



South Hams
District Council

Financial Procedure Rules **(Formerly known as Financial Instructions)**

December 2010

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1. Preface

What are the Financial Procedure Rules?

- 1.1 The Financial Procedure Rules provide the framework for managing the authority's financial affairs. These financial rules are for use within South Hams District Council and appear in Part 4 of the Council's Constitution.

Why are they important?

- 1.2 The Financial Procedure Rules are part of a wider set of operational and managerial arrangements that aim to demonstrate to members of the public, who pay for Council services, that the Council is carefully managed through control of its finances and financial affairs.
- 1.3 If followed on a day to day basis the Financial Procedure Rules offer protection to the Council and hence the public from poor decision making, theft, fraud and material error.
- 1.4 However, they also offer significant protection to each Council employee and member that follows them. Provided that officers and members can demonstrate that they have acted in accordance with the Rules they are unlikely to face undue criticism and can defend themselves against accusation of impropriety.

To whom do they apply?

- 1.5 The Financial Procedure Rules apply to every member and officer of the authority and anyone acting on its behalf.
- 1.6 All members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.
- 1.7 Heads of Service are responsible for ensuring that all staff in their sections are aware of the existence and content of the authority's Financial Procedure Rules and other internal regulatory documents and that they comply with them.

What happens if the Rules are breached?

- 1.8 The Financial Services team is responsible for reporting, where appropriate, breaches of the Financial Procedure Rules to the Council and/or to the executive members normally through the Audit Committee. The Internal Audit section will investigate suspected breaches of the Financial Procedure Rules and prepare a report for the Head of Financial Services and the relevant Head of Service.

1. Preface

- 1.9 As with any other Council policy, wilful breach of these rules may result in an officer or member being subject to the relevant disciplinary procedure.

Are the Rules reviewed and when?

- 1.10 The Council's Section 151 Officer is responsible for maintaining a continuous review of the Financial Procedure Rules and submitting any additions or changes necessary to the Council for approval. The Financial Procedure Rules are reviewed annually by the Head of Financial Services in consultation with the Heads of Service prior to approval by the Council.
- 1.11 The document will be updated when significant changes are required, but as a minimum once every three years. The changes will normally be made through recommendation to the Council by the Audit Committee (Constitution - Article 10 refers).

How are the Financial Procedure Rules laid out?

- 1.12 The Financial Procedure Rules are set out in sections that correspond to who should read them, i.e. it is important that the contents of the first section are read by all members of staff and councillors whilst latter sections are aimed at generic or named posts.
- 1.13 The headings within each section generally correspond to well-defined systems of financial control. An initial introduction within each section sets the scene and explains why the section appears. This is then re-enforced by explaining in more detail some of the risks of failing to follow the Rules.

Who can give me advice and guidance?

- 1.14 The Head of Financial Services is responsible for issuing advice and guidance where required. If you have any queries, comments or concerns on the content of the Financial Procedure Rules, please contact Internal Audit.
- 1.15 Queries should be directed to Internal Audit **well in advance of any deadline date where possible**. A record of all advice and guidance issued is maintained by Internal Audit.

2. Exemptions to the Financial Procedure Rules

Can the Financial Procedure Rules be waived?

- 2.1 Both officers and members should follow the Financial Procedure Rules in their day to day work. From time to time, however, it may not always be possible or practicable to do so.
- 2.2 The question of waiving **(or the Monitoring Officer's preferred term, Exemption from)** the Financial Procedure Rules usually arises when time is short, for example emergency repair works may be required following a spell of very bad weather. If a formal contract tendering process were to be adopted this could delay completion of the works and could give rise to a health and safety risk, significant additional costs at a later stage or even loss of Government grant income.
- 2.3 The Financial Procedure Rules, therefore, allow for officers and members to work in a manner that is responsive to the 'real world'. This section sets out how decisions to move away from these rules shall be taken, the procedure to be followed and the records to be maintained.
- 2.4 **Officers and members should not interpret this section as an opportunity to use Exemptions from the Financial Procedure Rules carte blanche.**
- 2.5 **Exemption from the Financial Procedure Rules will not be an excuse for poor planning and control. Exemptions shall be the exception rather than the rule and alternative courses of action should always be taken within the spirit of the Financial Procedure Rules.**

What are the underpinning principles?

- 2.6 Where officers consider that the Financial Procedure Rules cannot be followed then reasoned, considered and sensible solutions to everyday problems that may arise shall be applied.
- 2.7 If the answer to one or more of the following questions is 'Yes', Exemption from the Financial Procedure Rules may be considered:

If the Financial Procedure Rules were to be followed to the letter...

- Is there a significant chance that the life or health of officers, members or the public will be put at real risk? **or Life or Death**
- Will the Council incur significant avoidable costs or lose significant income (significant shall be taken to mean material in the sense that it is either material to the project, the service or the Council)? **or Increased Costs/Loss of Income**
-

2. Exemptions to the Financial Procedure Rules

- Would the Council be wasting its time obtaining quotations as supply of the product or service is demonstrably restricted to one or few businesses (or a select list is recommended by Central Government)?
or Limited Markets
- Would the Council be criticised for failing to act promptly? **or Risk to Reputation**

Who's who?

The Officer

In the context of this section the officer is taken to be the individual faced with a problem that may require an Exemption from the Financial Procedure Rules.

The Manager

In the context of this section the manager shall be taken to be the officer's direct line manager who endorses the request for Exemption the Financial Procedure Rules.

The Internal Auditor

Internal Auditors are not responsible for the management or the operation of any of the Council's services or systems. This is to ensure that Internal Auditors can give independent and unbiased advice to managers. In the context of this section the Internal Auditor's role is to ensure that the Financial Procedure Rules of the Council are followed. If this is not possible then management is made aware of and safeguard the Council against any significant financial or non-financial risks that are likely to arise.

Management not Internal Audit are responsible for any final decisions taken.

The Head of Service Strategic Director & S.151 Officer

In the context of this section the Head of Service shall be taken to be the 'Officer' and the 'Managers' Head of Service. They have the authority to approve or reject the Exemption request (for procurement up to £30k and over £30k to the current EU Limit with the Leader of the Council).

2. Exemptions to the Financial Procedure Rules

The Procedure for Exemption from the Financial Rules

The Officer and their Manager

- 2.8 Where an officer considers that they have reason to request an Exemption to the content of the Financial Procedure Rules, they shall first inform and obtain the written approval of their immediate line manager using a pro-forma Exemption from Financial Procedure Rules (available on the Council's Intranet or from Internal Audit). At the meeting between the officer and their manager, the circumstances surrounding the request must be discussed. A proposal as to the course of action to be taken will then be agreed and recorded on the form.
- 2.9 The officer and manager will have to satisfy the Internal Auditor that:
- At least one of the basic principles as set out in '2.7' above has been met;
 - They have been provided with adequate evidence in support of the request;
 - That the officer and their manager have had due regard to the risks to the Council of the action that they propose (in terms of the likelihood of occurrence and the impact); and
 - A decision to be Exempt from the Financial Procedure Rules would be in the best interests of the Council.
- 2.10 The officer concerned and their manager, if necessary, must then approach the Internal Audit team whereupon they will be asked to provide the full background and evidence. They will be asked what action they propose should be taken.

The Internal Auditor

- 2.11 The Auditor will record these details and may request evidence in support of any claims made, e.g. copies of documents, discussions with third parties, inspection etc.
- 2.12 In order to satisfy themselves that the Exemption is in the best interests of the Council, it may not be possible for the Auditor to immediately respond to a request although every effort will be made to do so.
- 2.13 The Auditor will then give their opinion verbally and record their opinion on the Exemption form. The Auditor will evaluate the proposal and may recommend that further action is taken before the Exemption is approved.
- 2.14 Should the Internal Auditor consider that any action or inaction by an officer or their line manager has given rise to the need to now consider Exemption from the Financial Procedure Rules, e.g. it was left too late to tender the Auditor will record this on their record of advice given. The Internal Auditor will, however, take into consideration the circumstances surrounding the request.

2. Exemptions to the Financial Procedure Rules

- 2.15 The Internal Audit Manager will also be responsible for ensuring that approved Exemptions are reported to the next available meeting of the Executive for information. No Executive decision is required.

The Head of Service/Strategic Director/S.151 Officer/Leader

- 2.16 Once the view of Internal Audit has been obtained, the appropriate Head of Service, Strategic Director, S.151 Officer and/or the Council Leader is required to sign the 'Exemption Form', depending on the value of the transaction involved. A copy of the fully completed form must be returned to Internal Audit and the original sent to Member Services to hold for inspection by members if required.
- 2.17 No officer shall approve an Exemption from Financial Procedure Rules initiated by themselves, i.e. a higher authority must approve it.
- 2.18 If a decision is urgently required the Chief Executive is empowered to make a decision in consultation with the Leader and Deputy Leader. The decision will be recorded in accordance with the Council's Constitution.

Record Keeping

- 2.19 Internal Audit will maintain a record of all advice given and Exemption requests and of their outcome. This record will be reviewed annually so as to ensure that the Financial Procedure Rules remain up to date, clear and in-line with operational and practical issues. All such advice will be reported for review by the Council's Audit Committee.
- 2.20 Where relatively minor Exemptions are requested (e.g. petty cash purchases greater than the specified limit) the Auditor may advise the officer to proceed subject to the Auditor logging the advice for scrutiny as in 2.13.

3. Summary of Financial Limits

The following tables summarises the limits quoted in these Rules.

Item Value ex VAT	Petty Cash	Page
Up to £30	Petty cash items shall be limited to minor items of expenditure. This amount may only be exceeded with the prior agreement of the Head of Financial Services.	22
Above £30	Variations in reconciliation must be reported to Financial Services.	23

Item Value ex VAT	Quotations/Tendering for Goods and Services	Requirement	Page
Below £5,000	Most favourable prices and terms, having regard to the principles set out in the Council's Procurement Strategy.	Good Practice	31
£5,000 to £30,000	3 quotations appropriately evidenced.	Yes	31
Above £30,000	Tendering in line with Contract Procedure Rules.	Yes	Separate Document
ICT	All system developments and purchases of computer equipment or software must be approved by the Head of ICT, or her/his nominated deputy.	Yes	31

Item Value ex VAT	Authorisation of Payments	Page
Above £200,000	Any payment greater than £200,000 must be authorised by the appropriate Head of Service or the Head of Financial Services in her/his absence. An exception to this is Treasury Management payments, which are bound by Financial Instruction 8.2.	36

Item Value ex VAT	Income – Banking	Page
Daily/Weekly according to Insurance Limit	All monies received on behalf of the Council shall be banked without delay.	40

Item Value ex VAT	Income – Unders and Overs	Page
Over £30	"Unders and overs" and discrepancies must be reported immediately to Financial Services.	41

Item Value ex VAT	Write Off – Bad and Doubtful Debts	Page
Finance Up to £5,000	The Head of Financial Services is empowered to write off bad and doubtful debts, after satisfying her/himself that it would be uneconomic or inappropriate for the Council to pursue them, and where appropriate a Legal representative has considered the Council's position.	43
Other Services Up to £5,000	In the case of debts due to other service groups, the Head of Financial Services will consider write off in accordance with the above upon the written authorisation of the Head of Service involved or her/his deputy.	43
All Debts Up to £5,000	The total amounts of debt written off by the Head of Financial Services under delegated powers will be reported to the Executive.	43
All Debts Above £5,000	No debts in excess of £5,000 may be written off without the prior approval of the Head of Financial Services and the Executive.	43

Item Value ex VAT	Write Off – Stock Deficiencies and Obsolete Stocks	Page
Individual items up to £1,000	A de-minimis level may be operated at the Head of Service's discretion, but a second officer shall witness the write off.	48
Individual items between £1,000 to £5,000	The Head of Financial Services shall be empowered to approve the write-off of deficiencies not exceeding £5,000. Proposed write offs of obsolete stock should be approved in writing by the Head of Service or her/his nominated deputy, in consultation with the Head of Financial Services.	48
Individual items above £5,000	The Head of Financial Services shall recommend to the Executive approval to write-off of deficiencies and obsolete stock of more than £5,000 in value.	48

3. Summary of Financial Limits

Item Value ex VAT	Inventories	Page
Individual items above £100	Inventories of all property (furniture, fittings and equipment) belonging to or in the care of the Council, other than stores, shall be prepared and maintained by the Head of Service concerned or a designated officer.	49

Item Value ex VAT	Use of Reserves	Page
Up to £30,000	The appropriate Head of Service in conjunction with the Head of Financial Services may approve the use of specific reserves up to £30,000 as set out in the Scheme of Delegation.	53
Greater than £30,000	The Use of Reserves over £30,000 requires the prior approval of the full Council upon receipt of a report from the Head of Financial Services as approved by the Executive.	53

Item Value ex VAT	Budget Changes (Virements)	Page
Up to £5,000	Up to £5,000 is to be requested by the relevant responsible officer via the appropriate accountant. No form is required.	52
£5,000 to £30,000	Between £5,000 and £30,000 a virement form is required which is to be authorised by the relevant Head of Service and Head of Financial Services or nominated deputy.	53
£30,000 to £100,000	Between £30,000 and £100,000 a virement form is required which is to be authorised by the Head of Financial Services, Head of Service and approved by the Executive.	53
Greater than £100,000	Approval of the full Council is required in respect of virements above £100,000. They shall require initial authorisation by the Head of Financial Services and the relevant Head of Service.	53

Item Value ex VAT	Disposals – Land and Buildings	Page
Below £25,000	In conjunction with the Head of Finance, the Head of Property Services may effect minor freehold disposals of land not required for operational purposes up to £25,000.	68
£25,000 to £50,000	The Chief Executive, in conjunction with the Head of Financial Services and Head of Property Services and in consultation with the Leader and the Ward member(s), may agree to the disposal, by sale or lease, of small areas of land whose market value between £25,000 and £50,000, where such disposal does not prejudice the Council's existing land holding or any future development proposals.	68
Above £50,000	Requires the prior approval of the Executive.	68

Item Value ex VAT	Disposals – Plant and Equipment	Page
Up to £1,000	A de-minimis level may be operated at the Head of Service's discretion, but a second officer shall witness the disposal.	69
£1,000 to £5,000	Tenders are to be sought for any item valued at £5,000 or less, and it shall be the responsibility of the Head of Financial Services and the relevant Head of Service or their nominated deputy, to obtain the best possible price.	69
Above £5,000	The disposal of any item of plant and equipment valued at more than £5,000, shall be by advertised competitive tender unless the relevant Head of Service, after consulting the Head of Financial Services, decides that disposal shall be by public auction or other appropriate method e.g. part exchange.	69

4. Financial Procedure Rules Applicable to All Officers and Members

4.1 Risk Management and Internal Control

Why is this important?

Delivering the Council's objectives and many of its services and activities is not without inherent risk, including: death or injury to staff or the public and financial loss to the Council. The Council needs to assess and log these risks and then decide how to address them, i.e. through the implementation and maintenance of controls. This Section should be read in conjunction with the Council's Risk Management Strategy.

Risks:

- The Council may be unable to meet large claims made against it, i.e. death or injury;
- The Council may be over insured, i.e. paying out higher premiums than it needs to; and
- The Council may not be aware of all risks.

Responsibilities

Risk Management

- 4.1.1 It is the responsibility of the Council to oversee the effective management of risk and the Executive to approve the Council's Risk Management Strategy.
- 4.1.2 The Audit Committee will review the effectiveness of the Council's risk management process on a regular basis and report to Council annually.
- 4.1.3 The Chief Executive has overall responsibility for risk management.
- 4.1.4 The Joint Management Team (JMT) and Corporate Management Team (CMT) shall ensure that the Council has a Risk Management Strategy and procedures that will:
 - (i) Identify and quantify risks and potential liabilities;
 - (ii) Ensure awareness among all levels of staff with regards to the control of risk;
 - (iii) Ensure that all significant risks and potential liabilities are addressed;
 - (iv) Ensure that the appropriate decisions are taken on the acceptable level of retained risk; and
 - (v) Regularly review the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis.

4.1 Risk Management and Internal Control (continued)

- 4.1.5 Heads of Service will set the objectives for their service each year linked to corporate objectives; identify the risks to achieving those objectives and the controls to mitigate these risks.
- 4.1.6 The S.151 Officer will co-ordinate a Risk Management Group with responsibility for operational risk management. JMT will act as the Strategic Risk Management Group.
- 4.1.7 The Risk Management Group will ensure that the Council's risk register reflects the risks identified by Heads of Service. Heads of Service are also responsible for identifying significant changes in risk for their service and must ensure that the Risk Management Group is advised on a timely basis.
- 4.1.8 The Risk Management Group will drive the implementation and embedding of risk management, maintain the risk register and advise and support JMT on risks likely to have an impact on the achievement of the Council's objectives.
- 4.1.9 Internal Audit will review the risk management process on an annual basis and report the results to the Risk Management Group in addition to normal reporting lines.

Internal Control

- 4.1.10 The Council is responsible for maintaining a System of Internal Control – setting of objectives, identification of risk and controls to mitigate the risks.
- 4.1.11 The Council will also be responsible for conducting a review at least once a year of the effectiveness of internal control and shall prepare a statement, in accordance with proper practices, for inclusion in the Council's published annual accounts.
- 4.1.12 The Audit Committee will act as the nominated member body to examine the draft statement and supporting evidence and recommend approval.
- 4.1.13 Heads of Service are to manage system processes to ensure that established controls are being adhered to and to evaluate their effectiveness in order to be confident in the proper use of resources, achievement of objectives and management of risks.

4.1 Risk Management and Internal Control (continued)

4.1.14 The S.151 Officer will advise on the systems of control devised by managers and co-ordinate the management group with responsibility for drafting the statement, evaluating assurances and supporting evidence in respect of:

- (i) Performance Management;
- (ii) Internal Audit;
- (iii) External Audit;
- (iv) Heads of Service;
- (v) Statutory Officers;
- (vi) Risk Management Group; and
- (vii) Corporate Governance.

Systems Changes - Direct or Indirect Financial Nature

4.3.1 The Head of Financial Services shall be informed of the creation, amendment or removal of systems of a financial nature or where decisions arising from the use any system have a financial consequence.

4.3.2 The requirements set out in the Council's **Data Quality Strategy** shall also be adhered to.

Corporate Governance

4.1.15 The Council is responsible for approving the Council's Code of Corporate Governance.

4.1.16 The principle of the Code will be openness, integrity and accountability and will cover the areas required by CIPFA/Solace, which at the date of these Financial Procedure Rules include:

- (i) Purpose of the Council and outcomes for the community;
- (ii) Members and officers with clearly defined functions and roles;
- (iii) Upholding high standards of conduct and behaviour;
- (iv) Informed decision making, effective scrutiny, & risk management;
- (v) Developing the capability of members and officers; and
- (vi) Engaging with local people and other stakeholders.

4.1.17 Direct responsibility for the monitoring of compliance with the principles and elements of corporate governance and the requirements of the Code are placed with the Council's S.151 Officer, Monitoring Officer and Internal Audit Manager.

4.1 Risk Management and Internal Control (continued)

4.1.18 These officers, through Internal Audit, will therefore:

- Test the code annually and the results of the monitoring and testing will be reported to both the Audit Committee and the Standards Committee as required by the Constitution.
- Prepare a statement, in accordance with proper practices, for inclusion in the Council's published annual accounts.

Business Continuity

4.1.19 The Civil Contingencies Act 2004 requires the Council as a Category 1 responder to put in place business continuity arrangements to ensure that in the event of an emergency it can continue to exercise both its civil protection functions and perform its ordinary functions.

4.1.20 The Council has identified business continuity as a strategic risk.

4.1.21 In addition business continuity will require a separate but similar risk management strategy and process. A separate Business Continuity Planning Group must meet with operational links between it and the Risk Management Group.

Money Laundering

4.1.22 The Council's S.151 Officer will ensure that procedures are in place that satisfies the requirements of anti-money laundering legislation as they impact on local government, in line with guidance from the relevant professional bodies.

4.2 Security

Why is this important?

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 are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations.

Risks:

- Cash and other assets could be lost, stolen or misused; and
- Claims against the Council's insurers may be invalidated.

Responsibilities

- 4.2.1 Each Head of Service is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, etc. under her/his control, and shall consult the Head of Financial Services in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 4.2.2 Heads of Service must ensure that attractive and portable items are to be identified with security markings as belonging to the Council.
- 4.2.3 All staff are to ensure that all windows, cabinets, safes and drawers are locked in any location wherever cash or keys are held out of hours.
- 4.2.4 Cash holdings shall be kept to a minimum and at a level agreed with the Head of Financial Services. They shall not exceed insurance cover.
- 4.2.5 Employees of the Council responsible for collecting, holding and the paying-in of official cash are to ensure that it is held under secure arrangements at all times. See also Financial Procedure Rule 5.3, Income.
- 4.2.6 Heads of Service or the designated deputies shall ensure that staff leaving the authority hand back any keys or assets held by them prior to their departure. Door entry systems combinations and safe combinations etc. shall be changed on the day of departure.

Safes

- 4.2.7 Members of staff who are authorised to gain access to any Council safe must not allow the keys or combination access codes to pass from their control or to be available to unauthorised persons at any time. The loss of any such keys must be reported to the Head of Financial Services immediately.

4.2 Security (continued)

- 4.2.8 The combination of any Council safe must not be disclosed to another person without the express authorisation of the Head of Service or relevant manager. The combination of a safe must be changed immediately when a member of staff, who is authorised to open that safe, leaves the employment of the Council.
- 4.2.9 All keys held for any official purpose by an authorised member of staff shall be held under proper and secure arrangements and not passed or be available to any unauthorised person. (This regulation includes card keys and door entry codes issued to members of staff).

Postal Franking Machines

- 4.2.10 Postal franking machines must also be securely held, and officers responsible will keep proper records of usage and certify the balance of impressions held in the machine at the 31st March each year. The certificate is to be forwarded to the Head of Financial Services promptly. Stocks of postage stamps shall also be held securely.

ICT

- 4.2.11 Security of computer software, hardware and related vulnerable equipment are covered by a separate Council ICT Security Policy.

4.3 Audit

Why is this important?

About Internal Audit

The Chartered Institute of Public Finance and Accountancy (CIPFA) states that 'Internal audit is an assurance function that primarily provides an independent and objective opinion to the Council on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the Council's objectives. Internal audit objectively examines, evaluates and reports on the adequacy and effectiveness of the control environment as a contribution to the proper, economic, efficient and effective use of resources'.

About External Audit

External auditors are appointed by the Audit Commission. They are required under the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Council for securing value for money in its use of resources. This work includes providing a certificate on the Council's published accounts and an annual letter to members outlining their key findings and recommendations.

Risks:

- Changes in the delivery of services could lead to internal control systems failing thereby increasing the possibility of fraud, loss, extravagance, waste or embarrassment to the Council; and
- The Council could face legal action for failing to maintain an adequate and effective internal audit service.

Responsibilities

Internal Audit

4.3.3 The Accounts and Audit Regulations 2003 state that a relevant body must 'maintain an adequate and effective system of internal audit of the Council's accounting records and of its system of control in accordance with the proper internal audit practices'.

4.3.4 The Council shall therefore make provision for internal audit in accordance with the CIPFA Code of Practice for Internal Auditors in Local Government in the United Kingdom.

4.3 Audit

4.3.5 The Internal Audit Manager or her/his authorised representative shall have authority to:-

- (i) Enter at all reasonable times on to any Council premises or land;
- (ii) Have access to all records documents and correspondence relating to any transaction of the Council;
- (iii) Require and receive such information and explanations as are necessary concerning any matter under examination;
- (iv) Require any employee or agent of the Council to account for cash, stores or any other Council property under her/his control; and
- (v) Access records belonging to third parties, such as contractors, partners etc. when required. Such a requirement shall be written into all contracts and partnership agreements.

4.3.6 Internal Audit will follow professional standards and guidelines issued by CIPFA, specifically the Code of Practice for Internal Audit in Local Government in the United Kingdom and prepare risk based strategic and annual audit plans as a basis of their work.

4.3.7 At the beginning of each financial year, the Internal Audit Manager will present to the Audit Committee a risk based audit plan which over a period of time will cover all aspects of the Council's control environment and be accompanied by a strategy setting out how the plan will be achieved.

4.3.8 Internal audit will report on its activities to the Audit Committee quarterly. Such reports are to include details of action agreed on recommendations of a significant nature and the Internal Audit Manager shall deliver an annual opinion as to the adequacy of internal control within the authority.

4.3.9 Strategic Directors and Heads of Service are to consider and promptly respond to recommendations set out in Internal Audit reports and to ensure that any agreed actions arising from the recommendations are carried out in a timely and efficient fashion.

Systems Changes - Direct or Indirect Financial Nature

4.3.10 The Head of Financial Services shall advise the Internal Audit Manager of any changes to systems that she/he has been informed of, to allow Internal Audit to influence the controls in the new system at an early stage.

Irregularities (Anti-Fraud and Corruption)

4.3.11 The S.151 Officer in conjunction with the Monitoring Officer and Head of Financial Services must ensure that effective procedures are in place to promptly investigate any fraud, corruption or other irregularity.

4.3 Audit

4.3.12 The Council's 'Anti-Fraud and Corruption Strategy and Response Plan' is the responsibility of the S.151 Officer and sets out the Council's anti-fraud position and the procedures to be followed for investigations.

4.3.13 Internal Audit officers will be the normal independent investigation particularly where suspicions involving assets. The Internal Audit Manager must set aside a contingency budget within the audit plan to cover such eventualities, having regard to other pressures on the team.

Direct Access to the Chief Executive, Executive and the Audit Committee

4.3.14 In the event of the necessity arising, the facility exists for Internal Audit to have direct access to the Chief Executive (as head of paid service), S.151 Officer and the Chair of the Executive and/or the Audit Committee.

External Audit

4.3.15 The Head of Financial Services shall ensure that there is effective liaison between external and internal audit.

4.3.16 The Head of Financial Services will work with the external auditor and advise the Council, Executive, the Audit Committee and Strategic Directors on their responsibilities in relation to external audit.

4.3.17 Strategic Directors and Heads of Service shall ensure that external audit are given access at reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work as required by the Audit Commission Act.

4.4 Retention of Documents

Why is this important?

Maintaining proper accounting records is one of the ways in which the authority discharges its responsibility for stewardship of public resources. A complete and accurate audit trail is the key mechanism underpinning the control environment.

Risks:

- The External Auditor may not be able to provide an adequate assurance that the Councils accounts present a true and fair view;
- Statutory obligations concerning the retention of key documents may not be met, e.g. VAT, PAYE;
- Court action could fail due to the loss of prime documents; and
- Performance statistics cannot be verified.

Responsibilities

- 4.4.1 In conjunction with the S.151 Officer, the Monitoring Officer shall create, maintain and make available a document retention schedule for all staff.
- 4.4.2 The schedule shall reflect statutory requirements and be kept up to date.
- 4.4.3 Heads of Service shall ensure that their staff maintain adequate records to provide a management trail and are aware of and follow guidance set out in the document retention schedule.

4.5 Petty Cash

Why is this important?

Public money should be spent with demonstrable probity and in accordance with the Council's policies, even in respect of low value purchases. Authorities have a statutory duty to achieve best value in part through economy and efficiency. The Council's procedures should help to ensure that services obtain value for money from their purchasing arrangements.

Risks:

- Cash may be stolen, lost or borrowed without due authority; and
- Expenditure may be poorly controlled with little comparison of costs.

Responsibilities

- 4.5.1 The Head of Financial Services may advance a fixed imprest to an officer of the Council for petty cash expenditure. Each imprest shall be of such amount as the Head of Financial Services may determine in consultation with the Head of Service. A centralised imprest should be used wherever this is practical, and the principles of these rules apply equally to it.
- 4.5.2 Following certification of receipt, officers holding petty cash take personal responsibility for the custody of cash until such time as another authorised officer formally takes over responsibility for the money.

Expenditure

- 4.5.3 Petty cash items shall be limited to minor non-recurring items of expenditure and shall not exceed in the case of each individual item, the sum prescribed by the Head of Financial Services of £30. This amount may only be exceeded with the prior agreement of the Head of Financial Services.
- 4.5.4 None of the following items of expenditure shall be paid out of petty cash:-
- (i) Travelling and subsistence expenses of officers, including car park and ferry crossings;
 - (ii) Postages, except where a small supply of stamps is held for a specific purpose agreed by the Head of Financial Services; and
 - (iii) Stationery.
- 4.5.5 No personal cheques are to be encashed via petty cash, nor personal loans made.
- 4.5.6 Where petty cash disbursements are made for goods that include VAT, a VAT invoice or receipt must be obtained.

4.5 Petty Cash (continued)

4.5.7 Any claim for petty cash shall be recorded on an official petty cash voucher. The voucher is to be signed by the officer making the claim and attached to a suppliers payment receipt.

4.5.8 The holder of the petty cash imprest shall check the claim to ensure that the item is for work use, the amount claimed matches the receipt and that it is correctly coded for both financial management and VAT purposes.

Reimbursement

4.5.9 Petty cash imprests shall be reconciled and balanced (vouchers to cash balances) on a regular basis (monthly is recommended) or when handed to another officer to administer. Every officer holding a petty cash imprest shall certify to Financial Services the amount of the imprest as at 31 March each year.

4.5.10 Receipts and vouchers for petty cash disbursements shall be forwarded to Financial Services with the claim for reimbursement. A claim for reimbursement must also be made as close to the 31st March annually as is practical.

4.5.11 The claim shall be certified as correct by the Head of Service or such person nominated by her/him for that purpose.

General

4.5.12 No income is to be paid into petty cash.

4.5.13 Cash income or change floats are not to be used as petty cash in any circumstances.

4.5.14 Floats and vouchers shall be held securely and access restricted to authorised officers.

4.5.15 Financial Services must be advised of any significant variances, above £30, identified by the reconciliation of the petty cash float.

4.5.16 On leaving the Council's employment or otherwise ceasing to hold an imprest advance, an employee shall account to Financial Services for the amount advanced to her/him. Under no circumstances should the petty cash be banked as income, instead it should be coded to the relevant petty cash code supplied by Financial Services. On change of custody of the float it should be counted by both officers and a signed record of the balance held.

4.5.17 Cash balances and vouchers shall be available for inspection by Internal Audit officers at any time.

4.5 Petty Cash (continued)

Centralised Imprest - Petty Cash Advances

- 4.5.18 Advances of cash up to £30 from the Customers Services may be made with the prior authorisation of an authorised signatory upon completion of a 'Cash Advances' form. The name of the person to whom the advance is to be issued and that of the issuing officer together with the date of issue and the amount shall be recorded on the form.
- 4.5.19 Receipts shall be kept in respect of purchases made using the cash advance. These, together with any residual balance shall be paid back into the Customers Services within 2 working days of the original advance being issued. The balance of any residual cash plus the value of the receipts shall agree to the amount originally issued.
- 4.5.20 The Cashier shall check the receipts in accordance with 4.5.8 above and ensure that a coding slip is completed to ensure that the FMS system is updated with the expenditure incurred.

4.6 Travelling and Subsistence

Why is this important?

In the course of their duties officers and members may be required to work away from their normal place of work, attend seminars, training days, etc. The officer/member should be reimbursed for their travel and associated costs at agreed rates and in accordance with agreed procedures. In so doing the officer receives what is due to them and the Council has an acceptable record of what is claimed and by whom.

Risks:

- Fraudulent claims may be made, i.e. fictitious journeys, embellished claims, incorrect rates etc.;
- Claims could be paid twice or at the wrong rates; and
- Financial and accounting records are not correctly updated.

Responsibilities

- 4.6.1 All claims for payment of travelling and subsistence shall be in a form approved by the Head of Human Resources, and will in normal circumstances be made through salaries in accordance with the Council's approved Travel and Subsistence Policy (available on the Council's Intranet)

Claim Completion and Certification

- 4.6.2 Claims for travel and subsistence shall only be made where journeys were authorised and expenses were properly and necessarily incurred. All claims shall be completed fully to the satisfaction of the Head of Human Resources and in accordance with the Council's approved Travel and Subsistence Policy.
- 4.6.3 All claims for travelling and subsistence shall be signed by the claimant and authorised by or on behalf of the appropriate Head of Service.
- 4.6.4 A list of officers authorised to sign claims shall be sent to the Head of Human Resources. All amendments to the list shall be notified to the Head of Human Resources in writing. The claims shall be signed in manuscript in the authorised officer's own name. Claimants may not authorise their own claim.
- 4.6.5 The certificate by or on behalf of the Head of Service shall mean that the journeys were authorised and that the manager is satisfied that expenditure was necessarily incurred on travel and subsistence for which the proper allowances have been claimed, ensuring that cost-effective use of travel arrangements is achieved.
- 4.6.6 The names of all others for whom the claim relates shall be recorded on the claim.

4.6 Travelling and Subsistence (continued)

- 4.6.7 Petty cash must not be used for any travel or subsistence related expenses by officers or members.

Receipts

- 4.6.8 If a receipt is not attached an explanation of the circumstances may be called for by Internal Audit. In any event, where no receipt is supplied, the expense claimed must be treated as a taxable item.
- 4.6.9 In addition, a VAT receipt for petrol must be attached to cover the VAT element claimed for car mileage. This is a requirement of HM Revenue and Customs, if the Council is to reclaim the VAT paid to the employee. As a result, if no VAT receipt is supplied, the Council cannot pay the VAT element to employees.
- 4.6.10 Credit card slips are not acceptable in lieu of other forms of receipt.

Timeliness of Claim

- 4.6.11 All claims for payment to employees of car allowances (including leased cars), subsistence allowances, travel and incidental expenses must be submitted with all relevant receipts on a monthly basis in accordance with the Council's approved Travel and Subsistence Policy.
- 4.6.12 The Policy states that claims in excess of 3 months will need to be approved by Joint Management Team before payment is made.

Insurance, Driving Licences and Vehicle Roadworthiness

- 4.6.13 In accordance with the Travel and Subsistence, all employees undertaking official business travel shall ensure they hold an appropriate driving licence for the class of vehicle being used and that the vehicle is taxed, has a valid MOT certificate where appropriate and is covered by an adequate Motor Insurance Policy which includes clauses covering Business Usage. Payroll will annually request officers to provide their driving licence, MOT certificate and insurance certificate for inspection by their line manager.
- 4.6.14 It is the responsibility of the relevant Head of Service to verify that the appropriate documents discussed above are in place, and evidence such checks.
- 4.6.15 Claims for car allowance by users in receipt of a Council car loan or leased car should note that they are still required to have comprehensive insurance cover in accordance with the car loan conditions.

Council Members

- 4.6.16 Members' travel claims will be certified by the Member Support Service Manager or a duly authorised officer on her/his behalf and must be submitted on a monthly basis to the Head of Human Resources.

4.7 Car Loans and 4.8 Car Leases

Why is this important?

Any loan to an individual carries with it an element of risk on the part of the lender. The lender has to be sure that the person receiving the money can afford to repay it within an agreed timescale. In the case of car loans this is restricted to use for just that, the purchase of a new or approved second hand car. The Council wishes to ensure that its 'interest' in the vehicle being purchased is protected.

Risks:

- The member of staff may be unable to repay the loan;
- The vehicle may not be worth the sale price and hence the Council's interest in it would be reduced; and
- If not comprehensively insured the Council's interest in the vehicle is no longer tangible.

Responsibilities

4.7.1 The Head of Human Resources shall be empowered to make loans in accordance with the Council's scheme to employees who are in receipt of an essential user car allowance and in all other cases where it is essential for the proper conduct of the Council's business that the employee should provide a car.

4.7.2 A register of car loans shall be maintained by the Head of Human Resources.

Application and Payment

4.7.3 Every applicant for a car loan shall submit an application form giving the details required and indicating the approval of the Head of Service.

4.7.4 Payment of a loan shall be made by the Head of Human Resources against a signed agreement to comply with the conditions of the scheme including authority to deduct amounts due from salary payment. The form of such agreement is to be approved by the Chief Executive.

4.7.5 Cheques or BACS payments for vehicles will be made payable to the seller of the car (normally a garage). A receipt from the seller of the car must be produced and handed to the Council within 14 days of the payment of the loan and a copy taken and held on file.

4.7 Car Loans and 4.8 Car Leases

Responsibilities of the Borrower

- 4.7.6 Cars must be comprehensively insured for business use (see also Financial Procedure Rules 4.6 and 6.3 and the Head of Human Resources or her/his nominated officer is authorised to inspect policies or certificates of insurance for confirmation at any time.
- 4.7.7 Borrowers must hold a full valid driving licence and this will be checked at the discretion of the Head of Human Resources in addition to that described at Rule 4.6.13.

Repayment

- 4.7.8 Repayment of a car loan must be completed within the agreed period to a maximum of 5 years. Deductions of the appropriate amount will be made from salary by the Head of Human Resources.
- 4.7.9 In circumstances where an employee with an outstanding car loan leaves the employment of the Council, arrangements for full repayment will be required before the employee has left the Council's service.

4.8 Car Leasing

The Council's Car Leasing scheme for approved members of staff is coming to an end, with only one vehicle remaining on hire.

As a result the section within these Rules relating to lease cars has been removed.

For the remaining vehicle, and in the circumstances where the scheme restarts, the Rules set out in Section 4.8 of the December 2007 will apply.

5.1 Financial Instructions Applicable to Administrative Officers

5.1 Ordering goods, works and services

Why is this important?

Public money should be spent with demonstrable probity and in accordance with the Council's policies. Authorities have a statutory duty to achieve best value in part through economy and efficiency. The Council's procedures should help to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Council's Contract Procedure Rules and the Procurement Strategy.

Risks:

- The incorrect volume, number or quality of goods, works and services may be received;
- Goods, works or services received may not be fit for purpose;
- The Council may be committed to spending on goods, works or services for which no budgetary provision has been determined;
- Officers failing to follow contract and tendering procedures may leave both themselves and the Council open to accusations of favouritism and unfair contract terms;
- Goods, works or services ordered may fail to meet the Council's environmental, health and safety and other strategies and policies; and
- Short-term expenditure may commit the Council to longer-term maintenance costs.

Responsibilities

5.1.1 Each Head of Service is authorised to incur normal recurring expenditure provided that:-

- (i) Provision has been made by way of revenue or supplementary estimate, virement or the work is rechargeable. Officers must not use an incorrect expenditure code to avoid overspending;
- (ii) The quotation or tendering procedure required by the Contract Procedure Rules has been observed unless the Council has given authority for Exemption to Contract Procedure Rules;
- (iii) In cases not covered by Contract Procedure Rules, Heads of Service shall obtain competitive quotations; and
- (iv) Each order shall conform to the directions of the Council with respect to central purchasing and the standardisation of supplies and materials.

5.1.2 Every officer and member of the authority has a responsibility to declare to the Monitoring Officer any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the authority, in accordance with appropriate codes of conduct.

5.1 Ordering goods, works and services (continued)

Orders

- 5.1.3 Official orders shall be in a form agreed by the Head of Service and the Head of Financial Services, which in normal circumstances will be the Council's electronic ordering system.
- 5.1.4 The Head of Financial Services may approve alternative arrangements for the ordering of goods etc. where circumstances or trading necessity make this in her/his opinion desirable. Such approval must be given in writing.
- 5.1.5 Official orders shall be serially numbered and directions shall be specified on all orders that invoices shall be sent to the service group or establishment issuing the orders as soon as possible after the despatch of goods.
- 5.1.6 The Head of Service of a service group shall be responsible for all orders issued from that service group. She/he shall maintain a list of all persons authorised to sign orders on her/his behalf and a copy of the list together with specimen signatures shall be supplied to the Head of Financial Services.
- 5.1.7 Blank orders should be held securely at all times.

Ordering

- 5.1.8 Official orders, either in whole or in part, are not to be used to obtain goods works or services for private use.
- 5.1.9 Official orders shall be issued for all work, goods and services to be supplied to the Council. They are a simple form of contract between the Council and a supplier.
- 5.1.10 Orders are not required for:-
- (i) Rates;
 - (ii) Supply of utility services (e.g. gas, water, electricity, telephone);
 - (iii) Supply of professional services where it would be inappropriate to use an official order;
 - (iv) Cases where a formal contract is made; and
 - (v) Small cash purchases properly paid out of petty cash (see Financial Instruction 4.5).

Other exceptions must be agreed by the Head of Service concerned, in consultation with the Head of Financial Services.

- 5.1.11 Oral orders shall only be given in the case of urgency by an officer authorised to sign the relevant order. Such oral orders shall be confirmed as soon as practicable within 48 hours by the issue of an official order unless exempt by paragraph 5.1.5 above.

5.1 Ordering goods, works and services (continued)

- 5.1.12 No order shall be issued for goods, work, or services unless the cost is covered by the approved annual budgets, supplementary estimate or by virement approved by Financial Instruction 6.1. The electronic ordering system will alert the authorising officer if there is a shortfall in the cost code being used, and this should only be overridden if the officer is certain that funds are available in related cost codes.
- 5.1.13 All official orders shall show the relevant expenditure code and the actual or estimated cost of the goods, materials or services taking into account discounts, carriage etc. at the time of the order.
- 5.1.14 No supplies are to be obtained on behalf of the Council without an order number being quoted and an order despatched.
- 5.1.15 Orders placed internally for central purchasing contract purchases e.g. stationery, office equipment may only be signed by those authorised to sign orders by the Head of Service of the relevant service group.
- 5.1.16 In cases where orders are lost in the post or by suppliers, confirmation of the order shall be given by letter quoting the original order number, except where duplicate orders issued marked as such (e.g. using the electronic ordering system).

Quotations

- 5.1.17 Best endeavours must be made to ensure that the most favourable prices and terms are obtained for the supply of goods, works and services in accordance with the Council's Contract Procedure Rules and Procurement Strategy.
- 5.1.18 The following table is a summary of the quotation/tendering requirements, which also apply to any sub-contractors working on behalf of the Council and to the appointment of any specialist contractors/consultants:

Limits for Quotations and Tendering

Item Value ex VAT	Quotations/Tendering	Requirement
Below £5,000	One quotation, but good practice to seek most favourable prices and terms, having regard to the Council's Procurement Strategy.	Good Practice
£5,000 to £30,000	3 quotations appropriately evidenced.	Yes
Above £30,000	Tendering in line with Contract Standing Orders.	Yes
ICT	All system developments and purchases of computer equipment or software must be approved by the Head of ICT, or her/his nominated deputy.	Yes

- 5.1.19 Orders are not to be split into smaller orders solely to avoid the value limits and procedures laid down in these Rules.

5.1 Ordering goods, works and services (continued)

- 5.1.20 Where an internal supplier exists, such as printing, waste disposal, legal etc., Heads of Service are expected to approach these support services for a quotation before placing any external order for the service.
- 5.1.21 The use of formal corporate contracts is a requirement and individual orders from other suppliers of items within these contracts should not be made. This is because although a lower price may be found elsewhere, quality will have been tested as part of the contract letting, and the additional costs of looking for lower prices, physically placing a separate order, processing and paying the invoice and in some cases retrospective discounts (rebates), are masked.
- 5.1.22 In exceptional circumstances, where ongoing large orders are placed and individual items can be found substantially cheaper elsewhere, corporate contracts can be ignored with the written approval of both the Head of Service and Corporate Procurement Officer.
- 5.1.23 Certain suppliers e.g. Devon Purchasing, and other formal Procurement Partnerships are deemed to have obtained sufficient quotations etc. to comply with this requirement, as a part of their compliance with the European Union purchasing regime. The Contract Procedure Rules Section 3 refers and the advice of the Corporate Procurement Officer or Internal Audit should be sought.
- 5.1.24 Reliance upon quotations obtained by formal partners should only be used if they meet the requirements of these rules, and are current and appropriately evidenced.
- 5.1.25 The best value for money for the Council may not necessarily lie with the lowest quotation. Consideration needs to be given to the whole life costs of goods, works and services. In these circumstances, an order may be placed with a provider other than the cheapest. However, the written approval of the responsible Head of Service must be obtained and the reasons appropriately recorded.

Open/Regular Supply Orders

- 5.1.26 Normally orders must not be kept "open" for continuing purchases for more than fourteen working days or until completed, whichever comes first.
- 5.1.27 Approval will be given by the Head of Financial Services to keep an order open where it can be shown that specified supplies from one contractor are required on a continuing regular basis, such as rental charges, having regard to the market testing limits above.
- 5.1.28 All such orders are to be closed down immediately following the approved period to a maximum of the financial year-end, and the expected payments to be recorded on it.

5.1 Ordering goods, works and services (continued)

Information Technology (ICT) Equipment and Software

- 5.1.29 All system developments and purchases of computer equipment or software must be approved by the Head of ICT, or her/his nominated deputy, in accordance with the Council's ICT Strategy and must comply with EC Legislation and Directives.
- 5.1.30 For the purpose of this instruction, equipment will include any device capable of being linked physically or otherwise to the Council's computer or telephone systems (e.g. digital cameras).
- 5.1.31 Only the Head of ICT is empowered to enter into contracts for information, communication and technology services up to a value set in the Council's scheme of delegation. For contracts above this limit, the Head of ICT must consult with the Council's Solicitor and the Head of Financial Services.
- 5.1.32 Orders in respect of ICT hardware and software should be in the form of an ICT hardware/software request. These must be submitted to the Head of ICT, who is authorised to place the official order.

Orders, Delivery Notes and Invoices

- 5.1.33 All incoming invoices should be matched with the relevant order and the delivery note filed accordingly.

Orders to Individuals (Self-employed)

- 5.1.34 Special care should be taken when issuing orders or making payments to individuals. The fact that a person considers her/himself to be self-employed does not necessarily mean that they are in the view of the Revenue. Where a service is provided (rather than goods), and payments are calculated by the hour or day, it is probable that payment should be through the Council's payroll.
- 5.1.35 If there is any doubt as to the correct treatment, the matter should be referred to the Head of Human Resources without delay. (It should be noted that failure to treat such payments in the correct manner might result in the Council incurring significant penalties for failing to comply with tax legislation).
- 5.1.36 Where a person is self-employed or a "Company", all works completed as a Sub-Contractor must be accompanied by a current valid Tax Certificate and Public Liability Insurance. (Payment will NOT be made without a valid certificate).
- 5.1.37 Using an existing Council employee, or a relative, as a self employed consultant should be avoided, even if quotations have been obtained in line with these Rules. In exceptional circumstances, the relevant Head of Service with the agreement of the Monitoring Officer may override this Rule where such action is clearly beneficial to the Council.

5.2 Payment of Accounts

Why is this important?

Public money should be spent with demonstrable probity and in accordance with the Council's policies. Authorities have a statutory duty to achieve best value in part through economy and efficiency. The Council's procedures should help to ensure that services obtain value for money from their purchasing arrangements.

Risks:

- The Council could pay for goods and services that have not been received;
- The Council could pay for goods and services twice or more in error; and
- Interest could be charged to the Council by suppliers following late payment.

Responsibilities

Invoices

- 5.2.1 The payment of all monies due from the Council will be made by the Head of Financial Services with the exception of payments properly made from petty cash (Financial Instruction 4.5).
- 5.2.2 Each Head of Service will arrange for invoices to be sent in the first instance to the service group or establishment issuing the orders in accordance with directions to be specified on the orders, and the supplier will be asked to quote the name of the service group, the number of the order and the place where the work was done or goods delivered.
- 5.2.3 Invoices for payment by the Council must not be drafted by officers of the Council on behalf of others except in any case or category of cases previously agreed by the Head of Financial Services.
- 5.2.4 No amendments, changes or avoidance of the system laid down for the processing of invoices for payment must be undertaken without the approval of the Head of Financial Services.
- 5.2.5 Invoices will only be accepted on which details are written in ink, typewritten, printed or generated by computer. No payment is to be made against a faxed or photocopied invoice unless the prior approval of the Head of Financial Services or her/his appointed representative has first been sought.
- 5.2.6 All amendments to an account will be made in ink and signed or initialled in her/his own name by the officer making the amendment and the reasons if not self-evident will be briefly stated on the account. No amendments will be made to the amount of VAT payable.

5.2 Payment of Accounts (continued)

Invoices – Self Employed Status

5.2.7 To comply with Inland Revenue requirements Heads of Service are required to formally consider the employment status of individuals employed on a 'self employed consultant or sub contract' basis. Advice should be sought from the Head of Human Resources in the case of any doubt as payment via the payroll system may be required.

Payment Request Forms

5.2.8 In some circumstances a payment request form (traditionally known as a white voucher) is completed to generate a payment e.g. Disabled Facility Grants where the payment is made to a contractor from an invoice addressed to the claimant.

5.2.9 The principles of the certification and authorisation paragraphs below will apply to payment requests submitted to Financial Services either manually or electronically.

Certification

5.2.10 The Head of Service issuing an order will be responsible for the examination, verification and certification of the relevant account on the original document. An attachment may be used for coding purposes.

5.2.11 The certification (or 'GRN' in the electronic ordering system) of an invoice on behalf of a Head of Service, by an officer authorised by her/him, will imply:-

- (i) That the goods have been received, examined and approved as to quality and quantity, or that services rendered or work done has been performed satisfactorily;
- (ii) That they conform to the order;
- (iii) That the price is in accordance with the quotation, contract or current market rate, whichever is applicable, or is otherwise reasonable;
- (iv) That all trade and cash discounts, other proper allowances and other credits due have been deducted;
- (v) That the expenditure has been properly incurred, has been duly authorised and is within the estimates;
- (vi) That costing allocations are correct;
- (vii) That the account has not been previously passed for payment and has now been recorded as paid on the copy order or other authorisation;
- (viii) That appropriate entries have been made in any inventories, goods received or stores records which are required to be kept;
- (ix) That the invoice is arithmetically correct and that it complies with VAT regulations; and
- (x) That any commitments pertaining to the original order have been identified and the correct certification slip has been used to cancel the commitment.

5.2 Payment of Accounts (continued)

5.2.12 A list of officers authorised to certify accounts will be sent by each Head of Service to the Head of Financial Services together with specimen signatures. All amendments to the list will be notified to the Head of Financial Services in writing. The Head of Financial Services will be responsible for advising the ICT team of the appropriate access to the electronic ordering system for service officers.

5.2.13 Every account will be signed in manuscript in the certifying officer's own name, in situations where the electronic ordering system has not been used.

Authorisation

5.2.14 The authorisation of accounts will be made by the Head of Service concerned or by an officer authorised by her/him either in writing or electronically using the electronic ordering system, having first notified the Head of Financial Services.

5.2.15 The names of officers with the authority to authorise invoices will be sent by each Head of Service to the Head of Financial Services together with specimen signatures. The Head of Financial Services will be notified of any changes in writing, the notification being signed by the appropriate Head of Service. The Head of Financial Services will be responsible for advising the ICT team of the appropriate access to the electronic ordering system for service officers.

5.2.16 Every invoice will be signed in manuscript in the authorising officer's own name, in situations where the electronic ordering system has not been used.

5.2.17 The officer authorising the payment will be confirming the following:-

- (i) That the account has been properly checked and certified by an officer authorised to do so;
- (ii) That the account relates to necessary and valid expenditure, which conform to the needs of the particular service; and
- (iii) That the items are coded to the correct financial code. The electronic ordering system will alert the authorising officer if there is a shortfall in the cost code being used, and this should only be overridden if the officer is certain that funds are available in related cost codes.

5.2.18 Any payment greater than £200,000 must be authorised by the appropriate Head of Service or the Head of Financial Services in her/his absence. An exception to this is Treasury Management payments, which are bound by Financial Instruction 8.2.

5.2 Payment of Accounts (continued)

Separation of Duties

5.2.19 The duties of ordering and receiving goods, works and services and of certifying or authorising the relevant accounts for payment will not be performed by the same officer, subject to the Head of Financial Services being informed if such a separation of duties in any individual instance is impracticable.

Payment

5.2.20 Accounts for payment will be submitted, appropriately certified and authorised to the Head of Financial Services within 14 days of receipt, as they must be paid within 30 days of receipt unless they are formally in dispute. Exceptions are where different terms are agreed with the supplier, and for small and medium businesses to be paid in line with target set by the Executive.

5.2.21 The Head of Financial Services will examine as far as she/he considers necessary all accounts passed to her/him for payment and she/he will be entitled to make all such enquiries and to receive such information and explanations as she/he may require to satisfy her/himself that the accounts are in order.

5.2.22 The Head of Financial Services will be responsible for carrying out such checks of the arithmetic accuracy of accounts submitted for payment, as she/he deems necessary.

5.2.23 Creditors will be paid by BACS whenever possible with a remittance advice forwarded within 24 hours of payment. All bank details to enable payment will be held on the Creditor's individual file records and amended by Financial Services staff only on receipt of official notification in writing from the creditor, duly verified

5.2.24 Cheques must only be returned to the officer requesting payment in exceptional circumstances, and an appropriate record kept by Financial Services of the distribution.

5.2.25 Each Head of Service will as soon as possible after 31st March in each year, and in any case not later than a date to be specified by the Head of Financial Services, notify the Head of Financial Services of all outstanding items of expenditure relating to and incurred in the previous financial year which have not been passed to her/him for payment. When such items of expenditure are subsequently certified for payment they shall be identified accordingly.

5.2.26 Payment for goods and services not yet received should only occur in exceptional circumstances and with the prior approval of an authorising officer. A record of the payment should be made on the order and checks should be carried out to ensure that delivery subsequently takes place.

5.2 Payment of Accounts (continued)

5.2.27 All paid invoices and certificates will be retained by the Head of Financial Services for a minimum period of six financial years after the year to which they relate. (See Financial Instruction 4.4).

5.2.28 Payments must not be raised for internal transactions of the Council, even between departments without the prior approval of the Head of Financial Services.

Returned Cheques

5.2.29 All creditors cheques returned to the Council, whether by hand or by post, shall be passed immediately to the Cashier's Section and not to the instigating section or Financial Services. The cheque must be cancelled and the instigating section informed of the cheque having been returned.

5.2.30 The instigating section and Financial Services are to be informed of any cheques returned in order that appropriate action may be taken to update records etc.

Value Added Tax (VAT)

5.2.31 It is the responsibility of all certifying ('GRN') officers to ensure that the relevant VAT invoice is forthcoming, in accordance with the guidance issued by the Council's VAT officer on behalf of the S.151 Officer.

5.2.32 All invoices received from VAT registered suppliers, which contain elements of VAT must be valid tax invoices. In cases where payment is required with the order the VAT should be coded to the VAT suspense account.

5.2.33 VAT should not be added to any charge invoiced by a supplier without evidence that the supplier is registered for VAT. No amendments will be made to the amount of VAT payable. If the VAT status of the supplier is thought to be incorrect, the matter should be referred to Internal Audit for further investigation.

Credit/Purchase Cards

5.2.34 Corporate credit/purchase cards are issued for buying work related goods or services and shall only be issued to and used by officers/members approved by the Head of Financial Services.

5.2.35 Officers/members issued with a corporate credit/purchase card shall ensure that it is held securely at all times and shall immediately report its loss or theft to the Head of Financial Services/Internal Audit whereupon the issuing company shall immediately be notified by telephone with confirmation in writing.

5.2 Payment of Accounts (continued)

- 5.2.36 Officers issued with a corporate credit/purchase card shall not lend or disclose the details of the card to other officers unless they have received due authority to do so from the appropriate Head of Service and only in emergency cases. Great care should be taken where a purchase is made using the Internet, i.e. only reputable and secure 'https' web sites should be used.
- 5.2.37 Cardholders must sign the Council's Cardholder Responsibilities and Guideline for Operatives' form to confirm that they have read and understood the guidance.
- 5.2.38 Where an employee leaves the Council's employment, or is suspended from duty for any reason, the appropriate Head of Service shall ensure that the credit card is immediately surrendered. The Head of Financial Services will take immediate steps to cancel the card and destroy it to prevent further use.
- 5.2.39 The card issuer's statement must promptly be reconciled to receipts and then be submitted to the Head of Financial Services before payment is due. Payment to the card issuer must be authorised by the relevant Head of Service or the Head of Financial Services.
- 5.2.40 Should an unauthorised transaction be noted, the employee shall immediately notify the Head of Financial Services who will investigate the irregularity.

5.3 Income

Why is this important?

Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable 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.

Risks:

- Income collected could be lost or stolen;
- Income may not be collected or may be incorrect, i.e. the incorrect rate or tariff is charged;
- Money owed to the Council may not be adequately pursued; and
- Financial and accounting records may not be correctly updated.

Responsibilities

- 5.3.1 Arrangements for the collection of all monies due to the Council shall be subject to the approval and control of the S.151 Officer and in accordance with the requirements of the Accounts and Audit Regulations 2003 and 2006.
- 5.3.2 All books of accounts, and all official receipt forms or books, licences, tickets and all documents or vouchers representing receipts for money or money's worth, shall be in the form approved by the Head of Financial Services. They shall be ordered, controlled and issued by her/him, and all new stock and issues will be properly recorded by the Head of Financial Services and acknowledged by the recipient (unless by prior arrangement e.g. car parking tickets).
- 5.3.3 Officers collecting income shall not also be involved in the reconciliation of that income to the amounts due. An officer who is not involved in the collection process shall ensure that the money reported as collected has indeed been banked.
- 5.3.4 Where possible income shall be collected in advance of providing goods or services having due regard to accounting and VAT implications as advised by the Head of Financial Services.

Cash Collection and Banking

- 5.3.5 All monies received on behalf of the Council shall without delay be either paid to the Head of Customer Services, in accordance with regulations agreed by the S.151 Officer or, subject to her/his instructions, banked in the Council's name in compliance with the Accounts and Audit Regulations 2003 and 2006.
- 5.3.6 No deduction may be made from income save to the extent that the Head of Financial Services may specifically authorise.

5.3 Income (continued)

- 5.3.7 The official receipt number or other appropriate reference number is to be recorded on all cheques and postal orders received on behalf of the Council.
- 5.3.8 Every department or establishment which receives cash and cheques through the post must arrange for the post to be opened by at least two officers who will record and witness all remittances received.
- 5.3.9 Third party cheques will not be accepted in payment of accounts due to the Council. No change shall be given for any cheque payments.
- 5.3.10 Cash collected or held on behalf of the Council is to be fully accounted for and an official receipt issued.
- 5.3.11 Income shall be recorded and banked daily following reconciliation or at such intervals as the Head of Financial Services may decide. In any event banking shall be made at least once per week or before the relevant insurance limit is exceeded. This instruction also applies to rent and other cash collectors.
- 5.3.12 All officers paying in must complete a paying in slip in duplicate in a form approved by the Head of Financial Services.
- 5.3.13 Where a cheque is accepted, together with cash, in settlement of a debt, the detail must be noted on the copy of the cheque list which accompanies the paying in slip.
- 5.3.14 All collecting officers must maintain an "unders and overs" record for any discrepancies and discrepancies over £30 must be reported immediately to Financial Services.

Personal Cheques

- 5.3.15 Personal cheques shall not be cashed nor money loaned out of cash held on behalf of the Council, including income or change floats.

Change Floats

- 5.3.16 The Head of Financial Services may advance a fixed imprest to an officer of the Council for use as a change float. Each imprest shall be of such amount as the Head of Financial Services may determine in consultation with the relevant Head of Service.
- 5.3.17 Following certification of receipt, officers holding change floats take personal responsibility for the custody of cash until such time as another authorised officer certifies take over of responsibility.
- 5.3.18 No income is to be used as a change float.
- 5.3.19 Cash income or change floats are not to be used as petty cash in any circumstances.

5.3 Income (continued)

5.3.20 Every officer holding a change float shall certify to Financial Services the amount of the float held at 31st March each year.

5.3.21 Change floats shall be available for inspection by internal audit officers at any time.

Security

5.3.22 It is the responsibility of the receiving officers and their managers to ensure that all income and floats are locked away to safeguard against loss or theft, and to ensure the security of cash handling, in line with the requirements of the Council's insurers.

5.3.23 When remittances are passed to a second officer or cashier, a receipt must be obtained from the person to whom they are handed. At least two employees shall be present when post is opened to ensure that money received by post is properly identified recorded and witnessed.

Raising Invoices (Sundry Debtors)

5.3.24 The control and recovery of debts is the responsibility of the Head of Financial Services.

5.3.25 The relevant Head of Service will furnish such particulars of charges for work done, goods supplied or services rendered on behalf of the Council and of other amounts accruing due, as the Head of Financial Services may require and so ensure prompt recording of all funds receivable by the Council.

5.3.26 The responsible officer must ensure that invoices are raised in respect of work done, goods supplied or services rendered on behalf of the Council within 10 working days of the work having been done/ goods supplied or services rendered.

5.3.27 It is the responsibility of all officers raising invoices to ensure that the VAT is appropriately accounted for in an invoice, in accordance with the guidance issued by the Council's VAT officer on behalf of the S.151 Officer.

5.3.28 Invoices must not be raised for internal transactions of the Council, even between departments.

Recovery

5.3.29 Accounts raised are to be pursued by the Head of Customer Services (Council Tax, Benefit overpayments and Non Domestic Rates) and the Head of Financial Services (Sundry Debtors) within defined timescales including referral to Court or the Council's Solicitor depending on the type of debt.

5.3 Income (continued)

5.3.30 For sundry debts the Policy for the Collection and Recovery of Sundry Debt must be adhered to, and the service concerned shall be regularly informed of recovery progress so as to ensure that further provision of goods or services is stopped until payment is forthcoming.

5.3.31 Heads of Service will ensure that all necessary documentation required by the Council's Solicitor to support legal action in pursuit of debt, will be provided promptly and in the form required.

Bad and Doubtful Debts

5.3.32 The Head of Financial Services is empowered to write off bad and doubtful debts up to £5,000, after satisfying her/himself that it would be uneconomic or inappropriate for the Council to pursue them, and where appropriate a Legal representative has considered the Council's position and also takes the view that the debt is unlikely to be recovered without expenditure disproportionate to the amount involved.

5.3.33 In the case of debts due to other service groups, the Head of Financial Services will consider writing off the debt having first consulted with and obtained the written authorisation of the relevant Head of Service or her/his deputy.

5.3.34 No debts in excess of £5,000 may be written off without the approval of the Executive, and the total amounts of debt written off by the Head of Financial Services under delegated powers will be reported to this body annually or more frequently if appropriate.

5.3.35 Appropriate accounting entries shall be made only following the receipt of write-off approval.

Cancellations

5.3.36 Invoices should only be cancelled in circumstances where the income no longer falls due, such as an error or change in circumstances on the original.

5.3.37 Invoices that have been raised cannot be cancelled without the authorisation of the relevant Head of Service or her/his appointed deputy and the Head of Financial Services or her/his appointed deputy.

Financial Year End

5.3.38 The Head of Financial Services is to be informed of any outstanding income relating to the previous financial year as soon as possible after the 31st March. This includes outstanding income data recorded on independent billing and collection systems (both manual and computerised) held within and outside the finance function.

5.3 Income (continued)

Charges for Services

- 5.3.39 The Head of Financial Services shall be notified promptly of all monies due to the Council under contracts, leases, tenancy agreements, agreements for the sale of property and any other agreements involving the receipt of money by the Council, and the Head of Financial Services shall have the right to inspect any documents or other evidence in this connection as she/he may decide.
- 5.3.40 With the exception of those fixed nationally or delegated to officers, no new charges for services, or a revision of charges, will be made except upon a report prepared jointly by the Head of Service concerned and the Head of Financial Services to the appropriate member body.
- 5.3.41 The Head of Property Services shall ensure that any variation or amendment to any agreed rental shall be notified to the Head of Financial Services.

5.4 Banking Arrangements

Why is this important?

All the Council's income and expenditure is managed through its bank accounts. Each day many transactions take place between the Council, its customers and the Council's bankers. Bank accounts are, therefore, exposed to risk in the form of fraud or error. As a result tight control over setting them up, maintaining them and dealing with the transactions that flow through them is required.

Risks:

- Bank accounts could be opened in the name of the Council with the aim of perpetrating a fraud;
- Unauthorised persons could gain access to the Council's bank account and carry out fraudulent transactions; and
- Banking instruments, e.g. cheques, money orders etc. could be stolen and used to steal money from the Council's bank account.

Responsibilities

- 5.4.1 All arrangements with the Council's bankers regarding the Council's bank accounts and the terms on which they are conducted shall be made by the Head of Financial Services.
- 5.4.2 Opening or closing any bank account shall require the approval of the Head of Financial Services.
- 5.4.3 All the Council's bank accounts must be in the full name of the Council.
- 5.4.4 All cheques shall be ordered only on the authority of the Head of Financial Services who shall ensure that arrangements are made for their safe custody.
- 5.4.5 All cheques drawn on the Council's bank accounts shall be signed by the S.151 Officer or an officer designated in the Bank's mandate or bears the facsimile signature of the S.151 Officer.

Separation of Duties

- 5.4.6 The Head of Financial Services shall arrange such safeguards as she/he deems necessary and practicable including separation of staff duties so that as far as possible the following:-
- (i) The receipt and banking of cash and cheques;
 - (ii) The checking of creditors'; benefits; salaries and wages;
 - (iii) The control of cheques;
 - (iv) The preparation of cheques;
 - (v) The despatch of cheques; and
 - (vi) The reconciliation of bank balances
- are the responsibilities of separate officers.

5.4 Banking Arrangements (continued)

Reconciliation of Bank Accounts

- 5.4.7 The Head of Financial Services shall nominate an officer to be responsible for reconciling all bank accounts in the name of the Council with the accounting records on a regular basis, and not less frequently than monthly. The reconciliation statement is to be signed jointly by the officer responsible for its preparation and the Head of Financial Services or his/her nominated deputy.
- 5.4.8 Any discrepancy arising at the time of reconciling the accounts and records will be made known to the Head of Financial Services and any such discrepancy clearly stated on the reconciliation statement.

General

- 5.4.9 Crossed cheques issued by the Council shall only be opened with the express approval and countersignature of the Head of Financial Services or designated authorised officer.

5.5 Stocks and Stores

Why is this important?

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 are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up-to-date stock record, assets register and inventory is a prerequisite for sound asset management.

Risks:

- Stocks and stores could be lost or stolen; and
- Stocks and stores may be held at unreasonably high and uneconomic levels.

Responsibilities

- 5.5.1 Each Head of Service shall be responsible for custody and physical control of the stocks and stores of her/his service group.
- 5.5.2 She/he shall ensure that stocks and stores are not carried in excess of reasonable requirements.
- 5.5.3 Designated officers are to maintain accurate records of all receipts and issues in a form agreed by the Head of Financial Services.
- 5.5.4 All requests for stores and materials must be made to the officer responsible for the control and issuing of those stores and materials.
- 5.5.5 Stock items are only to be issued to persons authorised to receive those materials. Requisition notes or equivalent documents approved by the Head of Financial Services are to be used bearing the signature of the appropriate authorised receiving officer.

Stock Takes

- 5.5.6 Heads of Service shall arrange for stock takes to be carried out at a frequency agreed with the Head of Financial Services but at least once in every financial year, at financial year end. Where continuous stocktaking arrangements are operating, this will not apply.
- 5.5.7 All discrepancies should be investigated and pursued to a satisfactory conclusion. Stock taking sheets must clearly show surpluses and deficiencies and should be retained with all related system documentation.
- 5.5.8 Random stock checks may also be carried out by Internal Audit.

5.5 Stocks and Stores (continued)

5.5.9 Whenever a storekeeper or person in charge of stores hands over, leaves or ceases to have custody of the stores, the Head of Service shall ensure that a prior check is made of the stores concerned and that a handing over certificate is signed by the outgoing and incoming officers, i.e. agreement of volumes, numbers etc. as at the handover date.

Stock Certificates

5.5.10 The Head of Service shall certify the quantities and values of stocks at cost price held by her/him at 31st March each year and forward this with a summary of the stock control system to the Head of Financial Services.

5.5.11 Where appropriate, the Head of Financial Services shall arrange for stock control systems to be reconciled to the Council's accounts regularly at an appropriate frequency, and annually at 31st March as a minimum.

Surpluses, Deficiencies and Write Offs

5.5.12 Any significant surpluses or deficiencies revealed in any items of stock at any stocktaking shall be reported immediately to the Head of Service or her/his deputy.

5.5.13 Any stock or stores items that are surplus to the Council's requirements shall only be disposed of upon the prior written authority of the relevant Head of Service or his/her nominated deputy.

5.5.14 Stocks or stores of less than £1000 in value may be disposed of or exchanged at the Head of Service's written discretion, but a second officer shall formally witness the disposal at a local level and the appropriate financial records retained.

5.5.15 Where stocks or stores are valued above £1000 but less than £5,000 sealed bids are to be sought and it shall be the responsibility of the Head of Financial Services and the relevant Head of Service or their nominated deputy, to obtain the best possible price.

5.5.16 The disposal of any stock or stores item/s valued at more than £5,000 shall require the prior approval of the Executive.

5.6 Inventories

Why is this important?

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 are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An inventory is a prerequisite for sound asset management.

Risks:

- Holders of equipment and furniture may be unaware that items have been lost or stolen without a record of all such items being on hand; and
- The Council's insurers may reject claims to replace lost or stolen items if the Council cannot demonstrate that it maintains adequate inventory records.

Responsibilities

Inventories

- 5.6.1 These rules do not override any other statutory or regulatory reasons for maintaining an inventory.
- 5.6.2 Inventories of all property with a replacement value of greater than £100 (furniture, fittings, equipment, vehicles and plant) belonging to or in the care of the Council, other than stores, shall be prepared and maintained by the Head of Service concerned or an officer designated by her/him.
- 5.6.3 An inventory of all ICT equipment will be held by the ICT Section.
- 5.6.4 Inventories shall be kept in a form approved by the Head of Financial Services.
- 5.6.5 Each Head of Service shall nominate the officers who are responsible for compiling and maintaining the inventories of assets.
- 5.6.6 Each Head of Service shall also arrange for the inventory to be checked at least annually with the physical assets and shall certify the inventory to that effect. The Head of Financial Services shall be advised of deficiencies revealed by these checks.
- 5.6.7 The original copy of an inventory that is to be re-written, for whatever reason, is to be retained until Internal Audit advise otherwise. Similarly, any input documents used for amending entries held in a computerised inventory system are to be held for inspection by Internal Audit, if requested.

5.6 Inventories (continued)

Council Property

- 5.6.8 The Head of Financial Services or her/his representatives may at all reasonable times have access to the property of the Council and may make such checks and tests as she/he deems reasonable and necessary.
- 5.6.9 The Council's property shall not be removed unless in accordance with the ordinary course of the Council's business or as directed by the Head of Service concerned.
- 5.6.10 All property belonging to the Council and recorded on an inventory shall be marked as Council property.

6.1 The Budget and Budgetary Control (continued)

Why is this important?

Budget management ensures that once the budget has been approved by the full Council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.

Risks:

- There may be inefficient use of public money and a failure to comply with the Council's objectives;
- The viability of the Council as a business could be undermined; and
- The Council's resources may be vulnerable to fraud or misuse.

Responsibilities

Budget Preparation

- 6.1.1 The S.151 Officer is responsible for ensuring that a revenue and capital budget is prepared on an annual basis and a medium term financial strategy on a five-yearly basis for consideration by the Executive, and in accordance with professional and statutory requirements.
- 6.1.2 The general format of the budget will be approved by the full Council and proposed by the Executive on the advice of the S.151 Officer. The draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds.
- 6.1.3 The full Council may amend the budget or ask the Executive to reconsider it before approving it.
- 6.1.4 It is the responsibility of the S.151 Officer to ensure that budget estimates reflecting agreed service plans are submitted to the Executive and that these estimates are prepared in line with guidance issued by the Executive.
- 6.1.5 In practice, the Head of Financial Services will ensure that the appropriate work is completed to fulfil the above responsibilities.

6.1 The Budget and Budgetary Control (continued)

Budget Monitoring

- 6.1.6 After approval by the Council there must be no increase in the overall budget (see Supplementary Estimate Request below). Expenditure is to be committed only against an approved budget head.
- 6.1.7 The Head of Financial Services is responsible for providing appropriate financial information to enable budgets to be monitored effectively.
- 6.1.8 The Head of Financial Services must monitor and control expenditure against budget allocations and report to the Executive on the overall position on a regular basis.
- 6.1.9 It is the responsibility of Strategic Directors and Heads of Service to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Head of Financial Services. They should report on variances within their own areas.
- 6.1.10 For budgetary control purposes the Heads of Service are to nominate 'Responsible Officers' who will also need to provide the relevant information for budget preparation.
- 6.1.11 Responsible Officers are to be accountable for the income and expenditure for the budgets that they control. Responsible Officers are to understand their financial responsibilities and comply with accounting guidance provided by the Head of Financial Services and the Council's Financial Procedure Rules.
- 6.1.12 Strategic Directors and Heads of Service should also take any action necessary to avoid exceeding their budget allocation and alert the Head of Financial Services to any problems.

Budget Changes (Virement)

- 6.1.13 The full council is responsible for agreeing the procedures for virement between budget headings.
- 6.1.14 The scheme of virement is to be administered by the Head of Financial Services.
- 6.1.15 Properly approved virement request forms and requests not requiring approval must be processed by the appropriate Accountant who will amend the financial management system (general ledger) budget files. Approved forms must be retained for audit purposes.

6.1 The Budget and Budgetary Control (continued)

6.1.16 Where it is proposed to transfer all or part of an estimate provision from an existing approved budget head to another, then, before such expenditure is incurred:

- (i) Where the sum involved is up to £5,000, the appropriate responsible budget holder may approve the virement in consultation with the appropriate accountant. No form is required;
- (ii) Where the sum involved is greater than £5,000 but is less than £30,000, a virement form is required which is to be authorised by the relevant Head of Service and Head of Financial Services or nominated deputy;
- (iii) Where the sum involved is between £30,000 and £100,000 the appropriate Head of Service and the Head of Financial Services shall sign a virement form in consultation with the appropriate accountant and submit it to the Executive for approval; and
- (iv) Where the amount exceeds £100,000 per individual virement the appropriate Head of Service and the Head of Financial Services shall sign a virement form in consultation with the appropriate accountant and submit it to full Council for approval.

6.1.17 Any such virements must not commit the Council to expenditure over more than the one financial year.

6.1.18 In addition, the Head of Financial Services shall have the discretion whether or not to report a virement to the Executive.

6.1.19 'Responsible Officers' are responsible for initiating the virement procedure if an overspend is likely to occur within the departmental budget. A 'Virement Request' form is to be completed where approval is required.

Supplementary Estimate Request

6.1.20 If virement is not possible, for example if there is no existing budget to vire or use of reserves is inappropriate, the Strategic Director or Head of Service concerned, in consultation with the Head of Financial Services, shall submit a Supplementary Estimate Request to the Executive. No such expenditure may be incurred except on resolution of the Council after considering the proposals of the Executive.

Use of Reserves

6.1.21 The appropriate Head of Service in conjunction with the Head of Financial Services may approve the use of specific reserves up to £30,000, as set out in the Scheme of Delegation.

6.1.22 The use of reserves over £30,000 requires the prior approval of the full Council upon receipt of a report from the Head of Financial Services as approved by the Executive.

6.2 Payroll – Officers and Members

Why is this important?

Staff costs are the largest item of expenditure for most Council services. It is therefore important that payments are accurate, timely, made only where they are due for services to the Council and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that members' allowances are authorised in accordance with the scheme adopted by the full Council.

Risks:

- Employees may be paid incorrectly;
- Payments may be made to fictitious employees; and
- Action could be taken against the Council by external agencies for failing to abide by statutory requirements in the employment and remuneration of employees.

Responsibilities

6.2.1 The payment of all salaries, wages, gratuities, compensation and other emoluments to employees or to former employees shall be made by the Chief Executive through the Head of Human Resources, including those powers set out in the Scheme of Delegation. These officers are responsible for advising on areas such as income tax, national insurance and pension contributions.

6.2.2 Each Head of Service shall notify the Head of Human Resources as soon as possible and in such form as the Head of Human Resources may prescribe of:-

- (i) Appointments, resignations, dismissals, suspensions from duties and transfers;
- (ii) Periods of sickness and unauthorised absence;
- (iii) Changes in rate of remuneration (other than normal increments); and
- (iv) Such other information as may be required by the Head of Human Resources in connection with the calculation and payment of salaries, wages, compensation and other emoluments to the employee.

6.2.3 To ensure the payment of salaries and wages at the proper time such documents as are required for data processing are to be submitted in accordance with a timetable to be agreed with the Heads of Service and the Head of Human Resources.

6.2.4 The control and accounting for national insurance, income tax and pension and the maintenance of related records will be under the control of the Head of Human Resources.

6.2 Payroll – Officers and Members (continued)

Appointment

- 6.2.5 Appointment of employees will be made in accordance with the establishment and rates of remuneration approved by the Council.
- 6.2.6 The Head of Human Resources and any officer who may be appointed to carry out duties in connection with remuneration or establishment will be consulted in connection with any proposal to seek approval from the Joint Management Team for any appointment outside the approved establishment and rates of remuneration, e.g. market forces.
- 6.2.7 In applying scales of salaries and wages, and in relation to other remunerations the Head of Service will consult with the Head of Human Resources.
- 6.2.8 Upon the appointment of any member of staff, each Head of Service will provide the Head of Human Resources with the relevant payroll starter letters and forms, plus information necessary to maintain records of service, pensions, income tax and national insurance liability etc may prescribe on a timely basis.
- 6.2.9 The Head of Human Resources will maintain personal files for all new and existing employees and will complete pension documentation as required, in accordance with the Local Government Pension Scheme.

Appointment – Self Employed Status

- 6.2.10 To ensure that payroll transactions are processed only through the payroll system, Heads of Service should give formal consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis.
- 6.2.11 The Inland Revenue applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Head of Human Resources.

Time and Other Amendment Records

- 6.2.12 All time records and other amendments shall be in a form approved by the Head of Human Resources.
- 6.2.13 All time records and other amendments will be certified by or on behalf of the Head of Service concerned. A list of officers authorised to sign such documents will be sent to the Head of Human Resources together with specimen signatures.
- 6.2.14 All amendments to the authorised signatory list will be notified to the Head of Human Resources in writing. Documents will be signed in manuscript in the authorised officer's own name.
- 6.2.15 All time records and other amendment pay sheets will be signed by the employee making the claim.

6.2 Payroll – Officers and Members (continued)

- 6.2.16 Electronic mailing or facsimiles are not a suitable media to notify the Head of Human Resources of time or other amendments, other than in urgent cases when followed up with a signed original document.
- 6.2.17 Retention of documents must comply with statutory Inland Revenue, DSS and Pension requirements.
- 6.2.18 Each Head of Service will be responsible for keeping adequate records of annual leave, sickness or other absences of employees within her/his service group.

Payment

- 6.2.19 Payments will be calculated by the Head of Human Resources in accordance with the information provided, the relevant Conditions of Service, and statutory payroll legislation.
- 6.2.20 Payment will be by BACS for all employees. Bank details must be provided by employees in writing.
- 6.2.21 Pay advices will be despatched to the relevant department where a designated officer will be responsible for their distribution. Any undelivered pay advices must be returned to the Head of Human Resources (not payroll officers).
- 6.2.22 Payment of salaries and wages in advance will not be made except in the case of persons leaving the service of the Council before the day on which their salary or wage would normally be paid or at the discretion of the Head of Human Resources.

Absence

- 6.2.23 Managers or their authorised officers are responsible for ensuring records of all absences including holidays, sickness, unpaid and other leave are maintained and monitored.
- 6.2.24 In addition, for periods of unpaid and unauthorised leave, immediate written notification to the Head of Human Resources is required. Where staff attendance is not recorded via the corporate system, the relevant Manager or their authorised officer must regularly submit a manually completed Absence Return Form giving the required information.

Leavers

- 6.2.25 The relevant Head of Service will notify the Head of Human Resources immediately by completion of a Leaver's Form, of all resignations, dismissals, redundancies or retirements. On receipt of the Leaver's Form the Head of Human Resources will calculate and initiate the final payment, and where applicable, forward the necessary Pension documentation, to the administering Authority.

6.2 Payroll – Officers and Members (continued)

Pay Awards

6.2.26 The Head of Human Resources will be authorised to implement any nationally agreed salary or wage award.

6.2.27 The Head of Human Resources will report to the appropriate member body on the financial implications of any pay award affecting employees of the Council.

Verification

6.2.28 The names and grades of all employees listed on the payroll shall be annually checked and signed as correct by the appropriate Head of Service to verify the accuracy of the payroll records.

Members Allowances

6.2.29 The Monitoring Officer will advise the Heads of Human Resources and Financial Services promptly of the members' allowances agreed by the Council in the Scheme of Member Allowances.

6.2.30 Payments made to members will be through the payroll and will be subject to the same financial control requirements as those made to officers.

6.3 Insurances

Why is this important?

Many services and activities of the Council are not without inherent risk of death, injury or financial loss to staff, members of the public or external organisations. The Council needs to assess and log these risks and then decide how to cover them, i.e. take out insurance with an external provider or cover the risk itself by making payments from Council funds as and when claims are made. These procedures should be read in conjunction with the Council's Risk Management Strategy.

Risks:

- The Council may be unable to meet large claims made against it, i.e. death or injury;
- The Council may be over insured, i.e. paying out higher premiums than it needs to; and
- The Council may not be aware of all risks and has not, therefore, taken steps to reduce them or their effect.

Responsibilities

- 6.3.1 The Head of Financial Services shall affect all insurance cover and negotiate all claims in consultation with other officers where necessary.
- 6.3.2 Heads of Service shall give prompt notification of all new risks, property, equipment or vehicles that require to be insured and of any alterations affecting existing insurances either to the Head of Financial Services or using a process approved by him/her to inform the Council's insurers.
- 6.3.3 Heads of Service shall ensure that all conditions of the Council's insurance policies that relate to their area of responsibility are adhered to.
- 6.3.4 Heads of Service shall immediately notify the Head of Financial Services in writing of any loss, liability or damage or any event likely to lead to a claim in connection with their service groups together with full supporting details, papers or subsequent explanation as required.
- 6.3.5 All appropriate employees of the Council shall be included in suitable fidelity guarantee insurance.
- 6.3.6 Heads of Service shall consult the Head of Financial Services or the Council's Solicitor regarding the terms of any indemnity which the Council is requested to give.
- 6.3.7 The Head of Financial Services shall annually, or at such period as she/he may consider necessary, review all insurances in consultation with other Heads of Service as appropriate.

6.3 Insurances (continued)

Inspections

- 6.3.8 Each Head of Service shall keep suitable records to ensure that the inspection of engineering plant under her/his control normally carried out by an insurance company is carried out by that company or nominated contractor within the periods prescribed by the Health and Safety at Work or other legislation.
- 6.3.9 In the event of failure by the Insurance Company or nominated contractor to carry out inspections within the prescribed periods the Head of Financial Services shall be notified immediately.

Claims

- 6.3.10 Any claim made against the Council for expenses or damages incurred, which may reasonably be expected to be covered by insurance should immediately be referred to the Head of Financial Services.
- 6.3.11 Policy premiums and any excess required to be paid in the claims process will be charged to the relevant service, as such premiums and excesses fall due.
- 6.3.12 Council employees or anyone covered by the Council's insurances must not admit liability or make any offer to pay compensation which may prejudice the assessment of liability in respect of any insurance claim.
- 6.3.13 It is the responsibility of the relevant Head of Service to ensure that appropriate insurance arrangements are made when undertaking work for third parties, in conjunction with the Head of Financial Services or her/his nominated representative.

6.4 Partnerships

Why is this important?

Partnerships will play a key role in delivering services and community strategies and in helping to promote and improve the well-being of the area. The Council is working in partnership with other Councils, public agencies, private companies, community groups and voluntary organisations, to bring together the contributions of the various stakeholders to deliver a shared vision of services based on user wishes.

The Council will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations.

Risks:

- The objective of a proposed partnership may not be achieved;
- A partnership arrangement may cost the Council more than an existing or singularly administered equivalent, or the quality of service may decline, or both; and
- Important issues and problems are not addressed as roles and responsibilities were not clearly defined at the outset.

Responsibilities

- 6.4.1 The Executive is responsible for approving frameworks for partnerships within the scope of its Executive functions.
- 6.4.2 The Head of Financial Services will give advice on effective controls and ensure that accounting arrangements are satisfactory.
- 6.4.3 Before entering into agreements the relevant Strategic Director or Head of Service must be guided by the checklist in the Council's approved Partnership Policy and Guidance, and advise the Head of Financial Services of the key elements of funding a project. This will include:
- (i) A scheme appraisal for financial viability in both the current and future years;
 - (ii) Risk appraisal and management;
 - (iii) Resourcing, including taxation issues;
 - (iv) Audit, security and control requirements; and
 - (v) Carry-forward arrangements.

6.4 Partnerships

6.4.4 The Strategic Director or Head of Service will:-

- (i) Ensure that any partnership that the Council enters into represents value for money i.e. the benefits outweigh the costs including officer time. The value for money should be continuously monitored on an ongoing basis.
- (ii) Adhere to the Council's approved Partnership Policy and Guidance, having regard to governance, risk management, information sharing, the Council's partnership register, and an annual evaluation of achievements and value for money with a report to a Scrutiny Panel for those partnerships identified as significant.
- (iii) Maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the Head of Financial Services;
- (iv) Ensure that such agreements and arrangements do not impact adversely upon the services provided by the authority;
- (v) Ensure that an agreement exists in respect of each partnership and arrangements are properly documented and reviewed by the Council's Solicitor; and
- (vi) Provide appropriate information to the Head of Financial Services to enable a note to be entered into the Council's statement of accounts concerning material items.

6.4.5 Partners must:-

- (i) If appropriate, and especially where this Council takes the lead, be aware of their responsibilities under the authority's Financial Procedure Rules unless separate governance arrangements, including the administration of financial matters, are adopted by each partner;
- (ii) Ensure that risk management processes are in place to identify, assess and monitor all known risks;
- (iii) Ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise;
- (iv) Agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences; and
- (v) Communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.

6.5 Work for Third Parties

Why is this important?

Current legislation enables the Council to provide a range of services to other bodies, but within certain parameters. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements should be put in place to ensure that any risks associated with this work is minimised and that such work is within the Council's legal powers.

Risks:

- Internal resources are tied up in providing external users a service with a resulting detrimental effect on the internal service provision; and
- The Council could be held liable for uninsured actions of its staff.

Responsibilities

Approval

- 6.5.1 The Executive is responsible for approving the contractual arrangements for any work for third parties or external bodies.

Legality

- 6.5.2 The relevant Strategic Director or Head of Service must ensure that any work carried out for third parties is not outside the Council's powers by formally seeking the opinion of the Council's Solicitor before such an arrangement is entered into.

Financial Matters

- 6.5.3 The Head of Financial Services shall issue guidance on the financial aspects of providing third parties with services and in the maintenance of a contracts register.
- 6.5.4 The relevant Strategic Director or Head of Service must ensure that:
- (i) Proposals are costed properly in accordance with the guidance provided by the Head of Financial Services;
 - (ii) No contract is subsidised by the Council;
 - (iii) Appropriate insurance arrangements are made;
 - (iv) The Council is not put at risk from any bad debts;
 - (v) Wherever possible, payment is received in advance of the provision of the service;
 - (vi) The Head of Financial Services is provided with the appropriate information to enable a note to be entered into the statement of accounts; and
 - (vii) Information held or assets owned by the Council is/are not used to the detriment of the Council.

6.5 Work for Third Parties (continued)

Contract

6.5.5 The relevant Strategic Director or Head of Service must ensure that:

- (i) Contracts are drawn up using guidance and advice provided by the Council's Solicitor and Head of Financial Services and that the formal approvals process is adhered to;
- (ii) All contracts are properly documented and that the documentation is kept up to date; and
- (iii) A register is maintained of all contracts entered into with third parties in accordance with the procedures specified by the Head of Financial Services.

Service Provision

6.5.6 The relevant Strategic Directors or Head of Service shall also ensure that:

- (i) The service has the appropriate expertise to undertake the contract; and
- (ii) The delivery of the contract will not adversely impact upon the services provided for the Council.

6.6 External Funding

Why is this important?

External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Council. Local authorities are increasingly encouraged to provide 'seamless' service delivery through working closely with other agencies and private service providers. Funds from external agencies such as the National Lottery provide additional resources to enable the authority to deliver services to the local community. However, in some instances although the scope for external funding has increased such funding is linked to tight specifications and may not be flexible enough to link to the authority's overall plan.

Risks:

- Statutory requirements are not complied with;
- Funds are acquired in respect of policies that have not been approved by the Council;
- The Council signs up to long term agreements without securing match funding; and
- Unforeseen risks could cause additional expenditure / staff time needed to manage funded projects

Responsibilities

- 6.6.1 The relevant Head of Service must complete a project mandate including risk assessment. All stakeholders must be consulted before the project commences.
- 6.6.2 He/she must make the Head of Financial Services aware of any prospective funding arrangements, prior to entering into an agreement.
- 6.6.3 The Head of Financial Services must review proposals in detail to ensure that they are viable and ensure all funding requirements are considered and future revenue or capital budgets reflect these requirements.
- 6.6.4 The relevant Head of Service must seek the relevant approvals, including from members where appropriate, and ensure that reports provide detailed information on future costs to the Council in managing the funding.
- 6.6.5 The officer appointed to manage the project should ensure that the funding bodies grant conditions / requirements are met.
- 6.6.6 The Head of Financial Services is to ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts, and that the External Auditor's requirements with regard to the external funding are met.

6.7 Land, Buildings, Vehicles, Plant and Equipment

Why is this important?

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 are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up-to-date asset register and inventory is a prerequisite for sound asset management.

Risks:

- Assets may be acquired without prior approval, for which there is no use and/or on financially unacceptable terms;
- Assets could be lost, stolen or used for non-Council business; and
- Assets are not available when required in the provision of a service.

Responsibilities

Asset Management

6.7.1 The Council shall appoint a corporate property officer responsible for the development and implementation of asset management plans and co-ordinating the work of the asset management group.

6.7.2 The Council shall also establish an asset management group whose role is set out in the Council's asset management plan and includes:

- (i) Providing advice to members and the management teams on strategic management of the Council's assets and the performance of the Council's portfolio;
- (ii) Contributing to plans dealing with maintenance, acquisitions and disposals of land and property, and health and safety and risk assessment, so far as the Council's portfolio is concerned; and
- (iii) Recommending projects to be included in the Council's Capital Programme and monitoring of these projects.

Land and Buildings

6.7.3 The corporate property officer shall maintain a terrier of all properties owned by the Council (except dwellings provided under the Housing Acts) recording amongst other things service user, purpose for which held, location, nature of the Council's interest and rents payable, extent and plan references, purchase details, particulars and terms of tenancies granted together with other information as may be required by law.

6.7.4 The Council's Solicitor will have custody of all title deeds under security arrangements agreed with the Head of Financial Services.

6.7 Land, Buildings, Vehicles, Plant and Equipment (continued)

Vehicles, Plant and Equipment

6.7.5 The Head of Service shall ensure that up to date records exist for all vehicles and items of plant and equipment under her/his control. The records are to include:-

- (ii) Registration or serial numbers;
- (iii) Council identification numbers;
- (iv) Description; and
- (v) Usual storage location.

6.7.6 All Council vehicles and items of plant and equipment are to be kept under secure arrangements at all times. Each Head of Service shall nominate the employees who are responsible for the security arrangements.

6.7.7 No private use is permitted of any vehicle (except cars leased to officers for this purpose) or item of plant or equipment in the ownership of or leased to the Council.

Acquisition

6.7.8 In conjunction with the Head of Finance, the Head of Property Services may effect minor freehold acquisitions of land required for operational purposes up to £25,000 in money or money's worth from or to the owners of adjacent or nearby property or Statutory Undertakers where there are no future ongoing liabilities.

6.7.9 The Chief Executive, in conjunction with the Head of Financial Services and the Head of Property Services and in consultation with the Leader, may agree to the acquisition, by sale or lease, of small areas of land whose market value does not exceed £50,000, where such acquisition or disposal does not prejudice the Council's existing land holding or any future development proposals or future ongoing liabilities.

6.7.10 The acquisition of any land and buildings of a value in excess of £50,000 requires the approval of Executive and shall be made within the context of the Council's asset management plan.

6.7.11 All purchases or the leasing of land, buildings, vehicles or items of plant or equipment shall be within the budget provision and the Head of Financial Services must be consulted on the method of financing.

6.7.12 All purchases or the leasing of land, buildings, vehicles or items of plant and equipment shall be on the best financial terms that can be obtained for the Council. The purchasing or leasing arrangements are to be in accordance with the purchasing arrangements laid down elsewhere in these Rules and the Contract Procedure Rules.

6.7 Land, Buildings, Vehicles, Plant and Equipment (continued)

General

6.7.13 All buildings, vehicles or plant or equipment shall be appropriately insured, see also Financial Instruction 6.3. The circumstances of losses of or damage to any vehicle or item of plant and equipment must be reported immediately to the relevant Head of Service and the Head of Financial Services. Losses are to be recorded in the appropriate inventory or asset register.

6.7.14 All assets owned by the Council are to be valued in accordance with the latest guidance issued by CIPFA/LASAAC.

6.8 Disposal of Land, Buildings, Vehicles, Plant and Equipment

Why is this important?

It would be uneconomic 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 law and the regulations of the Council with the objective of securing maximum residual value.

Risks:

- Assets could be sold when there remains an operational use for them;
- Assets could be sold for far less than the market or expected residual value;
- Assets could be disposed of to officers, members or others at no or very little cost, which could be construed as tantamount to theft; and
- Compliance with Government directives such as for electronic equipment.

Responsibilities

Asset Management

- 6.8.1 See Financial Instruction 6.7 which describes the role of the corporate property officer and the asset management group including the disposal of some assets.

Land and Buildings

- 6.8.2 In conjunction with the Head of Finance, the Head of Property Services may effect minor freehold disposals of land not required for operational purposes up to £25,000 in money or money's worth from or to the owners of adjacent or nearby property or Statutory Undertakers where there are no future ongoing liabilities.
- 6.8.3 The Chief Executive, in conjunction with the Head of Financial Services and the Head of Property Services and in consultation with the Leader, may agree to the disposal, by sale or lease, of small areas of land whose market value does not exceed £50,000, where such acquisition or disposal does not prejudice the Council's existing land holding or any future development proposals or future ongoing liabilities.
- 6.8.4 The disposal of any land and buildings over £50,000 in value requires the prior approval of the Executive and shall be made within the context of the Council's asset management plan.

Vehicles

- 6.8.5 Any vehicles that are surplus to the Council's requirements shall only be disposed of on the prior written authority of the Head of Environment Services. She/he is empowered to dispose of vehicles by way of trade-in or, following advertisement, to the highest tenderer and to hire additional vehicles where necessary. Where a vehicle has little or no sale value parts should be re-used where appropriate.

6.8 Disposal of Land, Buildings, Vehicles, Plant and Equipment (continued)

- 6.8.6 The disposal of any vehicle shall either be by part-exchange or by public auction in normal circumstances. The decision on the method of disposal is the responsibility of the relevant Head of Service, in consultation with the Head of Financial Services, who may also in exceptional circumstances use alternative methods where it is beneficial to the Council with the approval of the Section 151 Officer.
- 6.8.7 All documentation relating to the sale of any vehicle is to be retained in safe custody for a period of six years and is to be available for inspection by Internal Audit, if requested.
- 6.8.8 Any inventory or similar record relating to the vehicle disposed of is to be endorsed with the date of disposal and the receipt number for the income received.

Plant and Equipment

- 6.8.9 The term equipment in this section includes all equipment of the Council including engineering, building and office equipment or machinery, but excluding computer equipment.
- 6.8.10 Proposed disposals shall not be separated to avoid the approval and reporting limits.
- 6.8.11 Any items of plant or equipment of up to £1000 in value that are surplus to the Council's requirements may be disposed of with the written authorisation of the Head of Service. A second officer shall formally witness the disposal at a local level and the appropriate records retained.
- 6.8.12 Sealed bids are to be sought in respect of any items of plant and equipment that are surplus to the Council's requirements valued between £1000 and £5,000 on the prior written authority of the relevant Head of Service or his/her nominated deputy. It shall be the responsibility of the Head of Financial Services and the relevant Head of Service or their nominated deputy, to obtain the best possible price.
- 6.8.13 The disposal of any item of plant and equipment valued at more than £5,000, shall be by advertised as a competitive tender unless the relevant Head of Service, after consulting the Head of Financial Services, decides that disposal shall be by public auction or other appropriate method e.g. part exchange.
- 6.8.14 The notice offering an item of plant and equipment for sale, regardless of value, is to state that any offer or tender is to be sent to the Financial Services in a plain sealed envelope endorsed only with the name of the goods to which the offer or tender relates. The name of the person or firm must not be stated on the envelope. (In the case of amounts estimated £30,000 the tendering process described in the Contract Procedure Rules involving Member Services shall apply).

6.8 Disposal of Land, Buildings, Vehicles, Plant and Equipment (continued)

- 6.8.15 Up to an estimated value of £30,000, all offers or tenders received are to be held unopened in safe custody by Financial Services until the submission date and time has expired. Tenders must be opened and recorded in the presence of two officers.
- 6.8.16 No offers or tenders are to be considered after the date and time for the submission of offers or tenders has expired.
- 6.8.17 On acceptance of the highest offer, the purchaser must pay the Council before the item is released.
- 6.8.18 All documentation relating to the sale of any item of plant and equipment is to be retained in safe custody for a period of six years and is to be available for inspection by Internal Audit, if requested.
- 6.8.19 Any inventory or similar record relating to the item of plant and equipment disposed of is to be endorsed with the date of disposal and the receipt number for the income received.

Computer and Computer Related Equipment

- 6.8.20 The disposal of computers and computer related equipment on behalf of the Council is the responsibility of the Head of ICT, although the above principles will apply.
- 6.8.21 In certain circumstances, where the cost of preparing an item for disposal exceeds the estimate of likely income, obsolete equipment may be destroyed on obtaining the prior written authority of the Head of Financial Services or her/his authorised representative.
- 6.8.22 Disposal of electrical and electronic equipment including household appliances, IT/ telecommunications equipment, electrical and electronic tools, leisure and sports equipment etc. should comply with any relevant government/health and safety directives.

General

- 6.8.23 Wherever possible, items should be offered for re-use or recycling where there is little or no residual value.

7. Head of Environmental Health

7.1 Grants and Loans

Why is this important?

Each year the Council receives applications from the public for grant aid or loans to assist them financially in renovating their property or associated work such as alterations for the installation of disabled facilities. Many of the grants or loans are for thousands of pounds and it is therefore essential that applications are correctly assessed, calculated and paid in accordance with the legal and Council requirements.

Risks:

- Applicants may receive and yet not be entitled to receive grant monies; and
- The grant scheme may be manipulated with fraudulent intent.

Responsibilities

- 7.1.1 The Head of Environmental Health shall be responsible for delegating the management and processing of applications for housing renovation and associated grants and loans.
- 7.1.2 The processing of grant and loan applications shall be dealt with expeditiously in accordance with current legislation and Council policy. All applications shall be approved by the Head of Environmental Health or her/his nominated representative before any payments are made.
- 7.1.3 Payments shall be within the limits of the budget for such grants or loans.
- 7.1.4 Payments of grant or loan shall not be made without the standard of workmanship having been first approved as satisfactory by the appointed Environmental Health officer in association with the applicant or their agent.
- 7.1.5 The appropriate system must be put in place to ensure that loans are repaid to the Council correctly on a timely basis, in accordance with the conditions of the agreement signed by the Council and applicant.

Declaration of Interests

- 7.1.6 Employees of the Council with a personal interest in any grant or loan application must notify the relevant Head of Service who shall record the interest.
- 7.1.7 Employees of the Council who have a personal interest in any grant or loan application are not to participate in the processing of the application or payment of the grant.

8. Head of Financial Services

8.1 Accounting

Why is this important?

Maintaining proper accounting records is 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, which are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the Council's resources.

Risks:

- The Council may not account for all income received and expenditure made;
- Financial systems could provide inaccurate or misleading information leading to poor decision making;
- Insecure accounting or financial systems could give rise to opportunities for fraud or loss; and
- Statutory requirements for reporting on the Council's financial affairs may not be met.

Responsibilities

- 8.1.1 The Head of Financial Services shall be responsible for keeping the accounting records of the Council including cost and stores accounts for all service groups of the Council, and to select suitable accounting policies and ensure that they are applied consistently.
- 8.1.2 She/he will also be responsible for administering the Council's arrangements for underspendings to be carried forward to the following financial year.
- 8.1.3 Where she/he is satisfied that it is in the interest of administrative efficiency for any such records to be maintained in other service groups, the Head of Service of that service group shall have a duty to maintain a standard of financial control which is to the satisfaction of the Head of Financial Services.
- 8.1.4 In all cases the Head of Financial Services shall be consulted and shall approve the form of new accounting records, financial stationery and systems or changes to them following consultation with the Head of Service of the service group concerned.
- 8.1.5 This will include adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements.

8.1 Accounting (continued)

8.1.6 Financial and accounting systems shall incorporate appropriate controls to ensure that, where relevant:

- (i) All input is genuine, complete, accurate, timely and not previously processed;
- (ii) All processing is carried out in an accurate, complete and timely manner; and
- (iii) Output from the system is complete, accurate and timely.

Separation of Duties

8.1.7 The following principles should be applied when allocating accounting duties, unless good reason disallows and the prior approval of Internal Audit has been obtained:

- (i) The duties of providing information about sums due to or from the Authority and calculating, checking and recording these sums should be separate from the duty of collecting or disbursing them; and
- (ii) Employees with the duty of examining or checking the accounts of cash transactions shall not themselves be engaged in these transactions.

Other Information

8.1.8 Heads of Service shall supply requisite information to the Head of Financial Services for financial costing and accounting purposes.

8.1.9 The Head of Financial Services shall by arrangement with a Head of Service provide such costing or other financial information required to facilitate the efficient conduct of their functions by officers responsible for incurring expenditure.

8.1.10 The Head of Service will be the responsible for advising the Head of Financial Services of any likely overspending of their authorised budget provision.

Working Papers and Accounting Records

8.1.11 Working papers leading to the preparation of Final Accounts are to be kept by the officer responsible for the year of audit and for preceding years in accordance with the Document Retention Policy. Adequate records to provide a management trail leading from the source of income/expenditure through to accounting statements is to be maintained.

8.1.12 The Head of Financial Services is to ensure that accounting and financial records are held securely and procedures are in place to enable accounting records to be reconstituted in the event of a system failure. A documented and tested disaster recovery plan to allow information processing to resume quickly in the event of an interruption shall be in place.

8.1 Accounting (continued)

8.1.13 All financial systems shall be documented and users trained in their operation prior to the system being used in a live environment.

Reports to Member Bodies

8.1.14 Copies of all reports having financial implications shall be submitted to the Head of Financial Services in sufficient time prior to the meeting of the member body at which such reports are to be considered to enable the Head of Financial Services to make her/his observations on the financial implications to the Head of Service concerned. Where the Head of Financial Services is not a signatory to the report, her/his observations and submissions will be appended where she/he thinks it necessary.

Trading Accounts

8.1.15 Heads of Service shall observe all statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overheads, is charged with an annual report being prepared in support of the final accounts.

Annual Accounts and Report

8.1.16 The Head of Financial Services is to report to the Executive giving comparisons of actual income and expenditure with that budgeted.

8.1.17 The Head of Financial Services is to be notified of any outstanding income and/or expenditure relating to the previous financial year as soon as possible after the 31st March in accordance with the year end timetable.

8.1.18 The Head of Financial Services is to administer the Council's arrangements for under and overspendings to be carried forward to the following financial year.

8.1.19 Final accounts are to be prepared in accordance with statutory requirements, CIPFA best practice and in liaison with the External Auditors. A timetable for their preparation shall be drawn up and staff and the external auditors advised accordingly. The S.151 Officer shall prepare and sign the statutory annual statement of accounts, and produce an annual report. There is a statutory requirement for her/him to sign the accounts and the Council to approve the accounts by the required date and this must be adhered to.

Head of Financial Services

8.2 Treasury Management

Why is this important?

Many millions of pounds pass through the Council's accounts each year. This led to the establishment of Codes of Practice for Treasury Management. These aim to provide assurances that the Council's money is properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of the Council's financial position.

Risks:

- Money invested by the Council could be lost giving rise to the Council facing serious financial difficulty and/or failure to achieve its objectives;
- Funds could be misused by a member of staff for their own ends, resulting in a loss to the Council;
- Money could be borrowed or lent by the Council at less than advantageous interest rates thereby incurring higher than necessary expenditure or foregoing investment income; and
- The Council could fail to repay money borrowed on time thereby having penalties invoked against it.

Professional Standards

- 8.2.1 The Council has adopted the Revised Code of Practice for Treasury Management in Local Authorities (published by CIPFA) and these rules should be adhered to as a matter of principle.
- 8.2.2 This will be the responsibility of the Head of Financial Services and include presentation to members of a strategy and related policies setting out the approach to managing the risk of the Treasury Management activities.

Cash Position

- 8.2.3 The Head of Financial Services shall arrange for a nominated officer to assess the cash position each working day to determine the funds to be invested, recalled or borrowed as necessary. The nominated officer shall prepare a Daily Cash Position Statement which is to be signed by an authorised officer on the day of preparation.
- 8.2.4 All executive decisions on borrowing, investment or financing shall be delegated to the Head of Financial Services on behalf of the S.151 Officer.
- 8.2.5 The Head of Financial Services shall be authorised to invest or utilise such surplus monies of the Council as may seem to her/him proper and in the Council's interest, within the approved Council Policy.

8.2 Treasury Management (continued)

Investments

- 8.2.6 All investments of money under its control shall be made in the name of the Council.
- 8.2.7 All securities in the name of the Council and the title deeds of all property in its ownership shall be held in the custody of the Head of Financial Services.

Borrowing

- 8.2.8 All borrowing shall be made in the name of the Council.
- 8.2.9 The Head of Financial Services shall:
- (i) Negotiate all loans of money to the Council (including overdrafts) within the Council's overall borrowing powers;
 - (ii) Be the Council's registrar of stocks, bonds and mortgages;
 - (iii) Maintain a record of all borrowing of money by the Council;
 - (iv) Borrow at the most advantageous rates and terms possible; and
 - (v) Ensure that the Council's aggregate credit limit is monitored and at no time exceeded.
- 8.2.10 The Head of Financial Services shall prepare a report prior to the commencement of each financial year for the Council to consider and then set the borrowing limits for the ensuing year.

General including Monitoring

- 8.2.11 A detailed weekly statement of lending (or borrowing) transactions including the closing balances lent (borrowed) shall be prepared by a nominated officer and presented to the Head of Financial Services or Chief Accountant.
- 8.2.12 The Head of Financial Services shall report at least three times a year on treasury management activities to the Executive, and the function will be scrutinised by the Audit Committee.
- 8.2.13 It is the responsibility of Strategic Directors and Heads of Service to ensure that loans are only made to third parties where specific member approval is obtained, such as loans to social, cultural and sporting organisations etc.
- 8.2.14 Interests must not be acquired in companies, joint ventures or other enterprises without the approval of the full Council, following consultation with the Head of Financial Services.

8.2 Treasury Management (continued)

Trust Funds

- 8.2.15 All trust funds shall wherever possible be in the name of the Council.
- 8.2.16 All officers acting as trustees by virtue of their official position shall deposit all securities, etc. relating to the trust with the Head of Financial Services, or Monitoring Officer as appropriate, unless the deed otherwise provides.
- 8.2.17 It is the responsibility of Heads of Service to arrange, where funds are held on behalf of third parties, for their secure administration, and to maintain written records of all transactions as approved by the Head of Financial Services.
- 8.2.18 Heads of Service must also ensure that trust funds are operated within any relevant legislation including the expectations of the Charity Commission, and the specific requirements for each trust.

8.3 Government Grants, Subsidies, Claim Forms and Statistical Returns (continued)

Why is this important?

Grants and subsidies are a significant source of finance to the Council. As such it is essential that the Council receives all that is due to it and on time. Statistical returns often have a significant financial impact upon the authority in respect of the allocation of future grant funding streams.

Risks:

- Potential income from grants may not be received or received late, the Council thereby having to meet any shortfall in income;
- Grant claim forms may be incorrectly completed; and
- The Council could be criticised by external audit for failing to claim and/or record grant income correctly.

Responsibilities

- 8.3.1 The Head of Financial Services, in association with other Heads of Service where relevant, shall be responsible for ensuring that all forms relating to subsidies, grants and claims submitted to Government Departments or other grant paying bodies are completed on behalf of the Council.
- 8.3.2 The Head of Financial Services or relevant Head of Service shall nominate specific officers to complete various subsidy, grant and claim forms and it shall be their duty to deal with the forms expeditiously using the most accurate information available.

Grants Conditions

- 8.3.3 The Head of Financial Services or relevant Head of Service shall ensure that the conditions of any subsidy or grant are met, including the submission of claims on a timely basis as required by the terms of the grant paying body.

Receipts and Payments

- 8.3.4 Any payment by or income due to the Council arising from a submitted subsidy, grant or claim form shall be made known to the Head of Financial Services and amounts recorded for accounting purposes to the financial codes set up for the purpose.

8.3 Government Grants, Subsidies, Claim Forms and Statistical Returns (continued)

Audit Requirements of the Grant Paying Body

- 8.3.5 The Head of Financial Services or relevant Head of Service shall give early consideration to the audit requirements of the grant paying body and make the necessary arrangements for auditing to ensure that relevant deadlines are met.
- 8.3.6 Copies of subsidy, grant and claim forms, together with adequate supporting working papers shall be prepared and retained and are to be made available for inspection by internal or external auditors.

General – Data Quality

- 8.3.7 Great care shall be taken in the preparation and submission of grant claims and statistical returns in order to ensure the accuracy of their content.

8.4 Payment of Housing and Council Tax Benefits

Why is this important?

The Council grants thousands of people millions of pounds in benefits to assist them in paying their rent and/or Council Tax bills. The Housing Benefit scheme is complex, requires people to declare both personal and financial details and is, as a result, open to error and abuse. This being the case the assessment, calculation and payment of claimants needs to be carefully controlled.

Risks:

- Benefit could be paid to fraudulent claimants;
- Personal domestic and financial details relating to a claimant could be disclosed without authority to do so; and
- Benefit entitlement could be incorrectly calculated.

Responsibilities

8.4.1 The Head of Customer Services shall be responsible for the procedures, assessment and payment of benefit.

8.4.2 She/he shall ensure that periodic checks on the calculations and the entitlement for benefit in selected cases are carried out.

Personal Data/Declaration of Interest

8.4.3 All records and files of personal information relating to claims and the calculation of entitlement to benefit are to be held under arrangements that will prevent access by unauthorised persons.

8.4.4 Any information gained in the assessment and payment of benefit shall not be divulged by any member of staff to persons not authorised to receive that information. Any person seeking information on behalf of another must provide satisfactory evidence that they are authorised to do so within the confines of the Data Protection Act.

8.4.5 Any members of staff with a personal interest in a benefit claim shall notify their manager in writing and have no part in the assessment or payment of that claim.

Payment – BACs

8.4.6 Benefit payment will be made by BACS whenever possible. All bank details to enable payment will be amended by benefits staff only on receipt of official notification in writing from the claimant. For landlord payment to companies, written details of bank account changes will be subsequently verified direct with the company.

8.4 Payment of Housing and Council Tax Benefits (continued)

Payment - Cheques

- 8.4.7 All cheques in payment of benefit shall be crossed and opening of those cheques will not be permitted. Alternative arrangements will be made by the Head of Customer Services to allow claimants to cash cheques with the appropriate identification.
- 8.4.8 All benefit cheques returned to the Council, whether by hand or by post, shall be passed immediately to the Cashier and cancelled. The Benefits team and accountants are, however, to be promptly notified that any such cheques have been returned.