security Guidelines and the Data Protection Act as well as the Council's Code of Practice for the use of e-mail, the Intranet and the World Wide Web.

16.2.3 Officers should ensure that they maintain confidentially all passwords issued to them and only access systems for which they have been given specific authority.

16.2.4 Quotations for all purchases of computer hardware/software, excluding consumables, should be requested via the Corporate I.T. Department.

## **17. CLAIMS FOR EXPENSES AND ALLOWANCES**

### **17.1 Overview**

17.1.1 Officers may incur certain expenses in the course of their Council duties. In normal circumstances, the need to incur such expenses shall be approved in advance and shall be incurred in the most cost effective way.

### **17.2 Key Expenses Controls**

17.2.1 All employees submitting claims for expenses shall ensure that the claim is in respect of legitimate and authorised expenditure which has been incurred on Council business.

17.2.2 Certification by or on behalf of a Head of Service / Assistant Director shall be taken to mean that the certifying officer is satisfied that journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Council.

17.2.3 All car allowances are to be paid through the Council's Payroll System. The use of travel warrants should be encouraged whenever rail travel is contemplated.

17.2.4 Claims for expenses not identified as taxable and in excess of £100 (inclusive of VAT) are to be reimbursed through the Council's creditors system utilising

the BACS facility where appropriate. Each claim shall be promptly submitted for payment and shall be presented on a form clearly detailing the expenditure incurred, supported by receipts where applicable, dated, coded, signed by the claimant and counter signed by the appropriate authorising officer.

17.2.5 Payments less than £100 may be made by the Chief Cashier on an approved form clearly detailing the expenditure incurred, supported by receipts where applicable, dated, coded, signed by the claimant and counter signed by the appropriate authorising officer.

## **18. RISK MANAGEMENT AND INSURANCE**

### **18.1 Overview**

18.1.1 All organisations, whether they are in the private or public sectors, face risks to people, property and continued operations. Risk is defined as the chance or possibility of loss, damage or injury caused by an unwanted or uncertain action or event. Risk Management is the planned and systematic approach to the identification, evaluation and control of risk.

18.1.2 Insurance has been the traditional means of protecting against loss but this cannot be seen as the complete answer. By reducing, or even preventing, the incidence of losses (whether they result from crime or accident) the Council will benefit from reduced costs of providing insurance cover and will also avoid the disruption and wasted time caused by losses and insurance claims.

18.1.3 It is the overall responsibility of the Council, to approve the authority's Risk Management Strategy, and to promote a culture of risk management awareness throughout the Council.

### **18.2 Key Risk Management and Insurance Controls**

18.2.1 The key controls for risk management and insurance are:

- procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are promoted throughout the organisation;
- acceptable levels of risk are determined and insured against where appropriate;
- managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives;
- provision is made for losses that might result from the risks that remain;
- procedures are in place to investigate claims within required timescales;

- a full risk management review shall be carried out at least every 5 years and a monitoring process shall be in place to regularly review the effectiveness of risk management.

## **19. TREASURY MANAGEMENT**

### **19.1 Overview**

19.1.1 Many millions of pounds pass through the Council's books each year. The Chartered Institute of Public Finance and Accountancy (CIPFA) lay down the Code of Practice on Treasury Management which the Council follows. This Code, together with the Council's own policies, aims to provide assurances that the Council's money is properly managed in a way which balances risk with return, but with the overriding consideration being given to the security of the Council's capital sum.

### **19.2 Key Treasury Management Controls**

19.2.1 Clear procedures and systems documentation are in place which define the Council's policy on Treasury Management. The Treasury Management Policy shall be approved annually by the Executive who shall also receive twice yearly reports on borrowing activity from the Director of Finance & Corporate Services.

19.2.2 All executive decisions on borrowing, investment or financing (including leasing) shall be delegated to the Director of Finance & Corporate Services who shall act in accordance with the Council's agreed "Treasury Management Policy". All leasing requires the prior approval of the Director of Finance & Corporate Services.

19.2.3 All borrowing, lending or investment shall be made in the name of the Council.

## **20. ACCOUNTING POLICIES**

### **20.1 Overview**

20.1.1 The Director of Finance & Corporate Services is responsible for the preparation of the Council's Statement of Accounts, in the format required by the CIPFA Code of Practice on Local Authority Accounting in Great Britain, for the financial year ending 31 March.

### **20.2 Key Accounting Policy Controls**

20.2.1 The key controls for accounting policies are:

- suitable accounting policies are selected and applied consistently;
- judgements are made and estimates prepared which are reasonable and prudent;

- statutory and other professional requirements are observed to maintain proper accounting records;
- all reasonable steps have been taken for the prevention and detection of fraud and other irregularities.

## **21. ACCOUNTING RECORDS AND RETURNS**

### **21.1 Overview**

21.1.1 Proper accounting records are one of the ways in which the Council discharges its responsibility for stewardship of public resources. The Council has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year. These are subject to External Audit. This provides assurance that the accounts are properly prepared and proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of the authority's resource.

### **21.2 Key Accounting Record Controls**

21.2.1 The key controls for accounting records and returns are:

- all Executive Members, finance staff and budget managers shall operate within the required accounting standards of the Council;
- all the authority's transactions, material commitments and contracts and other essential accounting information shall be recorded completely, accurately and on a timely basis;
- procedures shall be in place to enable accounting records to be reconstituted in the event of failure;
- balances and reconciliation procedures shall be carried out to ensure transactions are recorded correctly;
- the Director of Finance & Corporate Services may from time to time issue requirements for accounting records or procedures which must be adhered to by all officers to ensure that the Council meets the statutory requirements of audit.

## **22. FORMAT OF THE ACCOUNTS**

### **22.1 Overview**

22.1.1 The format of the budget will determine the level of detail on which financial control and management will be exercised. The format will shape how the rules around virement will operate, the operation of cash limits and will set the level at which funds may be re-allocated within budgets.

## **22.2 Key Controls for the Format of the Accounts**

22.2.1 The key controls for the budget format are:

- the format complies with all legal requirements;
- the format complies with the CIPFA Code of Practice on Local Authority Accounting in Great Britain.

## **23. PERFORMANCE PLAN**

### **23.1 Overview**

23.1.1 Each local authority has a statutory responsibility to publish various plans, within the Council's "Policy Framework", including Best Value Performance Plans, Crime Reduction Strategies, Community Plans etc. The purpose of the plans is to drive the overall priorities and objectives, current performance, and proposals for further improvement. The Best Value Performance Plan is particularly important and is an extension of yearly reports on performance against the Audit Commission performance indicators.

### **23.2 Key Performance Plan Controls**

23.2.1 The key controls for performance plans are:

- to ensure that all relevant plans are produced and that they are consistent with each other;
- to produce plans in accordance with statutory requirements;
- to meet the set timetables;
- to be regularly monitored by senior officers, the Executive and the appropriate Overview and Scrutiny Committee, alongside the budget of the authority.

## **24. CONTRACTS AND CAPITAL MONITORING**

### **24.1 Overview**

24.1.1 Capital expenditure is tightly controlled by central Government and it is essential that the limited resources available are tightly controlled so that the Council may achieve the outcomes it desires. The controls set out below shall apply to both revenue contracts and capital unless otherwise stated.

### **24.2 Key Contract Controls**

24.2.1 No tender shall be accepted unless it complies with and is within the tolerance limits set out in the Council's Contract Standing Orders.

- 24.2.2 Where expenditure on a scheme is spread out over more than one year, a tender may only be accepted if resources have been earmarked in all years concerned.
- 24.2.3 Heads of Service must identify and report the projected over-spend or under-spend on any scheme as soon as they are identified, in accordance with the procedures set out in Appendix 6. Where the cost of a scheme increases in stages it must be reported at each stage with reference made to all previous increases.
- 24.2.4 The Director of Finance & Corporate Services, or a Head of Service / Assistant Director approved by the Director of Finance & Corporate Services, shall keep a register recording amounts due under contracts which provide for payments to be made in instalments. Heads of Services are required to maintain records of all interim payments made under contracts for works or services.
- 24.2.5 All payments under such contracts shall be made on a certificate signed by the appropriate Head of Service / Assistant Director. The certificate shall be dated and contain the total contract sum together with the estimated value of works to date and any retentions/liquidated damages withheld.
- 24.2.6 Where contracts of the Council are supervised and managed by persons other than officers of the Council, the agreement with that person shall stipulate that they shall provide to the Council, for inspection by its officers, all relevant vouchers and documents.
- 24.2.7 Claims from contractors in respect of matters not clearly within the terms of any existing contracts shall be referred to the Head of Legal Services before any settlement is reached.

## **25. TREATMENT OF YEAR END BALANCES AND RESERVES**

### **25.1 Overview**

- 25.1.1 The Council's scheme of year-end balances is administered by the Director of Finance & Corporate Services within guidelines set by the Council. Any variation from this scheme requires the approval of Council.
- 25.1.2 The rules below cover arrangements for the transfer of resources between financial years, i.e. a 'carry forward', and changes to other reserves, provisions and balances.
- 25.1.3 Reserves are maintained as a matter of prudence.

### **25.2 Key Balances Controls**

- 25.2.1 With the exception of school balances, any under-spend or over-spend may only be carried forward with the agreement of the Director of Finance & Corporate Services.

25.2.2 To maintain reserves in accordance with relevant accounting policies and the Code of Practice on Local Authority Accounting in Great Britain. The Director of Finance & Corporate Services shall agree all additions to/withdrawals from reserves, balances and provisions and shall report on such at least annually to the Executive.

## **26. TAXATION**

### **26.1 Overview**

26.1.1 The Council is responsible for ensuring all tax affairs are in order. Tax issues are often complex and the penalties for incorrectly accounting for tax are severe. It is therefore important for officers to be aware of their role.

### **26.2 Key Taxation Controls**

26.2.1 The key controls on taxation are operated by the Director of Finance & Corporate Services and cover the following:

- Budget managers shall be provided with the relevant information and shall be kept up to date on tax issues.
- Budget managers shall be instructed on required procedures for record keeping.
- All taxable transactions shall be identified, properly carried out and accounted for within stipulated timescale
- All records shall be maintained in accordance with instructions.
- All returns shall be made to the appropriate authorities within the stipulated timescales.
- An officer/officers shall be nominated by the Director of Finance & Corporate Services to take responsibility for taxation issues and liaison with agencies such as the Inland Revenue and Customs and Excise.

## **27. GIFTS AND HOSPITALITY**

### **27.1 Overview**

27.1.1 It is essential that a culture of openness and integrity is demonstrated by Officers, Members and contractors when acting on behalf of the Council to ensure high standards of propriety are achieved.

### **27.2 Key Propriety Controls**

27.2.1 All Officers, Members and contractors acting on behalf of the Council must ensure that they follow corporate guidelines and the relevant Code of Conduct in respect of gifts, hospitality, personal interests and other propriety

issues. In addition guidance from professional institutes and other bodies must be followed in appropriate cases.

27.2.2 Officers must notify their Head of Service / Assistant Director of any direct or indirect interest or any personal connection whatsoever that they may have in or with any organisation with which they are dealing on behalf of the Council. All Members must notify the Monitoring Officer if any of the above are applicable.

27.2.3 Each department must maintain a Register of Interests in line with corporate guidelines.

## **28. GRANT INCOME AND CLAIMS**

### **28.1 Overview**

28.1.1 Grant income makes up an ever increasing proportion of Council Funding and the administration of grant funded initiatives can have a significant impact on staff workloads. As such, there needs to be a robust system of approvals, monitoring and claims in place to ensure that all implications have been considered prior to application for a grant, that appropriate controls are in place on expenditure for the purposes of the grant and that effective procedures exist for the submission of claims to grant making bodies.

### **28.2 Key Grant Controls**

28.2.1 The Director of Finance and Corporate Services shall maintain a Grants Register showing inter alia the grant giving body, the purpose of the grant, the nominated responsible officer, the estimated value of the grant and a timetable for submission of claims as per 30.2.8 below.

28.2.2 Permission must be sought from the appropriate Director and Executive Member prior to submitting an application for a grant. The following factors should be considered:

- Relationship of the grant to Community and Service Plan objectives
- Knock on impact of the scheme e.g. additional staff time that cannot be charged to the grant, monitoring, preparing claims, reporting etc.
- Are there any ongoing financial consequences to the Council at the end of the grant?

28.2.3 Expenditure can only be made after formal approval under 28.2.2 and after receipt of official confirmation from the grant giving body.

28.2.4 Any new grants must be reported to the Director of Finance and Corporate Services for inclusion in the Grants Register and to the Executive as part of the budget monitoring process.

- 28.2.5 Each grant must have a nominated responsible officer who will ensure compliance with these regulations.
- 28.2.6 All expenditure must be in accordance with the terms and conditions attached to the grant by the grant giving body and in accordance with the Council's Financial Regulations and Standing Orders.
- 28.2.7 Proper records of expenditure must be kept to allow for verification of amounts claimed by the grant giving body and, where necessary, by the Council's internal and external auditors.
- 28.2.8 All grant claims are to be certified by the Director of Finance and Corporate Services. Grant claims must be completed to allow for:
- The Director of Finance and Corporate Services to verify the grant claim prior to certification
  - Submission of the grant claim to the grant giving body or external auditors in accordance with the grant conditions
- (The Director of Finance & Corporate Services will agree a timetable for each grant claim)
- 28.2.9 Any anticipated shortfall in grant income shall be reported to the Director of Finance and Corporate Resources as soon as it becomes apparent. The Director of Finance and Corporate Resources will normally require the appropriate Head of Service / Assistant Director to identify savings from other budgets where a shortfall of grant income occurs.

## **29. INTERNAL AUDIT**

### **29.1 Overview**

29.1.1 The Director of Finance & Corporate Services has a statutory responsibility for the overall financial administration of the Council's affairs and is responsible for maintaining an adequate and effective internal audit.

29.1.2 Internal Audit is an independent and objective appraisal function established by the Council for reviewing the authority's system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

### **29.2 Key Internal Audit Controls**

29.2.1 The key controls for Internal Audit are that:

- it remains independent in planning and operation;
- the Chief Internal Auditor has direct access to the Head of Paid Service, the Executive and the Council's Overview & Scrutiny Committees;

- the internal auditor complies with Auditing Practices Board's auditing guideline 'Guidance for Internal Auditors' and other relevant guidance;
- Internal Audit shall have access at any reasonable time and shall have the authority to apply any test or check they deem necessary to the accounts, cash, securities or other properties or records which relate in any way to the operations of the Council.

## **30. EXTERNAL AUDIT**

### **30.1 Overview**

30.1.1 The Local Government Finance Act 1982 set up the Audit Commission for local authorities and police authorities in England and Wales which is responsible for appointing external auditors to each local authority. The Head of Paid Service is responsible for working with the external auditor and for advising the Council, Executive and Heads of Service on their responsibilities in relation to External Audit. The external auditor has the same rights of access as the internal auditor to all documents, which are necessary for audit purposes.

30.1.2 The basic duties of the external auditor are governed by section 15 of the 1982 Act, under which auditors need to satisfy themselves that:

- the accounts are prepared in accordance with regulations made under Section 23 of 1982 Act and comply with the requirements of all statutory provisions applicable to the accounts;
- proper practice has been observed in compilation of accounts;
- the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

30.1.3 The Council's accounts are scrutinised by external auditors, appointed by the Audit Commission, who must be satisfied that the statement of accounts presents fairly the financial position of the authority and its income and expenditure for the year in question and complies with legal requirements.

### **30.2 Key External Audit Control**

30.2.1 External auditors are appointed by the Audit Commission normally for a minimum period of five years. The Audit Commission prepares guidelines, which the external auditors follow when auditing the authority's statement of accounts.

## **31. PARTNERING ARRANGEMENTS**

### **31.1 Overview**

31.1.1 The Council works with a number of external organisations in delivering community strategies and in seeking to promote and improve the well being of the area. The Council has a key role in leading and co-ordinating the contributions of various stakeholders and providers.

31.1.2 As part of this leadership role, the Council may bid for funds, identify areas for investment, co-ordinate the input of resources from other bodies and organisations. In order to maintain full accountability of its role in these activities, it is essential that these arrangements are subject to the same standards of corporate governance and financial management as applies to the Council's own functions.

31.1.3 Before entering into any partnering arrangement:

- the objectives and associated risks should be clearly identified, so that adequate controls can be implemented. Where partnering arrangements are supported by formal contracts, these should comply with the Council's Contract Standing Orders.
- legal and financial advice must be obtained to ensure the arrangement is legally compliant with statutory requirements and financially viable.
- an initial appraisal should identify the staffing and other resources required and the sources of funding
- roles and responsibilities of the respective parties should be clearly identified before the arrangement commences, particularly with regard to financial management and transaction responsibilities.

31.1.4 Once established, processes and procedures should be documented, and all financial transactions should be supported by adequate evidence to provide an audit trail.

31.1.5 Partnering arrangements should include provision for the Council's Internal Audit to have access to all records and documents as required.

## **31.2 Key Partnering Controls**

31.2.1 Any partnering arrangement should comply with the Council's Contract Standing Orders, Financial Regulations and Risk Management Strategy as far is relevant and appropriate.

31.2.2 Any partnering arrangement planned should be notified to the Director of Finance and Corporate Services and the Head of Legal Services to ensure that the appropriate financial and legal issues are taken into account before the arrangement proceeds. This notification should include a documented risk assessment / register.

31.2.3 Accounting, budget and audit roles and responsibilities must be agreed with the Director of Finance and Corporate Services.

31.2.4 The spending of any specific funding obtained must comply with any key conditions or statutory requirements of the issuing authority / organisation, with full supporting documentation.

## **FINANCIAL REGULATIONS – SECTION 2**

### **RESPONSIBILITIES OF DIRECTOR OF FINANCE AND CORPORATE SERVICES**

#### **1. GENERAL**

- 1.1 The Director of Finance & Corporate Services has statutory duties in relation to the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. The statutory duties arise from laws such as:

Section 151 of the Local Government Act 1972;  
Local Government Finance Act 1988;  
Local Government and Housing Act 1989;  
Accounting and Audit Regulations (latest version);  
Local Government Act 2000.

- 1.2 The Director of Finance & Corporate Services is responsible for:

- the proper administration of the Council's financial affairs;
- setting financial management standards and monitoring their compliance;
- advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;
- preparing the revenue budget, capital programme and borrowing plan.

- 1.3 Section 114 of the Local Government Act 1988 requires the Director of Finance & Corporate Services to report to the Council if the authority or one of its officers:

- has made, or is about to make, a decision which involves incurring unlawful expenditure;
- has taken or is about to take, an unlawful action which has or would result in a loss or deficiency to the Council;
- has or is about to make an unlawful entry in the Council's accounts.

#### **2. RISK MANAGEMENT AND INTERNAL CONTROLS**

- 2.1 To ensure the proper administration of the financial affairs of the Council.
- 2.2 To set the financial management standards, and to monitor their compliance. This will include guidance and procedures in respect of the operation and use of the Council's main financial system, SAP.
- 2.3 To ensure proper professional practices are adhered to, and to act as head of profession in relation to the standards, performance and development of finance staff throughout the authority.

- 2.4 To take action to ensure that financial information is available to enable accurate and timely reporting of comparisons of national and local financial performance indicators.
- 2.5 To prepare, review and amend Financial Regulations and to submit to Council for approval.
- 2.6 To ensure that Heads of Service are informed of the contents and implications of Financial Regulations, with updates issued as appropriate.
- 2.7 To prepare and promote across the authority the Council's Risk Management Strategy and Assurance Framework process. This includes the provision of advice on the key strategic controls necessary to secure an effective system of internal control.
- 2.8 To prepare reports in accordance with legislative requirements on the Council's internal control environment.

### **3. PREVENTING FINANCIAL IRREGULARITIES**

- 3.1 To maintain adequate and effective audit arrangements for the Council.
- 3.2 To ensure that financial irregularities are reported to the Head of Paid Service, the Executive and the Council's relevant Overview & Scrutiny Committee, where appropriate.
- 3.3 To ensure that an asset register is maintained in accordance with good practice. To ensure that no fixed assets with a value in excess of £10,000 are acquired without the prior approval of the Executive Member for Resources.

### **4. REVENUE BUDGET**

- 4.1 To advise on methods available for the funding of expenditure.
- 4.2 To establish an appropriate framework of budgetary management and control which ensures that:
  - budgetary management is exercised within the annual cash limits set, unless the Council agrees otherwise;
  - each Head of Service / Assistant Director has available timely information on receipts and payments on each budget heading, to enable cost centre managers to fulfil their budgetary responsibilities;
  - expenditure is committed only against an approved budget head;
  - all officers responsible for committing expenditure comply with relevant guidance, including these Financial Regulations;

- each budget head has a single named manager, determined by the Head of Service / Assistant Director. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making powers which commit expenditure;
  - significant variances from approved budgets are investigated and reported by managers regularly.
- 4.3 To administer the Council's scheme of virement.
- 4.4 To prepare and submit reports to the Executive and to Council, as appropriate, in consultation with the Head of Service / Assistant Director where a Head of Service / Assistant Director is unable to balance expenditure compared with the budget.
- 4.5 To prepare and submit reports on budgetary prospects for the Executive, including resource constraints set by Government. Reports should take account of medium-term prospects, where appropriate.
- 4.6 To determine the detailed form of revenue estimates, consistent with the general directions of the Council, and after consultation with the Executive and Heads of Service.
- 4.7 To prepare and submit reports to the Executive and Council on the aggregate spending plans of departments and on the resources available to fund them, identifying, where appropriate, the implications for the level of Council Tax to be levied.
- 4.8 To prepare an annual report detailing the revenue estimates of the Council recommending proposals for the level at which the Council Tax should be set.
- 4.9 To maintain an appropriate forward planning mechanism to monitor the medium term implications of spending decisions.
- 4.10 To encourage best use of resources and value for money by working with Heads of Service to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.
- 4.11 To advise Council on Executive proposals in accordance with the responsibilities under section 151 of the Local Government Act 1972 and the Local Government Act 2000.

## **5. SCHEME OF VIREMENT**

- 5.1 To prepare and agree virement limits and authorisation procedures in conjunction with the Executive.

## **6. CAPITAL PROGRAMMES AND FUNDING**

- 6.1 To prepare capital estimates jointly with Heads of Service and the Head of Paid Service and to report them to the Executive for approval. The Executive will make recommendations on the capital estimates and on any associated financing requirements to Council. Approval from the Cabinet Member for Strategy & Finance and the relevant Cabinet Member is required where a Head of Service / Assistant Director proposes to bid for or exercise additional borrowing approval not anticipated in the capital programme. This is because the extra borrowing may create future commitments to financing costs.
- 6.2 To co-ordinate the preparation of and submit reports to the Executive on the projected expenditure and resources compared with the approved estimates.
- 6.3 To prepare and update the Council's Capital Strategy Document which sets out the framework for the approval and monitoring of capital schemes. The definition of 'capital' will be determined by the Director of Finance & Corporate Services, having regard to Government regulations and accounting requirements.
- 6.4 To ensure adequate records are maintained to inform the Asset Management Plan (CAMP) in accordance with the "Policy Framework". To submit the CAMP to Council on an annual basis.
- 6.5 To ensure that the Council complies with the Prudential Controls regime in respect of the financing of the Capital Programme.

## **7. ORDERING AND PAYING FOR GOODS/SERVICES**

- 7.1 To ensure that all of the Council's financial systems and procedures are sound and well administered.
- 7.2 To approve any changes to existing financial systems and to approve any new systems before they are introduced.
- 7.3 To approve the format of official orders, and associated terms and conditions.
- 7.4 To make payments from the Council's funds on the Head of Service / Assistant Director's authorisation that the expenditure has been duly certified in accordance with these Financial Regulations.
- 7.5 To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute, is made under a court order, is in respect of a major incident where the Council's Emergency Planning procedures are invoked or as advised by the Head of Legal Services.

7.6 To make payments to contractors on the certificate of the appropriate Head of Service / Assistant Director, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.

7.7 To provide advice on making payments by the most economical means.

## **8. INCOME**

8.1 To agree arrangements for the collection of all income due to the Council and approve the procedures, systems and documentation for its collection.

8.2 To order and supply to departments all receipt forms, books or tickets and similar items and satisfy himself/herself regarding the arrangements for their control.

8.3 To agree to the write-off of bad debts within the limits set out at Appendix 1 to an approved limit in each case and to refer larger sums to the Executive.

8.4 To obtain the approval of the Executive in consultation with the relevant Head of Service / Assistant Director, for writing off debts in excess of the approved limit.

8.5 To set a framework for charging policies of the Council in accordance with the Council's Corporate Policy on Fees & Charges (see Appendix 7).

## **9. BANKING ARRANGEMENTS AND CHEQUES**

9.1 To make overall arrangements with the Council's bankers.

## **10. PAYMENTS TO EMPLOYEES AND MEMBERS**

10.1 To arrange and control the secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees in accordance with procedures prescribed and on the due date.

10.2 To record and control tax, superannuation and other deductions.

10.3 To make arrangements for payment of all travel and subsistence claims or financial loss allowance.

10.4 To provide advice and to secure the payment of salaries and wages by the most economical means.

## **11. INVENTORIES AND SECURITY OF ASSETS**

11.1 To ensure that an asset register is maintained in accordance with good practice. To ensure that no fixed assets with a value in excess of £10,000 are acquired without the prior approval of the Executive Member for Resources.

**12. DISPOSAL OF ASSETS**

- 12.1 To advise on best practice for disposal of assets.
- 12.2 To ensure appropriate accounting entries are made

**13. STOCKS AND STORES**

- 13.1 The Director of Finance and Corporate Services has no direct responsibilities on this issue.

**14. PETTY CASH/IMPREST ACCOUNTS**

- 14.1 To agree the provision of imprest accounts to identified officers of the Council and to set the rules governing the use and administration of such funds.

**15. UNOFFICIAL FUNDS**

- 15.1 To agree the setting up of all “Unofficial Funds” and to issue and update accounting instructions for these funds where necessary.

**16. INFORMATION SYSTEMS**

- 16.1 To ensure that budget proposals for any major development and/or implementation of I.T. systems are made under the terms of the Council’s ICT Strategy.
- 16.2 To ensure that the data provided by information systems is secure, timely and accurate and is able to support calculations of performance indicators etc.

**17. CLAIMS FOR EXPENSES AND ALLOWANCES**

- 17.1 To ensure that claims for expenses and allowances are paid in accordance with the Council’s Financial Regulations.

**18. RISK MANAGEMENT AND INSURANCE**

- 18.1 To prepare and promote the Council’s risk management policy statement.
- 18.2 To effect corporate insurance cover, through external insurance and internal funding, and negotiate all claims in consultation with other officers where necessary.

- 18.3 To include all appropriate employees of the Council in a suitable fidelity guarantee insurance.
- 18.4 To offer insurance cover to schools in accordance with Fair Funding arrangements.
- 18.5 To develop risk management controls in conjunction with other Heads of Service.

## **19. TREASURY MANAGEMENT**

- 19.1 To arrange borrowing and investments of the Council in such a manner as to comply with the CIPFA Code of Practice on Treasury Management in the UK and the authority's Treasury Policy Statement.
- 19.2 To report twice a year to Council on treasury management activities.
- 19.3 To operate such bank accounts as are considered necessary within the terms of the banking arrangement.
- 19.4 To ensure that all investments of money are made in the name of the Council, or in the name of nominees approved by Council.
- 19.5 To effect all borrowings in the name of the Council.
- 19.6 To act as the Council's registrar of stocks, bonds, mortgages and to maintain records of all borrowing by the Council.

## **20. ACCOUNTING POLICIES**

- 20.1 To select suitable accounting policies and to ensure that they are applied consistently. The accounting policies will be set out in the statement of accounts which is prepared at 31 March each year and will be communicated to all Heads of Service.

## **21. ACCOUNTING RECORDS AND RETURNS**

- 21.1 To determine the accounting procedures and records to be maintained by the Council. Where these are maintained outside the Finance Department, the Director of Finance & Corporate Services should consult the Head of Service / Assistant Director concerned.
- 21.2 To compile all accounts and accounting records or ensure they are compiled under his / her direction.

- 21.3 To comply with the following principles when allocating accounting duties:
- separating the duties of providing information about sums due to or from the Council and calculating, checking and recording these sums, from the duty of collecting or disbursing them;
  - employees with the duty of examining or checking the accounts of cash transactions shall not themselves be engaged in these transactions.
- 21.4 To make proper arrangements for the audit of the Council's accounts in accordance with the Accounts and Audit Regulations.
- 21.5 To prepare and publish the audited accounts of the Council for each financial year, in accordance with the statutory timetable.
- 21.6 To ensure the proper retention of financial documents and records. The periods for which documents and records are to be retained are specified in the "Guidelines for the Destruction of Documents" at Appendix 2.

## **22. FORMAT OF THE ACCOUNTS**

- 22.1 To advise the Council on the format of the budget and the accounts of the Council.

## **23. PERFORMANCE PLAN**

- 23.1 To advise and supply the financial information that needs to be included in performance plans in accordance with statutory requirements and agreed timetables.
- 23.2 To contribute to the development of corporate and service targets and objectives and performance information.

## **24. CONTRACTS AND CAPITAL MONITORING**

- 24.1 To ensure that an appropriate Head of Service / Assistant Director/s is nominated to maintain a register recording amounts due under contracts which provide for payments to be made in instalments.
- 24.2 To report jointly with the appropriate Head of Service / Assistant Director to the Executive, on overspends and projected contract overspends as per the schedule detailed at Appendix 6.

## **25. TREATMENT OF YEAR END BALANCES AND RESERVES**

- 25.1 To administer a scheme of 'carry forward' within the guidelines set by the Executive. To consider whether under or over-spends should be carried over from one year to another.

25.2 To recommend to the Executive the extent of over-spends and under-spends on service estimates to be carried forward.

25.3 To administer and control all financial reserves, balances and provisions of the Council and report to the Executive and to the Council as appropriate.

## **26. TAXATION**

26.1 To complete all Inland Revenue returns.

26.2 To complete a monthly return of V.A.T. inputs and outputs to H.M. Customs and Excise.

26.3 To provide details to the Inland Revenue regarding Construction Industry Tax Deduction Schemes (CITDS).

26.4 To provide sufficient information to Heads of Service on the accounting requirements of Customs and Excise and the Inland Revenue to enable the regulations to be fully complied with.

## **27. GIFTS AND HOSPITALITY**

27.1 To maintain a system to record and monitor gifts and hospitality received by Council employees.

## **28. GRANT INCOME AND CLAIMS**

28.1 To maintain a Grants Register.

28.2 To agree a timetable for each grant claim and certify every completed claim.

## **29. INTERNAL AUDIT**

29.1 The Director of Finance & Corporate Services is responsible for maintaining an adequate and effective system of Internal Audit. He or she must ensure that internal auditors have the authority to:

- access Council premises at reasonable times;
- access all assets, records, documents, correspondence and control systems relevant to audit
- require and receive any information and explanation considered necessary concerning any matter under consideration;
- require any employee of the Council to account for cash, stores or any other Council property under his/her control;

- access records belonging to third parties, such as contractors when required;
  - report directly to the Head of Paid Service, the Executive and the relevant Overview & Scrutiny Committees.
- 29.2 To maintain Strategic and Annual Audit Plans which take account of the characteristics and relative risk of the activities involved. He should liaise with Heads of Service on the audit strategy and cover required. In addition to the statutory requirement this takes account of the need to seek added value, effective use of resources, improved performance and cost-effective controls.
- 29.3 Where an appropriate response to audit recommendations has not been made within a reasonable period, the Director of Finance & Corporate Services may, after consultation with the Head of Paid Service, refer the matter to the appropriate Executive Member.
- 29.4 To investigate promptly any fraud or irregularity of which he/she becomes aware of and to report to the Head of Paid Service who will consider any legal proceedings and disciplinary action in consultation with the appropriate Head of Service / Assistant Director.
- 29.5 To report at least annually to the Head of Paid Service and to the relevant Overview & Scrutiny Committee on the main issues raised by Internal Audit during the year.

### **30. EXTERNAL AUDIT**

- 30.1 To draw up the timetable for final accounts purposes and to advise staff and external auditors accordingly.
- 30.2 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.
- 30.3 To report to Council on the actions being taken to address the recommendations made within External Audits Management Letter, and to follow up recommendations to ensure their implementation.
- 30.4 To set guidelines for the provision of working papers as required by the Council's external auditors to support transactions recorded in the Council's financial records.

### **31. TRUST FUNDS AND FUNDS HELD ON BEHALF OF THIRD PARTIES**

- 31.1 To ensure that all trust funds are, whenever possible maintained in the name of the Council.
- 31.2 Where funds are held on behalf of third parties, for their secure administration and to maintain written records of all transactions

31.3 To ensure that trust funds are operated within any relevant legal requirements and the specific requirements for each trust.

**31. PARTNERING ARRANGEMENTS**

31.1 To provide financial advice to Heads of Service regarding partnership arrangements.

31.2 To ensure that partnering arrangements have adequate financial controls in place.

**FINANCIAL REGULATIONS – SECTION 3**  
**RESPONSIBILITIES OF HEADS OF SERVICE**

**1. OVERALL RESPONSIBILITIES OF HEADS OF SERVICE**

- 1.1 Heads of Service [as defined in the Glossary in Part 1 of this Constitution] are responsible for ensuring that the Executive are advised of the financial implications of all proposals and that they are agreed with the Director of Finance & Corporate Services.
- 1.2 Heads of Service must ensure that all staff, agency staff and consultants engaged in the provision of Council services comply with these regulations.
- 1.3 Heads of Service must ensure that these regulations are complied with in respect of work carried out under agency arrangements for another authority or organisation.

**2. RISK MANAGEMENT AND INTERNAL CONTROL**

- 2.1 To adhere to the Financial Regulations set out in this document and promote the financial management standards set by the Director of Finance & Corporate Services in their departments.
- 2.2 To promote proper financial practices in relation to the standards, performance and development of staff in their departments.
- 2.3 To ensure that Financial Regulations are made known to all appropriate employees, with updates issued as appropriate and to keep suitable records to confirm to the Director of Finance & Corporate Services that this has been done.
- 2.4 To comply with the requirements of the Council's risk management strategy and procedures, and the Assurance Framework. Risk registers should be maintained and subject to regular review in light of achievement or otherwise of service objectives and targets, and overall performance levels.
- 2.5 To ensure that the internal controls operating within their areas of responsibility are adequate and operating as intended. Controls should be subject to periodic independent testing to evidence they are operating on a cost effective basis.

**3. PREVENTING FINANCIAL IRREGULARITIES**

- 3.1 To foster a culture of honesty and opposition to fraud and corruption within the authority.
- 3.2 To ensure that all suspected irregularities are immediately reported to the Director of Finance & Corporate Services / **Head of Internal Audit and Risk Management**, and if appropriate to the Monitoring Officer.

- 3.3 To instigate the use of the Council's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- 3.4 To ensure that where financial impropriety is discovered, and sufficient evidence exists to believe that a criminal offence may have been committed, that the Director of Finance & Corporate Services/ **Head of Internal Audit and Risk Management** are notified to decide on police or other legal action and to determine with the Crown Prosecution Service whether a prosecution should be instigated.

#### **4. REVENUE BUDGET**

- 4.1 To commit and authorise expenditure within their department in line with Financial Regulations.
- 4.2 To maintain budgetary control within the department, in adherence to the principles stated and to ensure that all income and expenditure is properly recorded and accounted for.
- 4.3 To ensure that no expenditure is incurred without a properly approved budget allocation being in place.
- 4.4 To ensure that a single accountable budget officer is identified for each item of expenditure under the control of the Head of Service / Assistant Director. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making which commits expenditure.
- 4.5 To ensure that income and expenditure is correctly recorded in the Council's financial system (SAP). This means that the correct GL code that describes the item of income or expenditure must be used rather than directly coding an item of expenditure to another budget head showing an underspend.
- 4.6 To ensure that spending remains within the service overall cash limit, and that individual budget heads are not overspent, by monitoring the budget and, where it appears that areas of the budget are likely to be over or under-spent, taking appropriate corrective action.
- 4.7 To ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and that any necessary action is taken.
- 4.8 To ensure that an appropriate number of staff have access to and are trained in the use of the Council's financial system (SAP) to enable them to monitor budgets.
- 4.9 To prepare reports on the service's projected expenditure compared with its budget. These reports should be prepared and submitted on a monthly basis to the appropriate Management Team within Directorates and to the Director of Finance and Corporate Services. The Director of Finance and Corporate Services may, from time to time, vary the requirement to submit a monthly report to him but such a report will be required on at least a quarterly basis.
- 4.10 To ensure prior approval by the Council for new proposals which:

- create financial commitments in future years;
  - initiate a new policy or cease existing policies;
  - materially extend or reduce the Council's services
  - generate additional income.
- 4.11 To ensure use of and compliance with the Council's scheme of Virement as set out in Appendix 5.
- 4.12 To consult with other Heads of Service where it appears that a budget proposal, including a virement proposal, may impact materially on another service or level of service activity, or which would create for them a financial commitment in future years.
- 4.13 To provide information, as requested by the Director of Finance & Corporate Services, to enable the estimates of income and expenditure to be prepared for submission to the Executive and/or Council for approval.
- 4.14 To prepare budgets which are consistent with any relevant cash limits, within the Council's annual budget cycle and within guidelines issued by the Director of Finance & Corporate Services.
- 4.15 To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance indicators and measures.
- 4.16 When drawing up a spending plan to have regard to:
- spending patterns and pressures revealed through the budget monitoring process;
  - legal requirements (including those under statute, statutory instrument, order, EU Directives, EU Regulations, deed, contract, agreement or case law);
  - policy requirements as defined by the Council;
  - initiatives already underway.
  - risk assessments impacting on the service area

## **5. SCHEME OF VIREMENT**

- 5.1 To use the Scheme of Virement to offset overspends.
- 5.2 To use the Scheme of Virement to transfer resources from one purpose to another e.g. purchasing a chair from an underspend on stationery.
- 5.3 To ensure that all virements comply with the Scheme of Virement as set out at Appendix 5. The prior approval of the Executive is required to any virement

where it is proposed to vire between budgets of different accountable Executive members.

## **6. CAPITAL PROGRAMMES AND FUNDING**

- 6.1 To comply with the Council's Capital Strategy Document and other guidance concerning capital schemes and controls issued by the Director of Finance & Corporate Services.
- 6.2 To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by the Director of Finance & Corporate Services.
- 6.3 To prepare regular reports reviewing the capital programme provisions for their services' and prepare a quarterly return of estimated final cost of schemes in the approved capital programme for submission to the Director of Finance & Corporate Services.
- 6.4 To ensure that adequate records are maintained in respect of all capital contracts.
- 6.5 To proceed with projects only when there is adequate provision in the capital programme, and with the agreement of the Director of Finance & Corporate Services where required.
- 6.6 To prepare and submit reports, jointly with the Director of Finance & Corporate Services, to the Executive, of any variation in the contract costs greater than the approved limits.
- 6.7 To ensure that credit arrangements, such as leasing agreements, are not entered into without the prior approval of the Director of Finance & Corporate Services and, if applicable, approval of the scheme through the capital programme.
- 6.8 To consult with the Director of Finance & Corporate Services and to seek the Executive's approval where a Head of Service / Assistant Director proposes to bid for additional borrowing approvals or grants, to be issued by Government departments to support expenditure which has not been included in the current years capital programme.
- 6.9 To report to the Executive on capital expenditure compared to estimates, including all contracts where the final expenditure exceeds the approved estimate by more than the prescribed amount.
- 6.10 To ensure that all capital schemes have a nominated officer with responsibility for monitoring and controlling the costs of each scheme.
- 6.11 To ensure that adequate records are maintained to provide the information required to update the Corporate Asset Management Plan (CAMP) by identifying key assets, their use, value and condition in order to determine priorities for capital expenditure

## **7. ORDERING AND PAYING FOR GOODS/SERVICES**

- 7.1 To ensure that all goods and services are ordered / purchased in accordance with the Council's Contract Standing Orders, Financial Regulations and Procurement Handbook.
- 7.2 To ensure that there is real and demonstrable requirement for the goods/services to be purchased.
- 7.3 To ensure that appropriate documentation is kept to provide an audit trail for all purchases as set out in Section 7.2 of the Key Control Requirements section of this document. Where possible, this should take the form of an official order.
- 7.4 To ensure that, when an official order is used, only official pre-numbered order forms, as approved by the Director of Finance, are used. These are controlled stationery and should be retained securely when not in use.
- 7.5 To ensure that orders are only used for goods and services provided to the Department/Establishment. Individuals must not use official orders to obtain goods or services for their private use.
- 7.6 To ensure that, where a corporate contract for the supply of particular goods/services is in place, that the goods/services are purchased from the named supplier. Only with the permission of the Director of Finance and Corporate Services can this provision be waived. A list of existing Corporate contracts is available on the Corporate Purchasing intranet site.
- 7.7 To ensure that only authorised staff sign official orders or other appropriate documentation and that an up-to-date list of such authorised staff, including specimen signatures identifying in each case the limits of their authority is readily available. The signatory of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Value for money should always be obtained.
- 7.8 To ensure that sufficient budgetary control procedures are in place to establish current and projected expenditure against the appropriate budget allocation, which recognises the implications of raising orders.
- 7.9 To ensure that goods and services are checked on receipt to ensure they are in accordance with the official order. This check should, where practicable, be carried out by a different officer to the officer who signed the original order. Entries should then be made in inventories or stores records as appropriate.
- 7.10 To ensure that payment is not made unless a proper VAT invoice has been made received, checked, coded and certified for payment confirming:
  - receipt of goods or services;
  - that the invoice has not previously been paid;
  - that expenditure has been properly incurred and is within budget provision;

- that prices and arithmetic are correct and accord with quotations, tender, contracts or catalogue prices;
- correct accounting treatment of tax;
- the invoice is correctly coded;
- discounts have been taken where available;
- that appropriate entries are made in the accounting records.

and that the Payment Grid Stamp is used and completed to evidence the above.

- 7.11 To ensure that the properly delegated Budget Manager for a cost centre signs off all invoices for that cost centre. Unsigned invoices or those signed by other than the authorised Budget Manager must not be entered onto the Council's financial system (SAP).
- 7.12 To ensure that an authorised member of staff, if possible a different officer from the person who signed the order and in every case a different officer from the person certifying the invoice, authorises invoices.
- 7.13 To ensure that the department maintains and reviews periodically a list of staff approved to certify and authorise invoices. Names of authorising officers together with specimen signatures and details of the limits of their authority shall be forwarded to the Director of Finance & Corporate Services.
- 7.14 Payment should not be made on a photocopied or faxed invoice, a statement or other document other than the formal invoice.
- 7.15 To encourage suppliers of goods and services to receive payment by the most economical means for the Council. Payments should, however, not be made by direct debit or standing orders unless specifically agreed with the Director of Finance & Corporate Services.
- 7.16 To ensure that the department obtains value for money from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, with regard to best practice guidelines issued by the Director of Finance & Corporate Services.
- 7.17 To ensure Contract Standing Orders are fully complied with when obtaining goods/services through competitive quote or tenders.
- 7.18 To ensure that employees are aware and comply with the Employees Code of Conduct (as set out in Part 5 of the Constitution).
- 7.19 To ensure that no loan, leasing or rental arrangements are entered into without prior agreement from the Director of Finance & Corporate Services. This is because of the potential impact on the Council's borrowing powers, to protect the authority against entering into unapproved credit arrangements and to ensure value for money is being obtained.

- 7.20 To notify the Director of Finance & Corporate Services of outstanding expenditure relating to the previous financial year as soon as possible after 31<sup>st</sup> March in line with the timetable determined by the Director of Finance & Corporate Services.
- 7.21 With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the Director of Finance & Corporate Services the systems and procedures to be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of sub-contractors' tax status.
- 7.22 To notify the Director of Finance & Corporate Services immediately of any expenditure to be incurred as a result of statute, a court order, or other legal requirement but where there is no budgetary provision.
- 7.23 To ensure that all appropriate payment records are retained and stored for the defined period in accordance with the "Guidelines on the Destruction of Documents" at Appendix 2.
- 7.24 To ensure that all IT equipment is sourced via the Council's IT Partner and with the approval of the relevant departmental commissioning agent. Heads of Service should familiarise themselves with the provisions of the contract relating to the acquisition of IT equipment as payment for many items is made as part of the ongoing monthly payment to the partner rather than by an individual invoice. The departmental commissioning agent must keep a separate record of all purchases made, recording the date and the identification / property marking. This record must be made readily available to the Head of IT upon request.

## **8. INCOME**

- 8.1 To annually review, within the framework of corporate policies, the charging policy for the supply of goods or services, including the appropriate charging of VAT, and , where necessary, seek Cabinet approval for revised charges.
- 8.2 To supply the Director of Finance & Corporate Services with details relating to work done, goods supplied or services rendered or other amounts due, to enable the Director of Finance & Corporate Services to record correctly the sums due to the Council and to ensure accounts are sent out promptly. Heads of Service have a responsibility to assist the Director of Finance & Corporate Services in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the Council's behalf, including providing evidence in legal proceedings
- 8.3 To ensure that income is paid fully and promptly into the appropriate Council bank account in the form in which it is received. Appropriate details should be recorded on to paying-in slips to provide an audit trail.
- 8.4 To ensure that an appropriate official receipt is issued and signed by the collecting officer for all income received.

- 8.5 To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- 8.6 To ensure that at least two employees are present when post is opened in departments where income is regularly received so that money received by post is properly identified and recorded
- 8.7 To establish and ensure appropriate recovery procedures are undertaken, including legal action where necessary, for debts which are not paid promptly.
- 8.8 To issue official reports or maintain other documentation for income collection.
- 8.9 To ensure receipts, tickets and other records of income are held securely for the appropriate period.
- 8.10 To ensure adequate security arrangements are in operation to safeguard all income against loss or theft, and to ensure the security of cash handling.
- 8.11 To ensure income is not used to cash personal cheques or other payments.
- 8.12 To maintain a record of every transfer of official money between employees of the Council. The receiving officer must sign for the transfer and the transferor must retain a copy.
- 8.13 To write off all debts up to a value of £250 and accurately record all action taken using the standard write-off form (available from Accountancy Section) Once raised, no bona fide debt may be cancelled except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.
- 8.14 To obtain the appropriate level of approval and notify the Director of Finance & Corporate Services, prior to writing off debts in excess of £250 as per the guidelines at Appendix 1.
- 8.15 To ensure that appropriate accounting adjustments are made following write off action.
- 8.16 To notify the Director of Finance & Corporate Services of all outstanding income relating to the previous year as soon as possible after 31<sup>st</sup> March in line with the timetable determined by the Director of Finance & Corporate Services and not later than 30th April.
- 8.17 The Head of Environmental and Operational Services is authorised to cancel Penalty Charge Notices where he is satisfied that a genuine error has occurred. as per the procedures agreed with Internal Audit and held within the Parking Section

## **9. BANKING ARRANGEMENTS AND CHEQUES**

- 9.1 To agree with the Director of Finance & Corporate Services all arrangements for the opening or closing of all bank accounts relating to the Council's business.

- 9.2 To ensure that adequate arrangements are made for the security of cheques.
- 9.3 To ensure that bank accounts do not become overdrawn and regular reconciliations take place.

## **10. PAYMENTS TO EMPLOYEES AND MEMBERS**

- 10.1 To ensure that appointments are made in accordance with the requirements of the Council in respect of approved establishments, grades, scales of pay and to ensure adequate budget provision.
- 10.2 To notify the Director of Finance & Corporate Services of all appointments, terminations, or variations which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Director of Finance & Corporate Services and the Head of Personnel.
- 10.3 To ensure that adequate and effective systems and procedures are operated for personnel and payroll aspects, so that:
- payments are only authorised to bona fide employees;
  - payments are only made where there is a valid entitlement;
  - conditions and contracts of employment are correctly applied;
  - employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness;
  - there is an effective system of checking and certifying payroll documents.
- 10.4 To ensure that all timesheets or other pay documents are signed by the employee and authorised by an approved member of staff.
- 10.5 To provide an up-to-date list of the names of officers authorised to sign records to the Director of Finance & Corporate Services, together with specimen signatures.
- 10.6 To ensure that payroll transactions are processed only through the payroll system.
- 10.7 To give careful consideration to the employment status of individuals employed on a "self employed consultant or sub contract" basis. Such individuals must complete a status fact finder form (available from the Head of Payroll and Pensions) prior to appointment. Where appropriate, such individuals may then be paid via the Council's financial system (SAP) rather than the payroll. Customs and Revenue applies a tight definition for employee status and in cases of doubt, advice should be sought from the Director of Finance & Corporate Services.
- 10.8 To approve and certify travel and subsistence claims and other allowances, and ensure that claims are submitted promptly. Certification is taken to mean

that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the Council, ensuring that cost effective use of travel arrangements is achieved. Due consideration should be given to tax implications when approving claims.

- 10.9 To ensure that the details of any employee benefits in kind are notified to the Director of Finance & Corporate Services to enable full and complete reporting within the Income Tax Self-Assessment system.
- 10.10 To ensure that absence from duty due to sickness or other reason is properly and promptly recorded in an approve format.
- 10.11 To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the “ Guidelines on the Destruction of Records” at Appendix 2.

## **11. INVENTORIES AND SECURITY OF ASSETS**

- 11.1 To maintain an inventory of all attractive and readily portable items and those with a purchase value of £250 or more with an estimated life in excess of 12 months. The inventory should record details as follows:
  - Description of item
  - Value of item
  - Date of purchase
  - Security tag number
  - Make and model
  - Serial number.
- 11.2 To ensure that all items with a value in excess of £250 are marked as Council property.
- 11.3 To carry out an annual check of all items on the inventory in order to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, cameras and video recorders should be identified as belonging to the Council, with security markings
- 11.4 Heads of Service shall maintain a database, in a format approved by the Director of Finance & Corporate Services for all properties, plant and machinery and moveable assets currently owned or used by the Council. Where there is no contractual obligation, expenditure on rented property shall be subject to consultation by the Director of Finance & Corporate Services.
- 11.5 Any use of property by a department or establishment other than for direct service delivery should be supported by documentation identifying terms, responsibilities and duration of use.
- 11.6 To ensure that licencees, lessees and other prospective occupiers of Council owned land are not allowed to take possession or enter the land until a licence, lease or agreement, in a form approved by the Head of Legal Services, has been established in writing.

- 11.7 To ensure that proper security arrangements are in place in respect of all buildings and other assets belonging to the Council and within their control.
- 11.8 Where land or buildings are surplus to requirements, to prepare a joint report with the appropriate property services client officer, in consultation with the Director of Finance & Corporate Services, recommending the disposal of the land or building to the Executive.
- 11.9 Where the use of buildings or land is subject to appropriation between services, to refer the appropriation for approval by the relevant Executive Member, taking into account the alternative possible uses of the land.
- 11.10 To pass title deeds to the Head of Legal Services, who is responsible for custody of all title deeds.
- 11.11 To ensure that no Council asset is subject to personal use by an employee without proper authority.
- 11.12 To ensure that the department maintains a register of moveable assets in accordance with standards set by the Director of Finance & Corporate Services.
- 11.13 To ensure assets are identified, their location recorded and that they are appropriately marked and insured as appropriate.
- 11.14 To consult the Director of Finance & Corporate Services in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 11.15 To notify immediately the Police and Internal Audit of any break in, burglary or criminal damage.
- 11.16 To ensure that the holding of cash on premises are kept to a minimum and in any event never exceeds the insurance limit as specified by the Director of Finance and Corporate Services.
- 11.17 To ensure that keys to safes, strong rooms and strongboxes are kept secure at all times and that their loss is immediately reported to the Internal Audit.
- 11.18 To ensure that all pre printed cheques ,stock certificates, bonds, controlled stationery and any other financial documents are securely stored.
- 11.19 To record all disposals of assets and ensure compliance with the guidelines on the disposal of assets as detailed at Appendix 3.
- 11.20 To arrange for the valuation of assets for accounting purposes to meet the standards set by the Director of Finance & Corporate Services.
- 11.21 To ensure that all their employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value and its disclosure or loss could result in a cost or loss to the Council.

## **12. DISPOSAL OF ASSETS**

- 12.1 To ensure that income received for the disposal of assets is properly banked and coded appropriately.
- 12.2 To ensure the proper procedures are followed for all asset disposals.

## **13. STOCKS AND STORES**

- 13.1 To make secure arrangements for the care and custody of stocks and stores in the department.
- 13.2 To ensure stocks are maintained at reasonable levels and subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion.
- 13.3 To write-off discrepancies in respect of stocks and stores where the cumulative current value is less than £250. To submit for approval recommendations to write-off stocks or stores with a cumulative value in excess of £250, as per the guidelines set out at Appendix 3.

## **14. PETTY CASH/IMPREST ACCOUNTS**

- 14.1 To ensure that permission is sought in writing from the Director of Finance and Corporate Services prior to opening or closing a petty cash or imprest account.
- 14.2 To ensure that employees operating an imprest account:
  - Do not allow the account to go overdrawn
  - obtain and retain vouchers to support each payment from the imprest account. Where appropriate an official receipted VAT invoice must be obtained;
  - make adequate arrangements in their office for the safe custody of the account;
  - produce upon demand by the Director of Finance & Corporate Services, cash and all vouchers to the total value of the imprest amount;
  - record transactions promptly;
  - do not pay income into the account;
  - do not make payments exceeding £100 unless approval is given by Internal Audit;
  - reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder;

- provide the Director of Finance & Corporate Services with a certificate of the value of the account held at 31 March each year;
- ensure that the float is never used to cash personal cheques or to make personal loans and that payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made;
- on leaving the Council's employment or otherwise ceasing to be entitled to hold an imprest advance, an employee shall account to the Head of Service / Assistant Director for the amount advanced to him/her.

Guidance on the operation of imprest/pretty cash accounts in contained in Appendix 4.

## **15. UNOFFICIAL FUNDS**

- 15.1 To notify the Director of Finance & Corporate Services and seek agreement for the setting up of all new "Unofficial Funds".
- 15.2 To ensure that all "Unofficial Funds" are funds where the income and expenditure is independent of the Council's accounts.
- 15.3 To ensure that all "Unofficial Funds" are controlled by an officer who is employed by the Council or a semi autonomous authority.
- 15.4 To ensure that records are maintained for every "Unofficial Fund" showing all income and expenditure.
- 15.5 To ensure that receipts are obtained for all expenditure and receipts are issued for all income received into an "Unofficial Fund".
- 15.6 To arrange for all "Unofficial Funds" to be properly accounted for and subject to an independent annual audit.

## **16. INFORMATION SYSTEMS**

- 16.1 To ensure that advice is obtained from the Head of I.T. and the Director of Finance & Corporate Services on any new I.T. project.
- 16.2 To ensure compliance with the Council's overall ICT strategy.
- 16.3 To ensure compliance with various Acts of Parliament covering Data Protection and Computer Security, and to ensure all officers are made aware of their responsibilities. To ensure that Officers are made aware of and comply with the Council's e-mail, Intranet and World Wide Web policies.
- 16.4 To ensure that all purchases of computer hardware/ software, excluding consumables, are requested via the corporate I.T. Department.
- 16.5 To ensure that there are no conflicts concerning staff conducting private work.

16.6 The Head of I.T. shall inform Heads of Service of their obligations under the Data Protection Act and Computer

## **17. CLAIMS FOR EXPENSES AND ALLOWANCES**

17.1 To ensure that all claims for expenses are incurred while undertaking official Council duties and approval has been granted in advance whenever possible.

17.2 To ensure that the most cost effective expenses are claimed.

17.3 To ensure that all payments in excess of £100 are paid through the Council's creditors system.

17.4 To ensure that Payments less than £100 claimed through Central Cashiers or Departmental Finance Sections use the approved form, attaching receipts where appropriate. The form should contain:

- date of claim;
- cost code;
- signature of the claimant;
- budget holder/authorised officer signature
- details of expenditure incurred

17.5 To ensure that all claims are authorised by the budget holder prior to submission and are coded to the correct accountancy (ACCY) code. VAT should be reclaimed where appropriate.

17.6 To ensure that receipts are obtained whenever possible for all expenditure.

17.7 To ensure that records are retained of all payments whether by cash or through the Council's creditors system.

## **18. RISK MANAGEMENT AND INSURANCE**

18.1 To take responsibility for risk management having regard to advice from the Director of Finance & Corporate Services and other specialist officers (e.g. Crime Prevention, Fire Prevention, Health and Safety and Legal Services).

18.2 To promote risk management procedures throughout the organisation.

18.3 To notify the Director of Finance & Corporate Services immediately of any loss, liability or damage which may lead to a claim against the Council, together with any information or explanation required by the Director of Finance & Corporate Services or the Council's insurers.

18.4 To notify the Director of Finance & Corporate Services promptly of all new risks, properties or vehicles which require insurance and of any alterations affecting existing insurance's.

- 18.5 To consult the Director of Finance & Corporate Services and the Head of Legal Services on the terms of any indemnity which the Council is requested to provide.
- 18.6 To ensure that Council employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation which may prejudice the assessment of liability in respect of any insurance claim.
- 18.7 To ensure that there are regular reviews of risk within their departments.

## **19. TREASURY MANAGEMENT**

- 19.1 To follow the guidance on banking issued by the Director of Finance & Corporate Services in the authority's 'Treasury Manual'.
- 19.2 To ensure that no loans are made to third parties and no interests are acquired in companies, joint ventures, or other enterprises without consulting the Director of Finance & Corporate Services and obtaining approval from the Executive.

## **20. ACCOUNTING POLICIES**

- 20.1 To adhere to the accounting policies approved by the Director of Finance & Corporate Services.

## **21. ACCOUNTING RECORDS AND RETURNS**

- 21.1 To adhere to any instructions issued by the Director of Finance and Corporate Services in respect of accounting records and procedures.
- 21.2 To consult and obtain the approval of the Director of Finance & Corporate Services before making any changes to accounting records and procedures.
- 21.3 To comply with the principles outlined in Financial Regulations when allocating accounting duties.
- 21.4 To maintain adequate records to provide an audit trail leading from the source of income / expenditure through to the accounting statements.
- 21.5 To supply information required to enable the Statement of Accounts to be completed, in accordance with guidelines issued by the Director of Finance & Corporate Services.

## **22. FORMAT OF THE BUDGET/ACCOUNTS**

- 22.1 To comply with accounting guidance provided by the Director of Finance & Corporate Services.

## **23. PERFORMANCE PLAN**

- 23.1 To contribute to the development of performance plans in line with statutory requirements.
- 23.2 To contribute to the development of corporate and service targets, objectives and performance indicators
- 23.3 To ensure that all relevant plans are consistent with each other and any corporate policies/plans.
- 23.4 To ensure regular monitoring of performance indicators etc contained within the plans.

## **24. CONTRACTS AND CAPITAL MONITORING**

- 24.1 To ensure that all contracts are procured in accordance with the Council's Contract Standing Orders.
- 24.2 To ensure that sufficient resources to make payments under the contract are available in all financial years covered by the contract.
- 24.3 To maintain records of all interim payments made under contracts for works or services.
- 24.4 To identify and report any projected over or under-spends on contracts for works or services as soon as they are identified, in accordance with the procedures set out in Appendix 6. Where the cost of a scheme increases in stages it must be reported at each stage with reference made to all previous increases.
- 24.5 To ensure that all payments under such contracts shall be made on a certificate signed by the appropriate Head of Service / Assistant Director, or Officer so delegated. The certificate shall be dated and contain the total contract sum together with the estimated value of works to date and any retentions/liquidated damages withheld.
- 24.6 To ensure that where contracts of the Council are supervised and managed by persons other than officers of the Council, agreement is obtained from that person to provide to the Council, on request, for inspection by its officers or auditors, all relevant vouchers and documents.
- 24.7 To refer to the Head of Legal Services all claims from contractors in respect of matters not clearly within the terms of any existing contracts before a settlement is reached.

## **25. TREATMENT OF YEAR END BALANCES AND RESERVES**

- 25.1 To identify any underspent budgets against which there is an existing or desired commitment which could not be met without carry forward of the budget. To prepare a report on such to the Director of Finance & Corporate Services no later than one month after the financial year end.

- 25.2 All internal business unit surpluses shall be retained for the benefit of the Council and their application shall require the approval of the Executive unless otherwise authorised by the Director of Finance & Corporate Services.

## **26. TAXATION**

- 26.1 To ensure that the correct VAT liability is attached to all income and that all VAT recoverable on purchases complies with HM Customs and Excise regulations.
- 26.2 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary CITDS requirements.
- 26.3 To ensure that all persons employed by the Council are added to the Council's payroll and tax deducted from any payments.
- 26.4 To ensure, prior to appointment, that individuals who wish to be recognised as self employed and have payments made to them without the deduction of tax and National insurance have completed the status fact finder form (available from the Head of Payroll and Pensions) and that the Head of Payroll and Pensions has confirmed that direct payments can be made via the Council's financial system (SAP). Where no such confirmation exists, no payments will be processed through the Council's financial system (SAP).
- 26.5 To follow the guidance on taxation matters issued from time to time by the Director of Finance & Corporate Services.

## **27. GIFTS AND HOSPITALITY**

- 27.1 To comply with corporate guidelines and the Members' Code of Conduct on gifts, hospitality and personal interests. In addition guidance from local authority associations and other bodies must be followed in appropriate cases.
- 27.2 To declare any direct or indirect interest or any personal connection whatsoever that they may have in or with any organisation with which they are dealing on behalf of the Council in the 'Members' Register of Interests'.

## **28. GRANT INCOME AND CLAIMS**

- 28.1 To seek approval from the appropriate Director and Executive Member prior to submitting a grant claim, and agree a timetable with the Director of Finance & Corporate Services.
- 28.2 To advise the Director of Finance & Corporate Services of any new grant claim for inclusion in the Grants Register, and the Executive as part of the budget monitoring process.
- 28.3 To ensure that, if the grant claim supports the employment of staff, that those staff are employed on a fixed term contract that corresponds to the period of the grant.

- 28.4 To nominate a responsible officer for the grant claim, who will ensure compliance with these regulations.
- 28.5 To ensure all expenditure is in accordance with the terms and conditions attached to the grant by the grant giving body, and with Financial Regulations & Contract Standing Orders.
- 28.6 To keep proper records of expenditure to allow verification of amounts claimed by the grant giving body, or the Council's auditors.
- 28.7 To ensure all grant claims are certified by the Director of Finance & Corporate Services, within the agreed timetable.
- 28.8 To report any shortfall in grant income to the Director of Finance & Corporate Resources as soon as it becomes apparent. Normally, the Head of service / Assistant Director will be required to identify savings from other budgets to cover the shortfall in grant income.

## **29. INTERNAL AUDIT**

- 29.1 To ensure that internal and external auditors are given access at all reasonable times to premises, personnel, documents and assets which the auditors consider necessary for the purposes of their work.
- 29.2 To ensure that auditors are provided with any information and explanations which they seek in the course of their work.
- 29.3 To consider and respond promptly to recommendations in audit reports.
- 29.4 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- 29.5 To notify the Director of Finance & Corporate Services immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources. Pending investigation and reporting, the Head of Service / Assistant Director should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- 29.6 To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are agreed with the Director of Finance & Corporate Services, prior to implementation.
- 29.7 To ensure that appropriate clauses are entered in contracts for services which oblige contractors and consultants to make available all records which may be required for audit purposes.

## **30. EXTERNAL AUDIT**

- 30.1 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.

30.2 To ensure that all paperwork and systems are up to date and available for inspection

30.3 To respond to recommendations and reports from external audit and take appropriate action.

### 31. **PARTNERING ARRANGEMENTS**

31.1 To ensure partnering arrangements comply with the Council's Contract Standing Orders, Financial Regulations and Risk Management Strategy as far as is relevant and appropriate.

31.2 To notify the Director of Finance & Corporate Services and Head of Legal Services of any partnering arrangement being considered / planned and to action their advice and guidance accordingly.

31.3 To ensure respective roles and responsibilities are clearly identified, agreed and documented.

31.4 To ensure the accounting, budget and audit arrangements have been agreed with the Director of Finance and Corporate Services.

31.5 To ensure all processes and procedures are documented and all financial transactions are supported by adequate evidence to provide an audit trail.

### 1. WRITE OFF PROCEDURES FOR GENERAL BAD DEBTS

- 1.1 It is essential that the Council bills and collects all income due and that only following appropriate and cost effective recovery action should writing off be considered. The Council collects many types of income and it is appropriate that in certain cases separate write off procedures should apply to specific forms of debt. These are set out at the end of the following section which applies to all other forms of debt.
- 1.2 Where write off is considered appropriate for general debts the following procedure and limits should be followed:
- (a) In all cases of write off the reason must be documented and authorised by the appropriate person;
  - (b) It must also be made clear what recovery action has been followed and why it is not now considered cost effective to pursue further recovery action;
  - (c) The authorisation limits and approval required for writing off of debt are as follows:

#### Authorisation Limits for Approval to Write-Off General Debts.

Value	Report to Executive Required	Director of Finance & Corporate Services Notification	Approval Required From
Up to £500	No	Yes	Head of Service / Assistant Director (may be delegated by HoS to other officers)
£501 - £1,000	No	Yes	Head of Service / Assistant Director and in consultation with the Relevant Director.
£1,001 - £10,000	No	Yes	As above and with the Director of Finance & Corporate Service's approval
£10,001+	Yes	Yes	Executive

- 1.1 Debts written off in this way will normally be charged to the originating department. Only in exceptional circumstances will the Director of Finance & Corporate Services authorise the write-off directly against the Council's general bad debt provision.

## Appendix 1

- 1.2 Where a Head of Service / Assistant Director chooses to authorise another manager to exercise these powers, this must be clearly set out within a documented internal scheme together with the limits of their authorisation and guidance on the reasons for which a debt may be written off.
- 1.3 The standard write off form, available from Accountancy, should be used to document the relevant information.

### **2. WRITE OFF PROCEDURES FOR NNDR (National Non- Domestic Rates) and Ctax (Council Tax) and BENE (Housing Benefits)**

- 2.1 The following table provides the authorisation limits which must be observed when writing off debts relating to NNDR and Council Tax. The Head of Revenues and Benefits must be satisfied that all tracing procedures, as detailed within the departments internal guidelines have been exhausted.
- 2.2 In all cases the reason for the write-off must be fully documented and a record of the recovery action taken should be held together with a statement which considers why further pursuit of the debt is not cost-effective.
- 2.3 Notification of the cumulative write-offs must be provided to the Director of Finance & Corporate Services on at least a quarterly basis.

#### ***Authorisation Limits for Approval to Write-Off NNDR Debts***

<b>Value</b>	<b>Report to Executive Required</b>	<b>Director of Finance &amp; Corporate Services Notification</b>	<b>Approval Required From</b>
Up to £5000	No	Yes	Head of Revenues and Benefits
£5001 +	Yes	Yes	Executive

## Appendix 1

### **Authorisation Limits for Approval to Write-Off Council Tax and Housing Benefit Debts**

<b>Value</b>	<b>Report to Executive Required</b>	<b>Director of Finance &amp; Corporate Services Notification</b>	<b>Approval Required From</b>
Up to £500	No	Yes	Head of Revenues and Benefits.
£500 - £5,000	No	Yes	Head of Revenues and Benefits with the Director of Finance & Corporate Service's approval
£5,000+	Yes	Yes	Executive

2.4 Where a Head of Service / Assistant Director chooses to authorise another manager to exercise these powers, this must be clearly set out within a documented internal scheme together with the limits of their authorisation and guidance on the reasons for which a debt may be written off;

2.5 A separate bad debt provision shall be maintained for Council Tax and this will be utilised to meet any write-offs agreed

### **3 WRITE-OFF PROCEDURES FOR ROAD TRAFFIC ACT BAD DEBTS**

3.1 The following procedures must be observed when writing off debts relating to Road Traffic Act i.e. parking enforcement income. The Head of Environmental and Operational Services must be satisfied that all procedures relating to the collection of income and the tracing of people/organisations, as detailed within the department's internal guidelines have been exhausted.

3.2 Reason for action to write off income –

- (i) Notice to Owner (NtO) cannot be issued as the time that has elapsed since the date of the issue of the penalty charge notice (PCN) is in excess of the time limit set in the London Local Authorities Act 2000.
- (ii) The registered keeper of the vehicle cannot be traced.
- (iii) Documents relating to the case are incomplete making it impossible to pursue the debt further.

- (iv) Instructions to the bailiff to collect the debt are revoked and the costs incurred by the bailiff prior to the revocation cannot be recovered.

### 3.3 ACTION TO BE TAKEN -

- (i) PCN to be written off by Director of Environment
- (ii) – (iv) PCN to be written off by Head of Environmental and Operational Services or Head of Operations or Parking Enforcement Manager
- (i) – (iv) The Director of Finance and Corporate Services to be notified monthly in arrears of the action taken under each category including the numbers of PCNs and the total amount written off.

The action taken under each category to be summarised on a quarterly basis and reported to the Cabinet Member for Traffic, Transport & Parking.

The action taken under each category to be summarised and included in the annual Performance Review Report and reported to the Environment Overview and Scrutiny Committee.

### GUIDANCE ON THE DESTRUCTION OF DOCUMENTS

These requirements apply to all documents and records in whatever format including electronic form.

RECORD	MINIMUM RETENTION PERIOD (YEARS)
<b>Accountancy/ costing documents &amp; Tabulations</b>	
Abstract of accounts	6
Budgetary control records	6
Costing records	6
Estimate working papers	2 + current year
Financial ledgers	6
Grant claim records	6
Investment records	2 + Current year
Journals, etc.	6
Leasing records	2 + current year
Record re closing ledgers	6
School fund records	6 + current year
Telephone call records	6
VAT claims	6
VAT records	3
Voluntary fund accounts	6
Inter dept account transfers	6
Rechargeable work orders	6
Job orders	6
Year end costing and financial tabulations	6
Detailed Expenditure	6
<b>Bank Related Records</b>	
Bank paying-in books/slips	6
Bank reconciliation	6
Bank statements	6
Cancelled cheques	2 + current year
Cheque books and counterfoils	6
Cheque lists (creditors/payrolls)	2 + current year
Loan records and correspondence	2 + current year
Paid cheques	4
Returned cheque records	2 + current year
Bank pass book sheets	3
Receivership records	3

## Appendix 2

RECORD	RETENTION PERIOD (YEARS)
<b>Contracts</b>	
Contract documentation for DETR schemes	25
Final accounts of contracts executed under hand	6
Final accounts of contracts executed under seal	12
Successful tenders	3 years after final payment
Record of Tenders and Quotations	12
Contract documents (where the contract is under seal)	12 years from the date of issue of final certificate
Unsuccessful Tenders	12 months after issue of final certificate
Contracts register	Indefinitely
<b>Payment of Creditors</b>	
Copy orders	2 + current year
Credit notes	6
Creditor invoices	6
Delivery notes	2 + current year
Imprest documentation (e.g. petty cash)	2 + current year
Periodic payment records	6
Paid accounts (invoices)	6
Petty cash vouchers	6
Requisitions for supplies/works	2 years/12 months after accounts audited
Delivery Notes	3 years/12 months after audit
<b>Income/ Cash Records</b>	
Cash books	6
Correspondence (income)	2 + current year
Debtor accounts (records non-current)	2 + current year
Income posting slips and tabulations	2 + current year
Periodic income records	2 + current year
Receipt books	2 + current year
Record of receipt books issued	2 + current year
Registrar's quarterly returns	2 + current year
Sales records	2 + current year
Collection and Deposit book	Indefinitely
Petty cash Imprest account	6
Post dated cheques register	5
RD cheques register	5
Deceased persons effects register	7

## Appendix 2

RECORD	RETENTION PERIOD (YEARS)
Records of patients' property handed for safe custody and property held under section 48	25
Receipting procedures (cheque lists, cashiers totals, etc)	3
Parking collection records	3
Cashiers stubs	6
Bank statements	6
Tape statements	6
Output records	6
Daily cash output	6
Debit/credit output	6
Acct system data	6
Periodical Income register (dead cases)	3
Cash history file (Microfiche)	Indefinitely
Property file (Microfiche)	5
Primary debtors records	6
Sundry debtors accounts	6
Supporting documents to PIR and SD accounts	3
Supporting documents to PIR and SD accounts	3
Income returns from departments	3
<b>Insurance Records</b>	
Expired insurance contracts	Indefinitely
Insurance claims (fire)	4 years after settlement
Insurance claims (motor vehicles)	4 years after settlement
Insurance claims (public/employer's liability)	6 years after settlement
Insurance policy documentation	Indefinitely
Insurance register	Indefinitely
Register of Insurances	Indefinitely
Liability Insurance Policies	Indefinitely
Employer's third party	Indefinitely
Insurance policies	Indefinitely
Other policies	Indefinitely
<b>Miscellaneous records</b>	
Capital works tabulations	2 + current year
Car leasing and mileage records	3

## Appendix 2

RECORD	RETENTION PERIOD (YEARS)
<b>Car loans</b>	6 years from end of lease or repayment
Computer system documentation	2 + current year
Inland revenue documentation	6
Internal requisition (e.g. printing)	1
Inventory records	6
Land searches	3
Member allowances (statutory registers)	2 + current year
Minutes of Committees	Indefinitely
Postal remittance registers	2 + current year
Road fund license records	2 + current year
School meals records	2 + current year
Smallholdings records	2 + current year
Stock lists	2 + current year
Travel Claims	6
Vehicle logs	2 + current year
Register of holdings bought and sales notes	4
Register of bonds/mortgages	Indefinitely
Copy bond certificates	6
Temporary loans register	6
Cheque (blank) register	6
Controlled stationary	6
Completed receipt books and similar documents	3
Cash register till rolls	3
Housing Act Advances	6 years after the mortgage has been redeemed.
Car loans repayments	2 years after the end of repayments
Unified Housing Benefits records	2 years after the end of repayments
Application forms	2 years after claim is signed off
DSS Certified Cases	2 years after claim is signed off
Assessment records	2 years after claim is signed off
Dead cases	Indefinitely
General Income assessments	2 years after claim is signed off
<b>Payroll</b>	
BACS amendments and output	3
Building society tabulations	3
Copy payslips	6
Correspondence	6
FE Claims	6

## Appendix 2

RECORD	RETENTION PERIOD (YEARS)
Kalamazoo manual records (non-current staff)	6
Life certificates (pensions)	2 + current year
Monthly BACS listings	3
NI file cashbook	3
NI number changes	3
Payroll adjustment documentation	6
Part-time employees' claim forms	6
SSP records	4
SSP variations	3
Staff transfer records	6
Starters forms	2
Tax and NI records	6
Tax code notifications	2 + current year
Teachers' pension records	Retain indefinitely
Timesheets	6
Weekly BACS listings	3
Hard copy payrolls	3
Microfiche copy payrolls	Indefinitely
P6 and bulk coding list	3
Control summaries	3
Control totals and Oncost reports	3
WAG 34, voluntary deductions	3
GNI listing and cheque lists	3
Employee record form	3
Claim forms	3
Quinquennial valuations	3
Life certificates	3
Annual tabulations of employees' pay and contributions (hard copy)	3
Individual pensioners files	Indefinitely
<b>Personnel</b>	
Personnel files (non-current)	3 + current year from end of service
Staff contracts (non-current)	6
Unsuccessful applicants' employment forms	1 + current year
<b>Income records held in Depts. and Establishments.</b>	
Completed receipt books	3
Subsidiary Income records	3
Collecting/Deposit books	3
Bank paying in books	3

## Appendix 2

RECORD	RETENTION PERIOD (YEARS)
Tickets issued by schools for free schools meals and full cost of meals	½ term
<b>Records kept in Social Services Establishments.</b>	
Residents' property	Indefinitely
Personal Fund Ledgers	Indefinitely
Subsidiary Records withdrawal through the advance account	3
Completed receipt books	3
Residents' property forms	Indefinitely
Negotiable security receipt books	Indefinitely
Welfare funds	3
Income Vouchers	3
Copy orders	3

### GUIDELINES ON DISPOSALS OF ASSETS

#### 1. General Overview

- 1.1 The Council has an obligation to dispose of surplus or redundant equipment in a manner that both conforms to Financial Regulations and is environmentally sound.

#### 2. Disposal of I.T. Equipment

**2.1 All disposals of IT equipment must be via the Council' IT Partner and with the approval of the relevant departmental commissioning agent.**

- 2.2 Disposals of I T equipment can either be of items that are:

- (a) **surplus** to a user's requirements, i.e. equipment that is functioning but is no longer required for operational purposes by the owning department; in these cases, the Council's IT Partner should be notified and they will determine whether or not any items can be recycled to other users; or
- (b) **redundant** i.e. equipment that is not functioning, and is not deemed worth repairing, or is obsolete.

Each item or main component must be considered separately. For example, a monitor or screen should be considered separately from the processing unit to which it has been attached.

The relevant departmental commissioning agent must keep a separate record of all items of equipment that are disposed of, recording the date and identification / property marking. This record must be made readily available to the Head of IT upon request.

- 2.4 Surplus and redundant items must be dealt with promptly and not stored in offices for long periods.

All LBR identifications and property marking should be removed if possible before being removed from Council properties.

All items that have hard disks or other forms of memory must be cleared of software and data, and re-initialised. If assistance is needed to ensure this is done properly, then contact the relevant departmental commissioning agent.

#### 3. Financial limits

If the inventory value of items being disposed of is:  
between £5,000 and £25,000, there should be a report to the Cabinet Member for Strategy & Finance for approval to the write-off  
over £25000, there should be a report to the Executive for approval to the write-off.

### **4. Disposal of Stocks and Stores**

- 4.1 The determination of whether stocks and stores are surplus or redundant must be made by a senior officer who has a working knowledge of the items to be disposed of. The Corporate Procurement Unit must be contacted to agree the manner in which the items should be disposed of. Procedures for disposal of stocks and stores should be by competitive quotations or auction.
- 4.2 Where the Corporate Procurement Manager deems there to be no market for the stocks and stores then alternative methods of disposal may be considered after consultation with Internal Audit.
- 4.3 The appropriate Head of Service / Assistant Director is authorised to write off surplus or redundant stocks and stores up to a value of £250. The appropriate Director is authorised to write off obsolete or redundant stocks and stores up to a value of £5,000. Any stocks and stores with a value between £5,000 and £25,000 require authorisation by the Cabinet Member for Strategy & Finance, and those with a value of more than £25,000 require authorisation by the Executive.
- 4.4 A record of the disposal, including the date, individual authorising the disposal, method of disposal, and income received must be kept.
- 4.5 Stores ledgers are to be updated with the amount and value of stock disposed of and the appropriate authorisation obtained from the Head of Service / Assistant Director for the adjustment to the stores ledger or stock records.
- 4.6 Appropriate adjustments are to be made to the accounting records of the service in accordance with the accounting policies of the Authority as determined by the Director of Finance & Corporate Services.

### **5 Disposal of Items of Equipment, Fixtures and Fittings.**

- 5.1 The determination of whether items of equipment, fixtures and fittings are surplus or redundant must be made by a senior officer who has a working knowledge of the items to be disposed of. The Corporate Procurement Unit must be contacted to agree the manner in which the items should be disposed of. Procedures for disposal of items of equipment, fixtures and fittings should be by competitive quotations or auction.
- 5.2 Where the Corporate Procurement Manager deems there to be no market for the items then alternative methods of disposal may be considered after consultation with Internal Audit.
- 5.3 The appropriate Head of Service / Assistant Director is authorised to write off surplus or redundant items of equipment, fixtures and fittings up to a value of £250. The appropriate Director is authorised to write off obsolete or redundant items of equipment, fixtures and fittings up to a value of £5,000. Any items of equipment, fixtures and fittings with a value between £5,000 and £25,000 require authorisation by the Cabinet Member for Strategy & Finance and

## Appendix 3

those with a value of more than £25,000 require the authorisation of the Executive.

- 5.4 A record of the disposal, including the date, individual authorising the disposal, method of disposal, and income received must be kept.
- 5.5 Where items of equipment are in excess of de-minimis values as determined by the Director of Finance & Corporate Services from time to time, the appropriate fixed asset registers are to be updated with the disposal value of the items and date of disposal.
- 5.6 Appropriate adjustments are to be made to the accounting records of the service in accordance with the accounting policies of the Authority as determined by the Director of Finance & Corporate Services. Where items fall below the de-minimis values as determined by the Director of Finance & Corporate Services, the appropriate inventories are to be updated.
- 5.7 Where items of equipment are leased, the appropriate leased asset registers are to be updated with the disposal. All disposals are to be in accordance with the terms and conditions of the lease agreement held with the lessor and any disposal income correctly accounted for.
- 5.8 Appropriate adjustments are to be made to the accounting records of the service in accordance with the leased asset accounting policies of the Authority as determined by the Director of Finance & Corporate Services.

### GUIDELINES FOR PETTY CASH/IMPREST ACCOUNTS

#### 1 Introduction

Although it is normal practice for invoices to be paid directly to a supplier through the COPS system, in some instances certain expenses are more conveniently paid at the place at which they are incurred, e.g. purchases of small value, postage, local food purchases etc. A convenient way of controlling this type of expenditure is by means of the Imprest system or Advance Account.

#### 2 Extracts from Financial Regulations

- (a) Payments shall be limited to minor items of expenditure not exceeding £100 unless the Director of Finance & Corporate Services gives approval for exceptional payments in excess of this figure.
- (b) The imprest holder shall be responsible for the control and operation of the imprest account in accordance with instructions issued by the Director of Finance & Corporate Services.
- (c) No income other than the original advance and reimbursement shall be treated as creditable to an imprest account.
- (d) It shall be the duty of Heads of Departments to notify the Director of Finance & Corporate Services sufficiently in advance of the impending resignation or departure of any officer to whom an imprest has been issued.

#### 3 Operation of Bank Account

- 3.1 The Corporate Accountancy Section is responsible for setting up all advance accounts, usually at the branch of Barclays Bank closest to the account holder concerned.
- 3.2 The Corporate Accountancy Section will agree the imprest level with the spending department. This amount will be kept to the minimum level possible.
- 3.3 All bank accounts shall bear the official title and in no circumstances shall an account be opened in the name of an individual.
- 3.4 In no circumstances shall an account become overdrawn, nor loans to and from other funds be made.
- 3.5 The balance of the account should be reconciled to the bank statement at least once a month.
- 3.6 Accounts should be paid by cheque where possible and the level of cash be kept to a minimum.
- 3.7 All payments by cash and cheque should be supported by relevant documentation.

## Appendix 4

- 3.8 Income received (other than official reimbursements and must not be paid into any imprest account.
- 3.9 A signature should be obtained from any claimants indicating the amount actually received for all expenses payments.
- 3.10 Payments should only be made through the imprest system when purchase through the official order system is impractical.
- 3.11 Two signatures are required on all cheques issued from imprest accounts.

### **4 Limitations of Use**

- 4.1 The following must not be paid from the Imprest Account:-
  - (a) car mileage claims;
  - (b) fees and expense claims in respect of Post Entry Training, Conferences, Courses and Seminars;
  - (c) subsistence allowances for early morning or evening activities in lieu of overtime;
  - (d) removal expenses;
  - (e) telephone rental / charges reimbursement;
  - (f) wages for Casual Staff.

### **5 Reimbursements**

- 5.1 Claims may be made at any time, however a period of 3 weeks should be allowed for clearance.
- 5.2 The cash book should be totalled, balanced and fully reconciled to the bank statement at the year end. At the 31<sup>st</sup> March each year a signed certificate for production to the Director of Finance & Corporate Services will be required from the imprest holder.
- 5.3 VAT vouchers should be retained for 6 years, other vouchers for at least 3 years.

### **6 Increases / Decreases in imprest levels and changes to bank account signatories.**

- 6.1 Any increases in the level of imprest whether permanent or temporary must be made via the Corporate Accountancy Section. The unit will arrange for a cheque to be drawn and sent to the appropriate bank.
- 6.2 Recovery of temporary increases will be achieved by a reduction from the next reimbursement claim by the spending department.

## Appendix 4

- 6.3 If a change to the authorised signatories is required, the spending department will arrange for a new bank mandate to be drawn up and the S.I.U. will inform the relevant bank of the changes.

### 7. Miscellaneous

- 7.1 Loss or Theft – Should any loss occur full details must be reported immediately to the Chief Internal Auditor as should any suspected misadministration.

- 7.2 VAT – The details which are required on VAT invoices are:-

- a) name, address and VAT registration number.
- b) date of supply.
- c) description of goods / service to enable identification.
- d) amount payable (inclusive of VAT).
- e) division of costs between net cost and VAT.
- f) rate of VAT.

Determination of net cost and hence VAT from total cost, for a tax of 17.5%

$$\text{Net cost} = \frac{\text{Total cost}}{1.175} \qquad \text{VAT cost} = \text{Net cost} \times 1.175$$

If a supplier is not registered for VAT, the receipt / invoice should have this stated on it.

- 7.3 Payments in Advance – Payments in advance must only be made in exceptional circumstances.
- 7.4 ‘Where authorised officers either fail to provide a properly supported certificate of the balance held at 31<sup>st</sup> March (within the deadlines set by the Director of Finance and Corporate Services), or is shown via internal audit (or similar) investigation to be persistently failing to control and reconcile expenditure on a regular basis, the Director of Finance and Corporate Services may suspend or withdraw the facility following notification to the relevant Director and Head of Service / Assistant Director.’

## Appendix 5

### SUMMARY OF SCHEME OF VIREMENT

<b>Value</b>	<b>Report to Executive Required</b>	<b>Director of Finance &amp; Corporate Services Notification</b>	<b>Approval Required From</b>
Under £10,000	No	Yes	Head of Service / Assistant Director
£10,001 - £20,000	No	Yes	Head of Service / Assistant Director and Director of Finance & Corporate Services
£20,001 - £50,000	No	Yes	Head of Service /Assistant Director and Director of Finance & Corporate Services .
£50,001 - £100,000	No	Yes	Director and Director of Finance & Corporate Services and relevant Cabinet Member
Over £100,000	Yes	Yes	Director and Director of Finance & Corporate Services and Executive

**[See also Budget and Policy Framework Procedure Rule 5(b)]**

**PROCEDURE FOR REPORTING OVER/UNDERSPENDS ON  
CONTRACTS/CAPITAL SCHEMES**

For the purposes of these procedures the following limits shall apply:

<b>Approved project budget</b>	<b>Tolerance Limit</b>
Above £500,000	£25,000 or more
£50,001 - £500,000	The greater of £10,000 or 5%
Less than £50,000	£5,000 or more

Formal reporting of overspends, based on the limits above shall be a minimum of:

- (a) Projected overspends within the tolerance limits - shall be reported to the Director of Finance & Corporate Services together with proposals for substituting expenditure on other schemes within the same service. If this is not possible the Director of Finance & Corporate Services will recommend how the scheme is to be funded and such overspend will be clawed back from the same service's programme in the following year;
- (b) Schemes costing £50,000 or less where the projected overspend exceeds the tolerance limit – the overspend shall be reported to the Director of Finance & Corporate Services and the relevant Cabinet Member. The Head of Service / Assistant Director shall agree with the Cabinet Member funding from within other projects controlled by the Service Head. If this is not possible the same rules as (a) shall apply;
- (c) Schemes costing over £50,000 where the projected overspend exceeds the tolerance limits – the overspend shall be reported to the Director of Finance & Corporate Services who shall recommend the action to be taken to the Executive Board. The matter shall also be referred to the appropriate Cabinet Member and a report with the recommended action shall be put to the Executive.

Underspends are to be reported to the Director of Finance and Corporate Services.

In the first instance, any underspends will be applied against overspends on other schemes in the same service area.

Where there are no overspending schemes in the same service area, the Director of Finance and Corporate Services may, having regard to the overall financial situation, agree to additional schemes in the same service area up to a total of £20,000. Additional schemes must be proposed by Directors and supported by the relevant executive member.

Any underspends in excess of £20,000 will revert to corporate capital resource

## CORPORATE POLICY ON FEES AND CHARGING

### Aims and objectives

- 1.1 This policy aims to set a clear, flexible and equitable framework for applying charges to relevant council services.

To achieve the overall aim, there are some corporate objectives that need to be satisfied:

establishing a charging policy that accords with the Community Plan, other statutory plans and the recommendations arising from best value reviews;  
achieving an equitable, open and consistent approach to setting and administering charges;  
recognizing that variations will occur according to the type of service being provided.

### 2.0 Principles for charging

- 2.1 The following principles give guidance on when and how charges should be made, establishing the basis for setting charges and indicating which groups of service-users should be offered concessions.
- 2.2 Charges are often essential in delivering quality services and should be applied positively to optimise benefits to all, maximising income, yet offering concessions to particular categories of user and those in low-income groups.
- 2.3 The Council will make best use of charges to meet corporate policy objectives and priorities; it will not allow services to incur unnecessary costs that could be met through applying reasonable charges.
- 2.4 The Council's financial regulations require that all fees and charges are reviewed, at least annually.
- 2.5 The application of appropriate levels of charges plays a key role in ensuring access, and in meeting the needs of particular social and low-income groups.
- 2.6 Where charges are not currently made for a service, or are not recovering the full cost of its provision, the reasons for this should be reconsidered in the annual review of charges and within any best value review.
- 2.7 The council will protect services that are intended to be free at the point of use, or where the cost of delivery would be outweighed by income, or where operational difficulties prevent charging. Some current examples are:
- those which are used universally and **equally**;
  - those where charging would be **inefficient**, that is, where costs would outweigh income;
  - those where charging would prove **counter-productive**, e.g. where customers would stop using the service or switch to another provider;

those where it is difficult to establish a **beneficiary**.

### **3.0 Concessions**

- 3.1 The treatment of concessions must be consistent. Regular reviews of concessions across the Council services should be carried out, in accordance with best value service reviews, and the annual review of charging should check that policy towards charging continues to be consistently applied.
- 3.2 A list of the categories of concessions across the council services should be presented as part of the annual review on charging. All managers setting charges will acknowledge these categories and be ready to explain how the pricing structure been applied to reflect the needs of people in the categories.

### **4.0 Appeals procedures**

- 4.1 A consistent approach to appeals, where appropriate, will be offered and customers will be informed of the Council's procedures in responding to appeals.

### **5.0 Administration and management of charging**

- 5.1 The "guidance on charging" is to assist managers in taking a consistent approach to charging for their services, which reflects the service and corporate objectives and priorities. This document will itself be regularly reviewed, to ensure that it conforms with the Community Plan and implementation plans of individual best value reviews.
- 5.2 To ensure that cost effectiveness is optimised, decisions on charging will depend upon a balanced assessment of the impact (between groups served, service objectives and priorities) and revenue considerations. Managers will be expected to follow the Council's "guidance on charging".

### **6.0 Implementation**

- 6.1 In implementing this charging policy, care will be taken to achieve consistency in applying and administering charges across the council's services.
- 6.2 Any variation in policy, or amendments to the charges, will strive for a balance between consideration of the likely impact on service users, the local market for particular services, cost and revenue implications.

## **GUIDANCE ON CHARGING FOR SERVICE MANAGERS**

This document is intended to be read in conjunction with the council's "Corporate Policy on Fees and Charging" June 2001.

### **1. Aims**

The aims for managers setting fees or levels of charges for council services are:

- to adopt the principles contained in the "Corporate Policy on Fees and Charging", ensuring that the corporate objectives, set out in the Community and other statutory plans are taken into consideration;
- to make effective use of this guidance note in developing standards and procedures for discretionary fees;
- to use the opportunity of best value reviews to ensure that charges are considered as an integral part of service development, accessibility and improvement;
- to use the annual review of charges as the framework for the effective management of charges.

### **2. Assessment**

When setting and changing charges, it is important that all service managers follow very similar procedures. The flowchart overleaf has been adapted from a version supplied by the district auditor is intended as a 6-step guide.

Please be sure to follow through the steps each time you review or introduce charges. Each of the six steps has an accompanying checklist to guide you through the decision-making at each stage.