

FINANCIAL REGULATIONS

APPENDIX A

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INTRODUCTION

- 1.1 To conduct its business efficiently a local authority needs to ensure that it has sound financial management policies in place and that they are strictly adhered to. Part of this process is the establishment of financial regulations which set out the financial policies of the authority.
- 1.2 The financial regulations provide clarity about the financial accountabilities of individuals - cabinet members, the Head of Paid Service, the Section 151 Officer (hereinafter known as the Strategic Director Finance, Policy and Governance), the Monitoring Officer, the Strategic Directors and Heads of Service. Each of the financial regulations sets out the overarching financial responsibilities.
- 1.3 These Financial Regulations form part of the Constitution of North Hertfordshire District Council. They have been written to support managers in fulfilling their duties regarding devolved financial responsibility and should be read in conjunction with the Scheme of Delegation in the Constitution. They aim to support the objectives of Corporate Business Planning which requires that services achieve their objectives within the financial resources allocated to them in the budget process.
- 1.4 These Regulations are an integral part of the District Council's control framework. They help ensure that we make financial decisions in a consistent way across the Council. This supports us in our duties to ensure that we are transparent in all our actions and are clearly accountable for all the decisions we make. By ensuring these Regulations are applied, the Council can be confident that economic, efficient and effective financial management supports the achievement of its objectives.
- 1.5 The Strategic Director of Finance, Policy and Governance will review these Regulations annually to ensure that they remain modern and relevant.

STATUS OF FINANCIAL REGULATIONS

- 2.1 Financial regulations provide the framework for managing the authority's financial affairs. They apply to every Member and officer of the authority and anyone acting on its behalf.
- 2.2 The regulations identify the financial responsibilities of Council, Executive and Overview and Scrutiny members, the Head of Paid Service, the Monitoring Officer, the Strategic Director Finance, Policy and Governance, Strategic Directors, District Council Returning Officer and Heads of Service. Executive members and officers should maintain a written record of all key decisions where decision making has been delegated to them or members of their staff, including seconded staff. Where decisions have been delegated or devolved to other responsible officers, references to the officer in the Regulations should be read as referring to them.
- 2.3 All members and staff have a general responsibility to take reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, properly authorised and provides value for money and achieves best value
- 2.4 The Strategic Director Finance, Policy and Governance is responsible for maintaining a continuous review of the financial regulations and submitting any additions or changes necessary to the Council for approval. The Strategic Director of Finance, Policy and Governance is also responsible for reporting, where appropriate, breaches of the financial regulations to the Council and/or to the executive members, as is the Monitoring Officer where that expenditure is unlawful.

- 2.5 Each section in the Regulations contains information to help officers apply them to their role and responsibilities. The extent to which they affect officers will depend upon their duties. If their duties regularly involve applying these Regulations, they will be provided with training.
- 2.6 Officers have a responsibility to read and be familiar with these Regulations. Contact details have been provided should they need to seek clarification of any point. They can also seek ad hoc advice from Audit and Consultancy Services. Failure to comply with the Regulations may result in officers' conduct being examined under the Council's Managing Misconduct Policy.
- 2.7 Managers are responsible for ensuring that their staff:
- Receive a copy of these Regulations;
 - Receive the appropriate training;
 - Sign to confirm that they have read, understood and will comply with the Regulations; and
 - Understand the operation of these Regulations in their application to their day to day authorisation levels.
- 2.8 These Regulations outline the minimum required to safeguard the Council's assets and interests. Any amendments will be approved by the Council and will not come into force until approval has been given. Training will be provided if the amendment is of a significant nature. In all other instances, amendments will be communicated through briefing processes such as email, newsletter and Finance Officer visits to Directorate Management Teams.
- 2.9 The authority's detailed financial procedures setting out how the Regulations will be implemented are contained in the Financial Services section of the Council's intranet pages..
- 2.10 Managers are responsible for ensuring that all staff in their departments/units are aware of the existence and content of the authority's Financial Regulations and other internal regulatory documents and that they comply with them. He/she must also ensure that an adequate number of copies are available for reference within his/her department/unit for those unable to obtain access to the electronic version on the Council's intranet.
- 2.11 The Strategic Director Finance, Policy and Governance is responsible for issuing advice and guidance to underpin the Financial Regulations which Members, officers and others acting on behalf of the authority are required to follow.

SECTION A. FINANCIAL MANAGEMENT

1. Introduction

Financial management covers all financial accountabilities in relation to the running of the authority including the financial policy framework and budget.

2. Why is it important?

All staff and members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring that everyone is clear about the standards to which they are working and the controls which are in place to ensure that these standards are met.

3. Key Controls

The key controls and control objectives for financial management standards are:

- Their promotion throughout the authority; and
- A monitoring system to review compliance with financial standards, and regular comparisons of performance indicators and benchmark standards that are reported to the executive and full council.

4. The Full Council

4.1 The full Council is responsible for adopting the authority's constitution and members' code of conduct and for approving the policy framework and budget within which the executive operates. It is also responsible for approving and monitoring compliance with the authority's overall framework of accountability and control. The framework is set out in its constitution. The full council is also responsible for monitoring compliance with the agreed policy and related executive decisions

4.2 The Executive is responsible for approving procedures for recording and reporting decisions taken, those 'key decisions' delegated by and decisions taken by the Council and its committees. These delegations and details of who has responsibility for which decisions are set out in the Constitution Part III.

5. The Cabinet

5.1 The Executive is responsible for proposing the policy framework and budget to full Council, and for discharging executive functions in accordance with legislative and the policy framework and budget of the Council.

5.2 Executive decisions can be delegated to an individual executive member or an officer.

5.3 The Executive is responsible for establishing protocols to ensure that individual Executive Members consult with relevant officers before taking a decision within his/her delegated authority. In doing so the individual member must take account of legal and financial liabilities and risk management issues which may arise from the decision and is responsible for ensuring the full audit trail of the decision process is adhered to and recorded.

6.0 The Chief Financial Officer

6.1 The Council's Chief Financial Officer is the Strategic Director of Finance, Policy and Governance and he/she has statutory duties in relation to the financial administration and stewardship of the authority. This statutory responsibility cannot be overridden. The statutory duties arise from:

- Section 151 of the Local Government Act 1972
- Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounts and Audit (Amendment) (England) Regulations 2009.

6.2 The Strategic Director of Finance, Policy and Governance is responsible for:

- The proper administration of the authority's financial affairs;
- Setting financial management standards and monitoring their compliance;
- Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;
- Providing financial information; and
- Preparing the revenue budget, capital programme and for treasury management.

6.3 Section 114 of the Local Government Finance Act 1988 requires the Strategic Director of Finance, Policy and Governance to report to the full Council, Executive and external auditor if the authority or one of its officers:

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

6.4 Section 114 of the 1988 Act also requires:

- The Strategic Director of Finance, Policy and Governance to nominate a properly qualified member of staff to deputise should he/she be unable to perform the duties under section 114 personally; and
- The council to provide the Strategic Director of Finance, Policy and Governance with sufficient staff, accommodation and other resources - including legal advice where this is necessary - to carry out the duties under section 114.

Monitoring Officer

6.5 Section 5 of the Local Government and Housing Act 1989 requires the Monitoring Officer to report to full Council on all proposals and actions which are unlawful. These duties are joint and severable as personal statutory duties.

7.0 Strategic Directors and the Relevant Head of Service

7.1 Strategic Directors and Heads of Service are responsible for:

- Ensuring that executive members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Strategic Director of Finance, Policy and Governance; and
- Signing contracts on behalf of the authority within approved limits as set out in the Contract Procurement Rules.

7.2 It is the responsibility of the Head of Service to consult with the Strategic Director of Finance, Policy and Governance and seek approval regarding any matters which are liable to affect the authority's finances materially, before any commitments are incurred.

8. Other Financial Accountabilities

8.1 The full council is responsible for agreeing procedures for virement of expenditure between budget headings.

8.2 Officers are responsible for agreeing in-year virements within delegated limits, in consultation with the Strategic Director of Finance, Policy and Governance.

8.3 The Strategic Director of Finance, Policy and Governance is responsible for:

- Selecting accounting policies and ensuring that they are applied consistently;
- Determining the accounting procedures and records for the authority; and
- Ensuring that the annual statement of accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC). The full council is responsible for approving the annual statement of accounts.

9. Financial Management Standards

9.1 Why is it important?

All staff and members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring that everyone is clear about the standards to which they are working and the controls which are in place to ensure that these standards are met.

9.2 Key Controls

9.2.1 The key controls and control objectives for financial management standards are:

- Their promotion throughout the authority; and
- A monitoring system to review compliance with financial standards, and regular comparisons of performance indicators and benchmark standards that are reported to the executive and full council.

9.3 Responsibilities of the Strategic Director of Finance, Policy and Governance

- To ensure the proper administration of the financial affairs of the authority.
- To set the financial management standards and to monitor their compliance.

- To ensure proper professional practices are adhered to and to act as head of profession in relation to the standards, performance and development of finance staff throughout the authority.
- To advise on the key strategic controls necessary to secure sound financial management.
- To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.

9.4 Responsibilities of Strategic Directors and Heads of Service

9.4.1 To promote the financial management standards set by the Strategic Director of Finance, Policy and Governance in their services and to monitor adherence to the standards and practices within their own areas, liaising as necessary with the Strategic Director of Finance, Policy and Governance

9.4.2 To promote sound financial practices in relation to the standards, performance and development of staff in their services.

10. Managing Expenditure/Budgets

10.1 Why is it important?

10.1.1 Management control is the effective use of resources in achieving the Council's aims and objectives, Budgetary control is an important element of the management control process.

10.1.2 Budgetary control is the monitoring of financial activity against planned budgets to:

- Ensure that money is spent in accordance with the Council's priorities as expressed in the annual budget;
- Ensure that overall expenditure in achieving those aims is kept within the budget set; and
- Ensure that planned performance (output) has been achieved and is in line with the planned budget (inputs).

10.2 Responsibilities of the Strategic Director of Finance, Policy and Governance

10.2.1 The Strategic Director of Finance, Policy and Governance in consultation with the Corporate Management Team must, through the Corporate Business Planning process, produce and make public, a medium-term plan, the Medium Term Financial Strategy. The plan should show a five-year forward assessment of all revenue commitments based on present levels of service and reflect any known commitments, changes in service level or resources.

10.3 Responsibilities of Strategic Directors and Heads of Service

10.3.1 Officers must, having consulted the Strategic Director of Finance, Policy and Governance, ensure that reports to committees, service spokespersons or delegated officers proposing new or increased spending contain the following information:

- The revenue consequences of any decision over at least a three year period (year of budget plus two) including staffing costs;
- In the case of capital expenditure, a comparison between the chosen method of financing and other financing methods considered appropriate for the project;
- The implications of the proposal on the medium-term plan (see 10.2.1 above)

10.3.2 Council approval is required for all proposals that would increase expenditure or reduce income to the Council.

10.4 Revenue

Estimates

10.4.1 The Strategic Director of Finance, Policy and Governance will approve the detailed corporate form and content of revenue service estimates, in line with the general directions of the Cabinet and after consultation with the Corporate Management Team.

10.4.2 Heads of Service must prepare revenue estimates of income and expenditure in conjunction with the Strategic Director of Finance, Policy and Governance . The estimates will be collated and submitted by the Strategic Director of Finance, Policy and Governance to the Corporate Management Team and then to the Cabinet with the Corporate Management Team's comments.

10.4.3 Copies of all proposed reports to committees, service spokespersons or delegated officers must be passed to the Strategic Director of Finance, Policy and Governance in sufficient time for her/him to adequately consider the budget implications of any proposals.

Under and over spends

10.4.4 Under or overspends on any separate line entry in the Council's printed budget book which exceed £5,000 must be recorded by Accountancy Services with explanations for the variance. These under or overspends must be reported on at least a quarterly basis to the Corporate Management Team. Following this, the summary position will be reported to Cabinet on a quarterly basis.

10.4.5 The Strategic Director of Finance, Policy and Governance will provide each Strategic Director with details of receipts and payments under their control by means of a corporate financial management system.

10.5 Capital

Capital Programme

10.5.1 Prior to the annual consideration of revenue estimates, the appropriate Strategic Directors and the Strategic Director of Finance, Policy and Governance must prepare and submit to Corporate Management Team a five year programme (current year plus four), of estimated capital expenditure for consideration.

10.5.2 The draft programme, when approved by the Cabinet, will make recommendations as appropriate to the Council for final approval. The programme will provide full

details of the revenue implications of schemes expected to start in the next ensuing four financial years and identify the methods of financing the recommended capital programme.

Schemes due to start in the next financial year

10.5.3 For schemes due to start in the next financial year (i.e. year two), the approved programme gives authority to proceed in the next financial year with the preparation of plans and other preliminary work which:

- (a) Involves only the time of the Council's staff; and
- (b) Involves other expenses up to the amount estimated.

10.5.4 For these schemes, the approved programme gives authority to preliminary approval but does not grant authority to incur capital expenditure on works etc.

Capital Expenditure falling outside the Approved Capital Programme

10.5.5 Authority from the Council is required for expenditure to be incurred on any items not included in the approved capital programme or the deletion of schemes from the approved programme.

10.5.6 If an urgent or unanticipated capital need arises, the proposal must be referred to the Cabinet at the earliest opportunity. Only if Cabinet agrees in principle to the scheme, will a supplementary capital estimate be recommend to Council.

10.5.7 Adjustments to approved capital projects will require Cabinet approval.

Monitoring

10.5.7 The Strategic Director of Finance, Policy and Governance will provide Strategic Directors with periodical financial monitoring statements in respect of each approved capital project including details of any known commitments.

10.5.8 The relevant Strategic Director or Head of Service will, in conjunction with the Strategic Director of Finance, Policy and Governance monitor capital expenditure against the approved capital programme. When it appears that expenditure on any scheme is expected to or has exceeded the authorised financial provision by more than £25,000 or 10% (whichever is smaller), the appropriate Strategic Director must immediately report the situation to Cabinet giving full details of the reasons for the overspend and revised estimates for the contract. Where the amount of the excess is less than £25,000 or 10%, reporting will be at the discretion of the Strategic Director of Finance, Policy and Governance. The Strategic Director of Finance, Policy and Governance will report variances as part of the capital quarterly monitoring reporting cycle and all reports to Cabinet must show how the overspend will be recovered or re-financed.

10.5.9 An appropriate project board as directed under the Council's programme governance procedures must manage capital projects estimated to cost £1 million and above. Projects below £1 million that are considered sensitive because of time or funding constraints may require an appropriate project board as directed by the Chief Executive.

Leasing

10.5.10 The taking or granting of a lease on any asset, classed as a capital item, may form part of the Council's capital expenditure or receipts and must, therefore, be provided for. The taking or granting of a lease on any asset will be subject to the consent of the Strategic Director of Finance, Policy and Governance.

10.6 Scheme of Virement

10.6.1 Why is it important?

10.6.1.1 The scheme of virement is intended to enable the executive and budget managers to manage budgets with a degree of flexibility within the overall policy framework determined by the full council, and therefore optimise the use of resources. Virement is the switching of resources between approved estimates or 'heads' of expenditure. For the purposes of this scheme, a 'budget head' is considered to be a line in the approved estimates report.

10.6.2 Key Controls

10.6.2.1 Key controls in relation to the scheme of virement are:

- That it is administered by the Strategic Director of Finance, Policy and Governance within guidelines set by full council. Note: Any variation from this scheme requires the approval of full council;
- The overall budget is agreed by the executive and approved by the full council. Note: Officers and budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget; and
- That virement does not create additional overall budget liability. Note: Budget Managers are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Budget Managers must plan to fund such commitments from within their own budgets.

10.6.3 Virement between subjective budget heads is permitted as follows:

Cost Centre Manager Authority

- (i) Cost Centre Managers cannot spend over their total budget but may vire as necessary within their Cost Centre Accounts provided that the virement does not contain client costs and that the constraints on virement are observed.

Constraints:

- a) As long as planned maintenance of buildings is limited due to expenditure constraints and is prioritised through consultation with Property Services, no virement from this budget head to another is permitted unless it is to another building maintenance budget. Enhancements to a building maintenance budget are possible.

- b) There should be no virement from any recharge budget. Virement to a recharge budget to enable the receipt of an enhanced service is possible.
- c) There should be no virement from any IT lease and maintenance costs budget unless the item of equipment is declared surplus to requirements and can be reallocated to another user.
- d) There should be no virement to or from a lease car budget.
- e) Once approved, additional allocations and carry forward budgets must only be used for their original intention and should not be vired.
- f) Virement from salaries can only be approved if:
- The post is vacant and the budget has not been earmarked to fund staff appointment costs or meet the Council's salary 'vacancy' savings target;
 - The staff member in an established post reduced their hours to work part time during the year. When estimates are recalculated for the following year, the budget will be based on the new hours;
 - The cost centre will remain within the cash limit after virement;
 - The saving was generated due to a vacancy being filled at the bottom of the scale and the estimate was for the top of the scale. When setting estimates for the next year when a post is vacant, it will be assumed that the post will be filled at the bottom of the grade unless there is evidence through abortive attempts at filling the post that market forces will require an appointment at the top of the grade. The base estimate will reflect this.
- g) Virement from salaries cannot be approved where staff contract in or out of the pension scheme.
- h) Virement to salaries is required for:
- Additional hours for staff
 - Regrading of jobs, including job evaluation
 - Payment of accelerated increments
 - Underestimates of the pay award. Directorates would have to fund any increase except in exceptional circumstances in which event a special report would be produced for Cabinet. Equally any minor overestimate of the pay award would benefit the Directorate, unless the overestimate is excessive, in which case a report to Cabinet would recommend adjustment to the budgets
- i) Virement to salaries is not required for standard increment increases or Superannuation and National Insurance increases – these will be built into the base estimate for the following year.
- j) Virement of training budgets to non-training budgets is not permissible. – these are allocated annually according to need and if not required should be transferred to the corporate learning and development budget.
- k) Rates cannot be vired, they are excluded from the cash limit control of budget managers. Variations in valuations following the five-year

reviews will be offset by corporate virement to prevent budgets benefiting or suffering from large one-off changes.

Heads of Service Authority

- (ii) Heads of Service may, after consultation with the Cost Centre Managers, vire from a subjective budget head across service area budgets within their control. However, the virement constraints must be observed and the head of service must be able to demonstrate to their Directorate Management Team that such movement of budgets is in the best interest of the Service as a whole.

Strategic Director Authority

- (iii) Strategic Directors may authorise virement between Services under their control so as to minimise contingency provided that the virement constraints are observed and that they are satisfied that such movement of budgets will not detract from the Service's ability to achieve its stated objectives.

Corporate Management Team Authority

- (iv) The Corporate Management Team may authorise virement between Directorates so as to minimise contingency provided that the virement constraints are observed and that they are satisfied that such movement of budgets will not detract from the Council's ability to achieve its stated priorities.

10.6.4 All requests for virement must be on a properly authorised form and should be passed to the Strategic Director of Finance, Policy and Governance without delay. Expenditure should not be incurred until notification has been received that budgets in the General Ledger system have been amended. The virement form can be found on the intranet under Financial Services / Accountancy Services / Forms and Procedures / Budgetary Information Forms.

10.6.5 Unspent budget heads cannot be carried forward at year-end, irrespective of whether goods or services have been ordered, unless Cabinet approval has been given. Please read the Budget procedure guide for details of approved carried forward budgets.

11. Accounting Policies

11.1 Why is it important?

11.1.1 The Strategic Director of Finance, Policy and Governance is responsible for the preparation of the authority's statement of accounts, in accordance with proper practices as set out in the format required by the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC), for each financial year ending 31 March.

11.2 Key Controls

11.2.1 The key controls for accounting policies are:

- systems of internal control are in place that ensure that financial transactions are lawful;

- suitable accounting policies are selected and applied consistently;
- proper accounting records are maintained; and
- financial statements give a true and fair view of the financial position of the authority and its expenditure and income.

11.3 Responsibilities of the Strategic Director of Finance, Policy and Governance

11.3.1 To select suitable accounting policies and to ensure that they are applied consistently. The accounting policies are set out in the statement of accounts which is prepared at 31 March each year.

11.4 Responsibilities of Budget Managers

11.4.1 To adhere to the accounting policies and guidelines approved by the Strategic Director of Finance, Policy and Governance.

12. Accounting Records and Returns

12.1 Why is it important?

12.1.1 Maintaining proper accounting records is one of the ways in which the authority discharges its responsibility for stewardship of public resources. The authority has a statutory responsibility to prepare its annual accounts to provide a true and fair view of its operations during the year. These are subject to external audit. This audit provides assurance that the accounts are prepared properly and 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 authority's resources.

12.2 Key Controls

12.2.1 The key controls for accounting records and returns are:

- All executive members, finance staff and budget managers operate within the required accounting standards and timetables;
- All the authority's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis;
- Procedures are in place to enable accounting records to be reconstituted in the event of a systems failure;
- Reconciliation procedures are carried out to ensure transactions are correctly recorded; and
- Prime documents are retained in accordance with legislative and other requirements.

12.3 Responsibilities of the Strategic Director of Finance, Policy and Governance

12.3.1 To determine the accounting procedures and records for the authority.

12.3.2 To arrange for the compilation of all accounts and accounting records under his/her direction.

12.3.3 To comply with the following principles when allocating accounting duties:

- Separating the duties of providing information about sums due to or from the authority and calculating, checking and recording these sums, from the duty of collecting or disbursing them; and
- Employees with the duty of examining or checking the accounts of cash transactions shall not themselves be engaged in these transactions.

12.3.4 To make proper arrangements for the audit of the authority's accounts in accordance with the Accounts and Audit (Amendment) (England) Regulations 2009.

12.3.5 To ensure that all claims for funds including grants are made by the due date.

12.3.6 To prepare and publish the audited accounts of the authority for each financial year, in accordance with the statutory timetable and with the requirement for the full council to approve the statement of accounts before 30 June.

12.3.7 To ensure the proper retention of financial documents in accordance with the requirements set out in the authority's document retention schedule.

12.4 Responsibilities of Budget Managers

12.4.1 To consult and obtain the approval of the Strategic Director of Finance, Policy and Governance before making any changes to accounting records and procedures.

12.4.2 To maintain adequate records to provide an audit trail leading from the source of income/expenditure through to the accounting statements.

12.4.3 To carry out regular reconciliations to ensure the integrity of embedded financial systems and to ensure transactions are correctly recorded.

12.4.4 To supply information required to enable the statement of accounts to be completed in accordance with guidelines issued by the Strategic Director of Finance, Policy and Governance.

12.5 Accounting Records

12.5.1 The Strategic Director of Finance, Policy and Governance is responsible for keeping the principal accounting records of the Council. Such records will be maintained on the Council's central financial system. No other systems will be used for the keeping of accounting or other records relating to the Council's finances without prior written notice of the Strategic Director of Finance, Policy and Governance.

12.5.2 The Strategic Director of Finance, Policy and Governance in conjunction with Strategic Directors and Heads of Service, will ensure that all feeder systems and processes to the principal accounting records of the Council are fully documented with staff trained in their operation. Such systems and processes will incorporate the necessary controls to ensure that the data used to update the principal accounting records is complete, accurate, timely and not previously processed.

12.5.3 Heads of Service must consult the Strategic Director of Finance, Policy and Governance before introducing or amending any book, form, record, administrative

procedure or system used for the keeping of accounting or other records relating to the finances of the Council and should act on any advice given.

12.5.4 The Strategic Director of Finance, Policy and Governance and all Strategic Directors and Heads of Service will jointly ensure that all accounting records are properly maintained and held securely. Such records and all related vouchers and documents must be managed in accordance with the Council's Document Retention Policy, see section D 9.

12.5.5 Responsible members of staff must ensure that expenditure and income under his/her control is properly accounted for and allocated to the correct job code or estimate code. The Head of Finance, Performance and Asset Management must maintain and make available to all relevant staff, a codebook for this purpose.

12.6 Separation of Duties

12.6.1 In order to provide an adequate separation of duties, the following principles must be observed in the allocation of accounting duties:

- (i) Individuals who identify, calculate, check or record sums due to or from the Council should not, as far as is practically possible, collect or disburse them; and
- (ii) Staff examining or checking the accounts relating to the above transactions must not themselves undertake any of the duties shown in 12.6 (i) above.

13. Contracts and Agreements

13.1 Council's Procurement Rules

13.1.1 All contracts are subject to the provisions contained in the Council's Procurement Rules relating to contracts. No tender will be approved unless the necessary approvals, sanctions and consents have been obtained. No contract will be entered into until all necessary approvals, sanctions and consents have been obtained.

13.2 Contract extras, variations, budgets and payments

13.2.1 Subject to the provisions of the contract, every extra or variation must be authorised in writing by the appropriate Strategic Director or his/ her authorised representative.

13.2.2 A report must be put to the Cabinet as soon as is practicable where it is estimated that the cumulative value of extras or variations will exceed the reporting variance of £5,000. Variances of less than £5,000 will be reported to the Strategic Director of Finance, Policy and Governance.

13.2.3 Interim payments to contractors must only be made on a certificate issued by the appropriate Strategic Director or his/ her authorised representative.

13.3 Terms and conditions

13.3.1 Any dispute regarding the terms of and/ or performance on any contract must be referred to the Corporate Legal Manager for consideration of the Council's legal position.

13.3.2 Where completion of a contract is delayed beyond the period of the contract, it is the duty of the Strategic Director concerned to take appropriate remedial action. After consultation with the Strategic Director of Finance, Policy and Governance and the Corporate Legal Manager the agreed action taken must be reported to the Cabinet.

13.4 Contract register

13.4.1 The Strategic Director of Finance, Policy and Governance will maintain a contract register for all contracts over £50,000.

13.4.2 The register must contain the following details:

- Contractor's name and address;
- Description of work/service;
- Date of contract;
- Form of contract and significant contract details; and
- Details of all payments, including any retention money held.

13.4.3 To ensure that the register is an accurate record of the contract, the Strategic Director responsible for the delivery of the contract must ensure that:

- All information shown in section 13.4.2 above is notified to the Strategic Director of Finance, Policy and Governance; and
- All changes to the contract are notified to the Strategic Director of Finance, Policy and Governance.

13.4.4 Strategic Directors are responsible for ensuring adequate checks on contractors' final claims. On practical completion of a contract and before the issue of the certificate for final payment, either:

- a) The officer managing the contract and a suitably qualified officer who has had no previous involvement should check the final claims; or
- b) An appropriate member of staff, private architect, engineer or consultant must give the Strategic Director of Finance, Policy and Governance a detailed financial statement of the contract, and all relevant supporting documents.

14 The Annual Statement of Accounts

14.1 Why is it important?

14.1.1 The full council is responsible for approving the statutory annual statement of accounts.

14.2 Key Controls

14.2.1 The key controls for the annual statement of accounts are that:

- The authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs. In this authority, that officer is the Strategic Director of Finance, Policy and Governance; and

- The authority's statement of accounts must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA LASAAC) (the 'code of practice').

14.3 Responsibilities of the Strategic Director of Finance, Policy and Governance

14.3.1 To select suitable accounting policies and apply them consistently.

14.3.2 To make judgements and estimates that are reasonable and prudent.

14.3.3 To comply with the code of practice.

14.3.4 To sign and date the statement of accounts, stating that it provides a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March.

14.3.5 To draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.

14.4 Responsibilities of Budget Managers

14.4.1 To comply with accounting guidance provided by the Strategic Director of Finance, Policy and Governance and to provide him/her with information when required.

SECTION B. FINANCIAL PLANNING

1. Why is this important?

- 1.1 Each local authority has a responsibility to publish various performance plans. The purpose of performance plans is to explain overall priorities and objectives, current performance, and proposals for further improvement. Reporting on performance is a key element in the authority's programme of engaging with the public.

2. Key controls

- 2.1 The key controls for performance plans are to:
- ensure that all relevant plans are produced and that they are consistent with each other;
 - produce plans in accordance with statutory requirements;
 - meet the timetables set;
 - ensure that all performance information is accurate, complete and up to date; and
 - provide improvement targets which are meaningful, realistic and challenging.

3. Responsibilities of the Chief Executive and Strategic Directors

- 3.1 To ensure the development of corporate and service targets and objectives and performance information.
- 3.2 To ensure that systems are in place to measure activity and collect accurate information for use as performance indicators.
- 3.3 To ensure that performance information is monitored sufficiently frequently to allow corrective action to be taken if targets are not likely to be met

4. Responsibilities of the Strategic Director of Finance, Policy and Governance

- 4.1 To advise and supply the financial information that needs to be included in performance plans in accordance with statutory requirements and agreed timetables.

5. Responsibilities of Heads of Service

- 5.1 To contribute to the development of performance plans in line with statutory requirements.
- 5.2 To contribute to the development of corporate and service targets and objectives and performance information.

6. Budgeting

6.1 Format of budget

6.1.1 Why is this important?

6.1.1.1 The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate and the operation of cash limits, and sets the level at which funds may be re-allocated within budgets.

6.1.2 Key controls

6.1.2.1 The key controls for the budget format are:

- Compliance with all legal requirements;
- Compliance with CIPFA's Best Value Accounting Code of Practice; and
- Reflection of the accountabilities of service delivery.

6.1.3 Responsibilities of the Strategic Director of Finance, Policy and Governance

6.1.3.1 To advise the executive on the format of the budget that is approved by the full council.

6.1.4 Responsibilities of Budget Managers

6.1.4.1 To comply with accounting guidance provided by the Strategic Director of Finance, Policy and Governance.

6.2 Revenue budget preparation, monitoring and control

6.2.1 Why is this important?

6.2.1.1 Budget management ensures that once the budget has been approved by full council, resources allocated are used for their intended purposes and that these resources are properly accounted for. Budgetary control is a continuous process enabling the authority 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.

6.2.1.2 By continuously identifying and explaining variances against budgetary targets, the authority can identify changes in trends and resource requirements at the earliest opportunity. The authority itself operates within an annual cash limit approved when setting the overall budget. To ensure that the authority in total does not overspend, each service is required to manage its own expenditure within the cash limited budget allocated to it.

6.2.1.3 For the purposes of budgetary control by managers, a budget will normally be the planned income and expenditure for a service area or 'cost' centre. However, budgetary control may take place at a more detailed level if this is required.

6.2.2 Key controls

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

- Budget managers should be responsible only for income and expenditure which they can influence;
- There is a nominated budget manager for each cost centre heading;
- Budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities;
- Budget managers follow an approved certification process for all expenditure;
- Income and expenditure is properly recorded and accounted for;
- Performance levels/levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget; and
- All officers responsible for committing expenditure comply with relevant guidance and the Financial Regulations.

6.2.3 Responsibilities of the Strategic Director of Finance, Policy and Governance

6.2.3.1 To establish an appropriate framework of budgetary management and control which ensures that:

- budget management is exercised within annual cash limits unless the full council agrees otherwise;
- each officer has available timely information on receipts and payments on each budget that is sufficiently detailed to enable managers to fulfil their budgetary responsibilities;
- expenditure is committed only against an approved budget head; and
- significant variances from approved budgets are investigated and reported quarterly.

6.2.3.2 To administer the authority's scheme of virement.

6.2.3.3 To submit reports to the executive and to full council, in consultation with the relevant head of service, where an officer is unable to balance expenditure and resources within existing approved budgets under his/her control.

6.2.3.4 To prepare and submit reports on the authority's projected income and expenditure compared with the budget on a regular basis.

6.2.4 Responsibilities of the Strategic Directors

6.2.4.1 In consultation with the Strategic Director of Finance, Policy and Governance, to ensure prior approval by the full council or executive (as appropriate) for new proposals of whatever amount, which:

- Create financial commitments in future years;
- Change existing policies, initiate new policies or cease existing policies; or
- Materially extend or reduce the authority's services.

6.2.4.2 To agree with the relevant Head of Services where it appears that a budget proposal, including a virement proposal, may impact materially on the other Head of Service's level of service activity.

6.2.4.3 A report on new proposals should explain the full financial implications, after consultation with the Strategic Director of Finance, Policy and Governance. Unless the full council or executive has agreed otherwise, chief officers must plan to contain the financial implications of such proposals within their cash limit.

6.2.5 Responsibilities of Heads of Service

6.2.5.1 To maintain budgetary control within their unit, in adherence to the principles in 2.17 and to ensure that all income and expenditure is properly recorded and accounted for.

6.2.5.2 To ensure that an accountable budget manager is identified for each item of income and expenditure under the control of the head of service. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making which commits expenditure.

6.2.5.3 To ensure that spending remains within the service's overall cash limit, and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.

6.2.5.4 To ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and is operating effectively.

6.2.5.5 To ensure compliance with the scheme of virement.

6.3 Budgets and medium term planning

6.3.1 Why is it important?

6.3.1.1 The authority is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. The budget is the financial expression of the authority's plans and policies.

6.3.1.2 The revenue budget must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of the council. Budgets (spending plans), are needed so that the authority can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for an authority to budget for a deficit.

6.3.1.3 Medium term planning involves a planning cycle in which managers develop their own plans. As each year passes, another future year will be added to the medium term plan. This ensures that the authority is always preparing for events in advance.

6.3.2 Key controls

6.3.2.1 The key controls are:

- Specific budget approval for all expenditure;
- Budget managers are consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the executive for their budgets and the level of service to be delivered; and

- A monitoring process is in place to review regularly the effectiveness and operation of budget preparation and to ensure that any corrective action is taken.

6.3.3 Responsibilities of the Strategic Director of Finance, Policy and Governance

6.3.3.1 To prepare and submit reports on budget prospects for the executive, including resource constraints set by the Government. Reports should take account of medium-term prospects, where appropriate.

6.3.3.2 To determine the detailed form of revenue estimates and the methods for their preparation, consistent with the budget approved by the full council, and after consultation with the executive, management team and head of services.

6.3.3.3 To prepare and submit reports to the executive on the aggregate spending plans of units and on the resources available to fund them, identifying, where appropriate, the implications for the level of council tax to be levied.

6.3.3.4 To advise on the medium term implications of spending decisions.

6.3.3.5 To encourage best use of resources and value for money by working with the Corporate Management Team and Heads of Service to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.

6.3.3.6 To advise the full council on executive proposals in accordance with his or her responsibilities under Section 151 of the Local Government Act 1972.

6.3.4 Responsibilities of Heads of Service

6.3.4.1 To prepare estimates of income and expenditure, in consultation with the Strategic Director of Finance, Policy and Governance, to be submitted to the executive.

6.3.4.2 In consultation with the Strategic Director of Finance, Policy and Governance and in accordance with the laid down procedures and timetable to prepare detailed draft revenue and capital budgets for consideration.

6.3.4.3 To prepare budgets that are consistent with any relevant cash limits, with the authority's annual budget cycle and with guidelines issued by the executive. The format should be prescribed by the Strategic Director of Finance, Policy and Governance in accordance with the full council's general directions.

6.3.4.4 To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.

6.3.4.5 To have regard to:

- Spending patterns and pressures revealed through the budget monitoring process;
- Legal requirements;
- Policy requirements as defined by the full council in the approved policy framework; and

- Initiatives already underway when drawing up draft budget requirements.

6.4 Resource allocation

6.4.1 Why is this important?

6.4.1.1 A mismatch often exists between available resources and required resources. A common scenario is that available resources are not adequate to fulfil needs/desires. It is therefore imperative that needs/desires are carefully prioritised and that resources are fairly allocated, in order to fulfil all legal responsibilities. Resources may include staff, money, equipment, goods and materials.

6.4.2 Key controls

6.4.2.1 The key controls for resource allocation are that resources are:

- Acquired in accordance with the law and using an approved authorisation process;
- Used only for the purpose intended, to achieve the approved policies and objectives, and are properly accounted for;
- Securely held for use when required; and
- Used with the minimum level of waste, inefficiency or loss for other reasons.

6.4.3 Responsibilities of the Strategic Director of Finance, Policy and Governance

6.4.3.1 To advise on methods available for the funding of resources, such as grants from central government and borrowing requirements.

6.4.3.2 To assist in the allocation of resources to budget managers.

6.4.4 Responsibilities of Heads of Service

6.4.4.1 To work within budget limits and to utilise resources allocated and further allocate resources in the most efficient, effective and economic way.

6.4.4.2 To identify opportunities to minimise or eliminate resource requirement or consumption without a detrimental effect on service delivery.

6.5 Capital programmes

6.5.1 Why is this important?

6.5.1.1 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the authority, such as land, buildings and major items of plant and equipment or vehicles. Capital assets shape the way services are delivered for the long-term and create financial commitments for the future in the form of financing costs and revenue running costs.

6.5.1.2 The Government places strict controls on the financing capacity of the authority. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

6.5.2 Key controls

6.5.2.1 The key controls for capital programmes are:

- specific approval by the full council of the programme for capital expenditure;
- a scheme and estimate, including project initiation document, progress targets and associated revenue expenditure are prepared for each capital project, for approval by the executive via the Project Steering Group;
- approval by the executive where capital schemes are to be financed from the revenue budget, up to a specified amount, and subject to the approval of full council where the expenditure exceeds this amount;
- proposals for improvements and alterations to buildings must be approved by the Head Finance, Performance and Asset Management and Corporate Management Team
- schedules for individual schemes within the overall budget approved by full council must be submitted to the executive for approval (for example, minor works), or under other arrangements approved by the full council;
- the development and implementation of the asset management plan;
- accountability for each proposal is accepted by a named manager; and
- monitoring of progress in conjunction with expenditure and comparison with approved budget.

6.5.3 Responsibilities of the Strategic Director of Finance, Policy and Governance

6.5.3.1 To prepare and submit reports to the executive on the projected income and expenditure and resources compared with the approved estimates.

6.5.3.2 To issue guidance concerning capital schemes and controls. The definition of 'capital' will be determined by the Strategic Director of Finance, Policy and Governance, having regard to Government regulations and accounting requirements.

6.5.3.3 To obtain authorisation from the executive for individual schemes where the estimated expenditure exceeds the capital programme provision by more than £25,000 or 10% (whichever is smaller).

6.5.4 Responsibilities of Strategic Directors, Heads of Service and Budget Managers

6.5.4.1 To comply with guidance concerning capital schemes and controls issued by the Strategic Director of Finance, Policy and Governance.

6.5.4.2 To ensure that all capital proposals have undergone a project appraisal.

6.5.4.3 To prepare regular reports reviewing the capital programme provisions for their services. They should also prepare a quarterly return of the estimated final cost of schemes in the approved capital programme in conjunction with Accountancy Services staff.

6.5.4.4 To ensure that adequate records are maintained in respect of all capital contracts.

6.5.4.5 To proceed with projects only when there is adequate provision in the capital programme.

6.5.4.6 To prepare and submit reports, jointly with the Strategic Director of Finance, Policy and Governance, to the executive, of any variation in contract costs greater than the approved limits.

6.5.4.7 To prepare and submit reports, jointly with the Strategic Director of Finance, Policy and Governance, to the executive, on completion of all contracts where the final expenditure exceeds the approved contract sum by more than 10% or £25,000 whichever is the lesser.

6.6 Maintenance of Reserves

6.6.1 Why is this important?

6.6.1.1 The local authority must decide the level of general reserves it wishes to maintain before it can decide the level of council tax. Reserves are maintained as a matter of prudence. They enable the authority to provide for unexpected events and thereby protect it from overspending should such events occur. Reserves for specific purposes may also be maintained, such as the purchase or renewal of capital items.

6.6.2 Key Controls

6.6.2.1 The key controls for the maintenance of reserves are:

- To maintain reserves in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC) and agreed accounting policies; and
- To clearly identify the purpose usage and the basis of transactions for each reserve established.

6.6.3 Responsibilities of the Strategic Director of Finance, Policy and Governance

6.6.3.1 To advise Cabinet and/or full council on prudent levels of reserves for the authority, and to take account of advice from the external auditor in this matter.

SECTION C. RISK MANAGEMENT and CONTROL of RESOURCES

1. Introduction

- 1.1 It is essential that robust systems are developed and maintained for identifying and evaluating all significant operational risks to the authority on an integrated basis. This should include the proactive participation of all those associated with planning and delivering services.

2. Risk Management

- 2.1 The Cabinet is responsible for approving the authority's Risk Management Policy Statement and Strategy and for reviewing the effectiveness of risk management. The Cabinet is responsible for ensuring that proper insurance exists where appropriate.
- 2.2 Risk management is the management of integrated or holistic business risk in a manner consistent with the virtues of economy, efficiency and effectiveness. In essence, it is about making the most of opportunities (making the right decisions) and achieving objectives once those decisions are made.
- 2.3 North Hertfordshire District Council's Risk Management Strategy aims to ensure that for each Council function, activity, operation or service the level of risk is known, recorded and monitored. In each case, a conscious decision must be taken on how to manage that risk whether through controlling it, transferring it or living with it.
- 2.4 The Council's risk management strategic objectives are set out in its Risk Management Strategy.

3. Roles and Responsibilities

3.1 Elected Members

- 3.1.1 Members are responsible for:

- Overseeing the effective management of risk within the Council by officers. In effect, this means agreeing the strategy, framework, process and priorities for action put forward by officers; and
- Managing those risks identified as 'Cabinet Risks'.

- 3.1.2 Members may also be involved in:

- Identifying, analysing and profiling risk;
- Determining the Council's risk appetite and priorities for action; and
- Providing reports to stakeholders on the effectiveness of the risk management framework, Strategy and process.

3.2 Corporate Management Team

- 3.2.1 Corporate Management Team is responsible for:

- Taking a lead in identifying and managing the risks and opportunities facing the Council;
- Determining the proposed risk strategy, framework and process;
- Identifying, analysing and profiling corporate and cross-cutting risks associated with new policies and service delivery;
- Managing those risks identified as 'Corporate Management Team Risks';
- Determining the Council's risk appetite, priorities, and budget for action; and
- Providing reports to stakeholders on the effectiveness of the risk management framework, strategy and process.

3.3 Corporate Governance Group

3.3.1 The Corporate Governance Group is responsible for:

- Conducting regular reviews of the risk management process to test its adequacy in managing risk within the Authority.
- Testing the risk management process against the relevant key lines of enquiry in the Use of Resources element of the CPA.

3.4 Risk Management Group

3.4.1 The Risk Management Group is responsible for acting as a source of guidance and advice and assisting in the co-ordination of the Council's integrated risk management process.

3.5 Performance and Risk Manager

3.5.1 The Performance and Risk Manager is responsible for:

- Managing the implementation of the Council's integrated Risk Management Strategy, framework and processes on behalf of the Council and Corporate Management Team;
- Controlling and facilitating risk management within the Council;
- Providing guidance and advice as necessary;
- Maintaining the Council's corporate risk register; and
- Reporting progress in detail to members of Corporate Management Team and PARC and as required to other officers and Members of the Council.

3.6 Audit and Consultancy Services

3.6.1 Audit and Consultancy Services has an integrated role to play in the Council's risk management strategy. Its work must:

- Focus on areas of risk;
- Provide assurance on the Risk Management Strategy;
- Facilitate risk management improvement;
- Promote risk awareness; and
- Provide proactive risk advice and support.

3.7 Heads of Service

3.7.1 Strategic Directors and Heads of Service are responsible for:

- Extending the process cascaded from levels above to within their own service areas;
- Identifying, evaluating, and managing risks in their service area;
- Managing and reporting actions within their services area which contribute to the corporate risk register; and
- The production of an annual assurance statement, at the end of each financial year, of the adequacy of the internal control environment within their service.

3.8 Partners

3.8.1 Partners are an important element within the Council's risk management framework. At times, it will be appropriate for joint risk profiling to be undertaken. However, it is essential that accountabilities are adequately determined and that the Council does not overlook any risks that may fall on it arising from its participation in a joint venture.

3.8.2 It is important to remember that even where there is transfer of operational risks, for example under a PFI, there will be residual risks, which fall on the Council. The risk management process cannot, therefore, be outsourced in its entirety.

4. Insurance

4.1 Why is it important?

4.1.1 All suppliers of goods and services to the Council must hold public / products and employers liability insurance cover. Where the Council is seeking professional advice and guidance, professional indemnity insurance is also required. The required indemnity limits should be stipulated in the specification for the goods / services to be acquired.

4.1.2 Insurance cover is one element of the Council's risk management approach.

4.2 Responsibilities of the Performance and Risk Manager

4.2.1 The Performance and Risk Manager is responsible for arranging appropriate insurance cover for the Council for risks that are not self-insured. Where appropriate, he/she will consult with Strategic Directors prior to arranging cover. Additionally, he/she is responsible for negotiating the settlement of all claims with insurers, in consultation with other members of staff where necessary.

4.2.2 He/she is responsible for maintaining details of all policies, claims or other transactions relating to the Council's insurance and details of all items or risks insured.

4.2.3 All employees of the Council are included in suitable fidelity guarantee insurance. For cover under this policy to apply, two suitable written references must be obtained for all new employees. This can be reduced to one reference from an existing employer if the individual has held their existing job for at least three consecutive years.

4.2.4 At least annually, the Performance and Risk Manager must review all insurance cover in consultation with appropriate Strategic Directors as necessary.

4.3 Responsibilities of Strategic Directors and Heads of Service

- 4.3.1 Strategic Directors and Heads of Service must promptly notify the Performance and Risk Manager of all new risks, properties or vehicles that need to be considered for insurance and of any alterations affecting existing insurance arrangements.
- 4.3.2 They must immediately notify the Performance and Risk Manager in writing or by completing an appropriate claim form of any loss, liability or damage or any event likely to lead to a claim. In instances which suggest that criminal proceedings may be instigated, the Strategic Director of Finance, Policy and Governance, the Council's Monitoring Officer and the Audit Manager must be informed.
- 4.3.3 Strategic Directors and Heads of Service must consult the Performance and Risk Manager and Corporate Legal Manager concerning the terms of any indemnity which the Council is requested to give.

5. Security of Assets

5.1 Responsibilities of Strategic Directors and Heads of Service

- 5.1.1 Each Strategic Director and Head of Service is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, etc. under his/her control. These arrangements must have been discussed and agreed with the Performance and Risk Manager.

Cash Collection

- 5.1.2 Maximum limits for cash holdings must be agreed with the Performance and Risk Manager and must not be exceeded without his/her express permission.
- 5.1.3 Individuals who collect money on the Council's behalf must take all reasonable precautions to ensure its safe custody and must comply with any instructions given by the Performance and Risk Manager.
- 5.1.4 The cash limit for holding monies in a safe can be obtained from the Performance and Risk Manager.
- 5.1.5 The current cash limit for monies held in a locked drawer or cupboard is £250. However, amounts held in such locations should be kept to a minimum to reduce the value of any loss.

Physical Access

- 5.1.6 Each Strategic Director and Head of Service is responsible for the maintenance and update of a register of keys for external doors, safes, cash boxes and other secure items. The register should show the list of key holders and an out-of-hours contact number. The register must be kept securely and must not be accessible to unauthorised individuals.
- 5.1.7 All keys must either be with the designated key holder at all times or held in a secure place. Security keys of safes, cash boxes and key cupboards, should not be left on site when the premises are unoccupied by Council staff, unless expressly approved by the Performance and Risk Manager. The loss of any keys must be reported to the Performance and Risk Manager as soon as their loss is noticed.

- 5.1.8 Officers receiving visitors are responsible for ensuring that their visitor is signed in and wears the appropriate visitor's badge at all times. They must also ensure that visitors are adequately supervised during their visit, do not have access to confidential Council information and that the security of Council assets is maintained.

Data Protection

- 5.19 The Head of Customer Services and IT, in his capacity as the Council's Data Protection Officer, is responsible for maintaining proper security and privacy of computer held information and for ensuring compliance with the Data Protection Act, the Freedom of Information Act and any other relevant legislation. All established, temporary and casual staff and consultants are required to adhere to guidance issued.

Electronic Signatures

Electronic signatures should only be used where encryption software is in place. Approval to use electronic signatures must be obtained from the Strategic Director of Finance, Policy and Governance, in consultation with the Head of IT and Customer Services. Electronic signatures should not be used on any document, which is identified on the authorised signatory list.

6. Assets

6.1 Responsibilities of Strategic Directors and Heads of Service

- 6.1.1 Strategic Directors and Heads of Service should ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

6.2 Inventories:

Compilation and Maintenance

- 6.2.1 As far as is practicable, all furniture, fittings and equipment, plant and machinery must be marked as being Council property and access restricted where appropriate.
- 6.2.2 Strategic Directors and Heads of Service must compile and maintain inventories, which contain an adequate description of furniture, fittings and equipment, plant and machinery in their service. The form and extent of the inventories must be agreed with the Strategic Director of Finance, Policy and Governance. Please read the Inventory procedure guide for further guidance and proforma inventory forms.
- 6.2.3 Appropriate entries must be made in the inventory at the time of purchase and disposal of assets. An annual check of all items on the inventory should be carried out. Appropriate action in relation to surpluses or deficiencies must be taken and the Strategic Director of Finance, Policy and Governance informed accordingly.
- 6.2.4 The property of the Council specified in 6.2.1 above must only be used for legitimate Council business.

- 6.2.5 Except in accordance with specific directions issued by the Strategic Director concerned, Council property may only be removed from Council premises in accordance with the ordinary course of the Council's business for the Council's purposes.

Surplus inventory items

- 6.2.6 It is the responsibility of each head of service to establish that legal title rests with the Council prior to the disposal of any item. Before an item is disposed of, consideration should be given as to whether there is a use for the item elsewhere within the Council.
- 6.2.7 Surplus inventory items with an expected residual value of less than £2,500 may be sold or disposed of on the authorisation of the appropriate officer. If the expected residual value exceeds £2,500, authorisation of the Strategic Director of Finance, Policy and Governance must additionally be obtained.
- 6.2.8 All items with a significant market value should be disposed of via public auction (other than land, which is to be disposed of in accordance with Contract Procurement Rules.)
- 6.2.9 Leased items should only be disposed of in accordance with the instructions of the lessor.

Specialised inventories

- 6.2.10 The Head of Finance, Performance and Asset Management must maintain a complete inventory of all land and property owned or leased by the Council, The record must include details of the purpose for which the land is held, its location, extent and exact plan reference, purchase details, particulars of the nature of interest and rents payable and particulars of tenancies granted.
- 6.2.11 Responsibility for exercising the proper stewardship over the Council's land and property assets rests with the Head of Finance, Performance and Asset Management who must ensure that assets are kept in an appropriate condition. He/she is also responsible for the regular review of assets to identify their condition, suitability of use and whether they are under utilised or surplus to requirements.
- 6.2.12 The Corporate Legal Manager will keep all title deeds, formal contracts and agreements in a secure location.
- 6.2.13 The Head of IT and Customer Services is responsible for the maintenance of a comprehensive inventory of all IT hardware and software used across the Council. He/she is responsible for ensuring that the appropriate entries are made at the time of purchase and disposal and that an annual check of all items on the inventory takes place.
- 6.2.14 Inventories of items acquired on lease are compiled and maintained by the Head of Finance, Performance and Asset Management.

6.3 Stocks and Stores

Stock Management

- 6.3.1 Officers responsible for stocks and stores must maintain comprehensive records of stock balances and stock issues and receipts including records of quantities, values and the person issued to. All records and accounts relating to stocks and stores must be in a form approved by the Strategic Director of Finance, Policy and Governance.
- 6.3.2 The quantity of goods received must be checked at the time of delivery. The quality of goods and their compliance with any specification must be checked as soon as possible after delivery.
- 6.3.3 Wherever possible, minimum and maximum stock levels must be set. Stocks must not exceed normal requirements except in special circumstances with the approval of the relevant Strategic Director.

Stock Checks

- 6.3.4 Heads of Service must ensure that persons other than storekeepers carry out periodical, physical test checks of stocks and that all stocks are checked at least once in every year.
- 6.3.5 If stocks are to be transferred to another body, or responsibility is transferred internally, then the responsible Head of Service must ensure that a stock check is carried out to agree the accuracy of the records prior to transfer and that any necessary accounting adjustments are made.
- 6.3.6 Individual deficiencies identified during stock checks that exceed £500 must be reported to the appropriate Strategic Director. The Strategic Director of Finance, Policy and Governance and the Audit Manager must be informed if it is believed that malpractice has occurred.

Year end procedures

- 6.3.7 At the end of each financial year, each responsible officer must supply the Accountancy Manager with details and a signed certificate of the value of stocks and stores held in their section. Stores must be valued in accordance with the accounting policies adopted by the Strategic Director of Finance, Policy and Governance. Please read the Closure Procedure Guide and the Stocks & Stores Procedure Guide on the intranet under Financial Services / Accountancy Services / Forms and Procedures / Year End Forms.

Disposal of obsolete or surplus stock

- 6.3.8 Any items of obsolete or surplus stock, where the expected loss on disposal is no more than £2,500, can be sold or disposed of on the authorisation of the responsible Strategic Director. Where the expected loss on disposal exceeds £2,500, the approval of Cabinet or the relevant Portfolio holder must be obtained.
- 6.3.9 In general, surplus or obsolete stock must be sold through public auction or competitive tender. However, other methods may be used if the Strategic Director and the Strategic Director of Finance, Policy and Governance believe another method would best serve the financial interests of the Council.
- 6.3.10 Wherever an item is disposed of, the appropriate stock record must be updated to reflect the disposal.

Protection of Private Property

- 6.3.11 All property found on Council premises or handed to a Council member of staff must be dealt with in accordance with the Council's Lost Property procedures. Particular attention should be paid to the storage and disposal of such items.
- 6.3.12 The lost property procedures should also be followed where the Council has been passed property for safekeeping by the owner.
- 6.3.13 Where moveable private property is taken into Council custody, an itemised inventory must be prepared. Where practicable, the inventory must describe the condition of the property. The relevant entries should be witnessed by two members of staff and, where known, the owner of the property. The inventory record of these items must be included within the normal inventory maintained by the appropriate Service Manager.

7. Treasury Management

7.1 CIPFA Code of Practice

- 7.1.1 The Strategic Director of Finance, Policy and Governance will ensure that all Council borrowings and investments are conducted in accordance with CIPFA's "Code for Treasury Management in Local Authorities". To this end all Council money and all executive decisions on borrowing, investment or financing are delegated to the Strategic Director of Finance, Policy and Governance or through him/her to his/her staff. (See 7.4)

7.2 Treasury Policy Statement

- 7.2.1 The Strategic Director of Finance, Policy and Governance must prepare a Treasury Policy and Strategy Statement for approval by Council followed by a subsequent annual review by the Cabinet. The Strategic Director of Finance, Policy and Governance has delegated responsibility for implementing and monitoring the statement. The Treasury Policy Statement must contain:
- (i) A statement of approved activities showing Officer and Committee responsibilities;
 - (ii) A strategy for Treasury Management including capital funding, investments and cash flow management;
 - (iii) A listing of all approved methods of raising capital finance;
 - (iv) A definition of approved sources of financing;
 - (v) A definition of approved organisations for investment;
 - (vi) A policy on interest rate exposure;
 - (vii) A policy on the extent of use of external funds managers;
 - (viii) A policy on delegation including the roles of the Cabinet, the Head of Finance, Performance and Asset Management and his/her staff; and
 - (ix) A proposal for reviewing the policy and for reporting on its effects.

7.3 Reporting

- 7.3.1 In accordance with the Code, the Head of Finance, Performance and Asset Management is responsible for reporting to the Cabinet not less than four times in each financial year on the activities of the treasury management operation and on the exercise of his/her delegated treasury management powers. One such report will comprise an annual report on treasury management for presentation by 30th June of the succeeding financial year.
- 7.3.2 Also, in accordance with the Code, the Cabinet must agree the Council's policy and strategy statement on treasury management for the forthcoming financial year. This statement will need to incorporate, amongst other things, the strategy on borrowing, investment and managing cash flow, approved methods of raising finance and approved sources of borrowing.

7.4 Borrowing and Investments

- 7.4.1 All executive decisions on borrowing, investment or financing shall be delegated to the Strategic Director of Finance, Policy and Governance who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities.
- 7.4.2 All borrowings must be made in the name of the Council.
- 7.4.3 The Head of Finance, Performance and Asset Management is the Council's registrar of stocks and must maintain records of all monies borrowed by the Council.
- 7.4.4 All trust funds must, wherever possible, be in the name of the Council.
- 7.4.5 All staff who act as trustees by virtue of their official position, must deposit all securities etc., relating to a trust with the Corporate Legal Manager unless the deed requires otherwise.
- 7.4.6 All money must be invested in the Council's name or in the name of nominees approved by the Council. Bearer securities are excepted from this regulation but their purchase must be reported to the Cabinet.
- 7.4.7 All securities which are the property of, or are in the name of the Council, or its nominees and title deeds of all property in its ownership or mortgaged to the Council, must be held in the custody of the Corporate Legal Manager and a copy of all such securities shall be held off site.

7.5 Cash and Bank Accounts

- 7.5.1 All money in the hands of the authority is controlled by the officer designated for the purposes of Section 151 of the Local Government Act 1972, referred to in the code as the Strategic Director of Finance, Policy and Governance.

Banking Arrangements And Cheques

- 7.5.2 The Strategic Director of Finance, Policy and Governance is responsible for all banking arrangements. No other employee is authorised to open or operate a bank account on the Council's behalf. The Cabinet shall approve the bankers and the accounts used.
- 7.5.3 The Strategic Director of Finance, Policy and Governance is responsible for the ordering and control of all cheques. He/she must make sufficient arrangements for the safe custody of blank cheques and the control and reconciliation of those issued.
- 7.5.4 Cheques on the Council's main bank accounts will bear the facsimile signature of the Strategic Director of Finance, Policy and Governance.

Cheque Alterations

- 7.5.5 Only an employee authorised to do so by the Strategic Director of Finance, Policy and Governance may certify alterations to cheques. Alterations to cheques are limited to the removal of a crossing (subject to the amount of the cheque not exceeding £1,500), to the correction of the date, and/or to the correction of a misspelling of the name of the payee.
- 7.5.6 Where an error has been identified on a cheque valued at more than £1,500, the cheque must be replaced.

Counter-signature

- 7.5.7 Cheques for all payments exceeding £5,000 must be counter-signed by one of the employees authorised to do so by the Strategic Director of Finance, Policy and Governance.
- 7.5.8 The Strategic Director of Finance, Policy and Governance is responsible for ensuring that the Council's bankers are kept informed of those officers authorised to countersign cheques and that they have up-to-date specimen signatures of those officers.

Reconciliation

- 7.5.9 The Strategic Director of Finance, Policy and Governance is responsible for ensuring that a monthly reconciliation between the Council's bank account and its income and expenditure records is performed.

SECTION D INTERNAL CONTROL

1. Why is it important?

- 1.1 Internal control refers to the systems of control devised by management to help ensure the authority's objectives are achieved in a manner which promotes economical, efficient and effective use of resources and that the authority's assets and interests are safeguarded.

2. Responsibilities of the Strategic Director of Finance, Policy and Governance

- 2.1 The Strategic Director of Finance, Policy and Governance is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other regulations that govern their use.
- 2.2 The Strategic Director of Finance, Policy and Governance as the Council's Section 151 Officer is responsible for providing a continuous internal audit function in accordance with the Accounts and Audit (Amendment) (England) Regulations 2009.

3. Responsibilities of Heads of Service

- 3.1 It is the responsibility of managers to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets. These arrangements also need to ensure compliance with all applicable statutes and regulations and other relevant statements of best practice. Managers must seek the advice of the Audit Manager in those instances where the principles of internal control prove difficult to implement or maintain.

4. Audit Requirements

- 4.1 The Audit Commission is responsible for appointing external auditors to each local authority. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by section 5 of the Audit Commission Act 1998.
- 4.2 The authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs who have statutory rights of access.
- 4.3 The Accounts and Audit (Amendment) (England) Regulations 2009 issued by the Secretary of State for the Environment require every local authority to maintain an adequate and effective internal audit.
- 4.4 The internal audit function is required to provide in particular assurance that:
- (i) The Council's internal controls are sound, adequate and appropriately applied;

- (ii) The Council's assets and interests are safeguarded against losses arising from inefficient management, poor value for money, waste, theft, fraud, or any other cause;
- (iii) Financial and other management data is suitable and reliable;
- (iv) Rules, regulations, legislation, policy and procedures are being followed; and
- (v) Risk management action is appropriately applied, see section C. risk management

5. Authority of Internal Audit

5.1 To assist them in their work, the Strategic Director of Finance, Policy and Governance and his/her authorised representative(s) has/have authority to:

- (i) Enter at all reasonable times any Council premises or land subject to any statutory or contractual restrictions that might apply;
- (ii) Access all records, documents, correspondence and data relating to the business of the Council, including those of a contractor acting on the Council's behalf and to remove any such records as is necessary for the purpose of their work;
- (iii) Require and receive such explanations from any Council employee, Member or contractor acting as an employee of the Council as are necessary concerning any matter under examination;
- (iv) Require any employee of the Council to produce cash, stocks or any other Council property under his/her control; and
- (v) Have direct access to the Chief Executive and the Chairs of the Scrutiny and Performance, Audit and Review Committees and Audit & Risk Committee.

6. Responsibility of the Audit Manager

6.1 The Audit Manager in consultation with all Strategic Directors, Heads of Service, Corporate Managers and the external auditor, is responsible for the preparation and maintenance of an annual risk-based audit plan. This contains details of the work to be undertaken in a financial year and includes a contingency for unseen responsive work. This plan is presented to the Audit and Risk Committee for approval.

6.2 The Audit Manager is responsible for planning ahead and documenting as many known risks to the Council as possible. This is achieved by maintaining a document which details all auditable areas across the Council along with any relevant risk information. This document is formally updated as part of the annual planning process.

7. Responsibility of all Strategic Directors and Heads of Service

7.1 Where, as a result of any audit work a draft audit report is issued, the relevant officer must reply to the report within a reasonable time, but in any case within four weeks of the issue date of the report, indicating the action proposed or taken. Where the Strategic Director of Finance, Policy and Governance does not receive a suitable reply to the draft report, a final report will be issued with his / her endorsement as S151 Officer and this fact will be reported to the Audit and Risk Committee in its capacity as the Council's Audit Committee.

8. Preventing Fraud and Corruption

8.1 The Strategic Director of Finance, Policy and Governance is responsible for the development and maintenance of an anti-fraud and anti-corruption policy.

8.2 The Council's Anti Fraud and Corruption Policy outlines how the Council aims to protect itself, its Members and its officers against fraudulent and corrupt acts.

8.3 All employees and Members of the Council have a responsibility to raise any matter that involves or is thought to involve financial or other irregularity. This can be done by raising the concern with:

- a) An immediate manager or supervisor;
- b) The appropriate Strategic Director; or
- c) The Audit Manager.

8.4 Concerns raised in one of the above ways must be reported on to the Strategic Director of Finance, Policy and Governance as soon as is possible. The Strategic Director of Finance, Policy and Governance will then report on to the Audit Manager those issues not raised with him / her directly.

8.5 The Strategic Director of Finance, Policy and Governance will as appropriate, appoint an investigating officer. In the majority of cases, this role will be assigned to the Audit Manager. Unless the Strategic Director of Finance, Policy and Governance or the Audit Manager expressly requests it, departments must not undertake any investigation as this could prejudice an investigation or case by Audit and Consultancy Services or the Police.

8.6 If it is found that a major irregularity has occurred or is occurring, the Strategic Director of Finance, Policy and Governance will immediately inform the Chief Executive, the Finance Portfolio holder and the Chairs of Cabinet and the Scrutiny Committee.

8.7 The Strategic Director of Finance, Policy and Governance, the investigating officer, the Monitoring Officer and the Chief Executive are responsible for deciding whether any irregularity is referred or reported to the Police.

8.8 The Strategic Director of Finance, Policy and Governance or the Audit Manager will discuss any such matter, which involves, or is thought to involve a Member of the Council, with the Council's Monitoring Officer and the Chief Executive. These officers will then decide what course of action needs to be followed

8.9 Concerns can also be raised through the Confidential Reporting Code (Whistleblowing Policy). In such cases, the decision to investigate the allegation further is taken by the Monitoring Officer, in consultation as appropriate with the Strategic Director of Finance, Policy and Governance. Members of staff who

identify a potential fraud or irregularity and chose to report it in this way, should follow the guidance in the Council's Confidential Reporting Code.

9. DOCUMENT RETENTION

- 9.1 Documents created and maintained for transactions covered by these Financial Regulations and the Council's Procurement Rules shall be retained in line with the document retention schedule.
- 9.2 The retention schedule is reviewed annually and amendments will be communicated through briefing processes such as email and newsletters. Audit and Finance Officers may also attend Directorate Management Team meetings on request.
- 9.3 Both physical and electronic documents must be kept in accordance with the Schedule to meet the demands of corporate accountability and the relevant legislation i.e. the Freedom of Information Act and the Data Protection Act. It is the responsibility of all Heads of Service to maintain adequate records and ensure adherence to the schedule. Further advice and guidance is available from the Head of IT & Customer Services, in particular relating to legislative requirements and information management.
- 9.4 Standards on retention apply to electronic records as much as conventional paper records. The retention guidance aims to ensure that electronic records which possess the same functional and documentation characteristics as physical documents are retained for the same length of time and disposed of appropriately.
- 9.5 The Chief Executive retains the right to authorise an extended retention period for a specific document or documents in the event of a query, investigation or any other requirement.

SECTION E. SYSTEMS and PROCEDURES

1. General

1.1 Why is this important?

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

1.1.2 The Strategic Director of Finance, Policy and Governance has a professional responsibility to ensure that the authority's financial systems are sound and should therefore be notified of any new developments or changes.

1.2 Key controls

The key controls for systems and procedures are:

- Basic data exists to enable the authority's objectives, targets, budgets and plans to be formulated;
- Performance is communicated to the appropriate managers on an accurate, complete and timely basis;
- Early warning is provided of deviations from target, plans and budgets that require management attention; and
- Operating systems and procedures are secure.

1.3 Responsibilities of the Strategic Director of Finance, Policy and Governance

1.3.1 To make arrangements for the proper administration of the authority's financial affairs, including to:

- Issue advice, guidance and procedures for officers and others acting on the authority's behalf;
- Determine the accounting systems, form of accounts and supporting financial records;
- Establish arrangements for the audit of the authority's financial affairs;
- Approve any new financial systems to be introduced; and
- Approve any changes to be made to existing financial systems.

1.4 Responsibilities of Heads of Service

1.4.1 To ensure that accounting records are properly maintained and held securely.

1.4.2 To ensure that vouchers and documents with financial implications are not destroyed except in accordance with arrangements approved by the Strategic Director of Finance, Policy and Governance.

- 1.4.3 To ensure that a complete audit trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.
- 1.4.4 To incorporate appropriate controls to ensure that, where relevant:
- All input is genuine, complete, accurate, timely and not previously processed;
 - All processing is carried out in an accurate, complete and timely manner; and
 - Output from the system is complete, accurate and timely.
- 1.4.5 To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and minimise the risk of fraud or other malpractice.
- 1.4.6 To ensure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.
- 1.4.7 To ensure that systems are documented and staff trained in operations.
- 1.4.8 To consult with the Strategic Director of Finance, Policy and Governance before changing any existing financial system or introducing new financial systems.
- 1.4.9 To establish a scheme of delegation identifying officers authorised to act on the head of service's behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.
- 1.4.10 To supply lists of authorised officers, with specimen signatures and delegated limits, to the Strategic Director of Finance, Policy and Governance, together with any subsequent variations.
- 1.4.11 To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off-site, or in an alternative location within the building.
- 1.4.12 To ensure that, where appropriate, computer systems are registered in accordance with the data protection legislation and that staff are aware of their responsibilities under the legislation.
- 1.4.13 To ensure that relevant standards and guidelines for computer systems issued by the head of information technology are observed.
- 1.4.14 To ensure that computer equipment and software are protected from loss and damage through theft, vandalism etc.
- 1.4.15 To comply with the copyright, designs and patents legislation and, in particular, ensure that:
- Only software legally acquired and installed by the council is used on its computers;
 - Staff are aware of legislative provisions; and
 - In developing systems, due regard is given to the issue of intellectual property rights.

2. Income

2.1 Why is this important?

2.1.1 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all of the 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 authority's cashflow and also avoids the time and cost of administering debts.

2.2 Key controls

2.2.1 Key controls for income are:

- All income due to the authority is identified and charged correctly in accordance with an approved charging policy which is regularly reviewed;
- All income is collected from the correct person, at the right time using the correct procedures and the appropriate stationery;
- All money received by an employee on behalf of the authority is paid without delay to the authority's bank or national giro account and properly recorded.
- The responsibility for cash collection should be separated from that:
 - for identifying the amount due; and
 - for reconciling the amount due to the amount received;
- Effective action is taken to pursue non-payment within defined timescales;
- Formal approval for debt write-off is obtained;
- Appropriate write-off action is taken within defined timescales;
- Appropriate accounting adjustments are made following write-off action;
- All appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule; and
- Money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.

2.3 Responsibilities of Strategic Director of Finance, Policy and Governance

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

2.3.2 Fix value limits below which a sundry debtor account cannot be raised and recommend an alternative collection method. Any dispensations to this limit shall be authorised by the Strategic Director of Finance, Policy and Governance. The limit set from January 2008 is £30.

Controlled Stationery

- 2.3.3 To satisfy himself/herself regarding the adequate arrangements for the control of all receipt forms, books, tickets and other such items held by services.

Debtors

- 2.3.4 To approve all debts to be written off up to £5,000 in each case in consultation with the relevant head of service, approve all debts between £5,001 and £10,000 in conjunction with the approval of the Finance Portfolio holder, refer debts over £10,000 to the Cabinet for approval and keep a record of all sums written off and to adhere to the requirements of the Accounts and Audit (Amendment) (England) Regulations 2009.
- 2.3.5 To ensure that appropriate accounting adjustments are made following write-off action.

2.4 Responsibilities of Head of Revenues and Benefits

- 2.4.1 Overall responsibility for the collection of all income due to the Council. He/she must be promptly notified of all monies due to the Council including receipts under contracts, leases and other agreements. Sufficient information to allow all amounts due to be correctly recorded and collected must be provided.
- 2.4.2 To institute distress and court proceedings for the recovery of outstanding monies due to the Council.
- 2.4.3 To approve all debts to be written off up to £5,000 in consultation with the relevant head of service, approve all debts between £5,001 and £10,000 in conjunction with the approval of the Finance Portfolio holder and keep a record of all sums written off up and to adhere to the requirements of the Accounts and Audit (Amendment) (England) Regulations 2009.
- 2.4.4 To approve all debts to be written off where the debtor is declared bankrupt or is in liquidation.
- 2.4.5 Approve the cancellation of debts of £5,001 or more in consultation with the relevant head of service

2.5 Responsibilities of Heads of Service

Fees and Charges

- 2.5.1 To establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, and review it regularly, in line with corporate policies and government regulations.

Controlled Stationery

- 2.5.2 To order and control all receipt forms, books, tickets and other such items relating to the service. A register of issues, returns and destructions will be maintained.

Receipting of Income

- 2.5.3 To ensure sums received are acknowledged immediately by the issue of an official receipt, ticket, voucher or other document prescribed by the Strategic Director of

Finance, Policy and Governance. To hold securely receipts, tickets and other records of income, for the appropriate period.

- 2.5.4 To ensure that under no circumstances should third party cheques be accepted in payment for goods or services provided by the Council.
- 2.5.5 To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling. Only up to approved levels of cash can be held on the premises, see Section C, paragraph 5.1.2.

Transfer of Income

- 2.5.6 To ensure that personal cheques are not be cashed out of money held on behalf of the Council.
- 2.5.7 To keep a record of every transfer of money between employees of the authority. The receiving officer must sign for the transfer and retain a copy.

Banking of Income

- 2.5.8 To ensure all money received on behalf of the Council is banked without any deductions and wherever practicable within two working days and no more than five working days from the date of receipt. It must not be used for expenditure or to create or supplement floats or petty cash accounts, See Section E 4.2.4.
- 2.5.9 To ensure that all paying-in slips show a reference to the related debt (such as the receipt number or the name of the debtor) or the origin of the cheque. The name of the relevant Service Area or a reference to the related debt must be written or printed on the reverse of each cheque.
- 2.5.10 To ensure income collected on behalf of a third party whether for commission or not, is receipted and banked in the same way as the Council's own money. Payment of any amount due to a third party must be made once the account has been checked and the balances agreed.
- 2.5.11 To ensure that there are adequate arrangements for the calculation, prompt collection and timely banking of all income due to their service and that such arrangements prevent losses arising from any source. Appropriate details should be recorded on to paying in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a regular basis.

Debtors

- 2.5.12 Wherever possible, payment in advance should be sought for the provision of goods and services. Where payment in advance is not possible, each Head of Service will be responsible for ensuring that for external customers, a sundry debtor invoice is raised within five (5) days of the service being provided. A sundry debtor invoice raised on the Council's Financial Management System must always be used. Under no circumstances should a request for payment for a service provided be made by letter only.
- 2.5.13 To supply the Strategic Director of Finance, Policy and Governance with details relating to work done, goods supplied or services rendered or other amounts due, to enable the Strategic Director of Finance, Policy and Governance to record correctly the sums due to the authority and to ensure accounts are sent out

promptly. To do this Heads of Service should use established performance management systems to monitor recovery of income and flag up areas of concern to the Strategic Director of Finance, Policy and Governance. Heads of Service have a responsibility to assist the Strategic Director of Finance, Policy and Governance in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the authority's behalf.

2.5.14 Each Head of Service will be provided with details of outstanding debts for which his/her directorate is responsible. He/she is responsible for ensuring that appropriate recovery action is taken on all debts. For the purpose of these Regulations, the value of debts is to be determined by reference to the debtor as opposed to individual debts.

2.5.15 To recommend to the Strategic Director of Finance, Policy and Governance all debts to be written off. Once raised, no bona fide debt may be cancelled except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.

2.5.16 A debt, which is properly due to the Council, will only be cancelled or written off as follows:

- Write off of debts up to and including £5,000 on the approval of the Head of Revenues & Benefits.
- Write off of debts between £5,001 and £10,000 on the approval of the Head of Revenues & Benefits in conjunction with the approval of the Finance Portfolio holder.
- Write off of debts of £10,001 or more with the approval of Cabinet.
- All debts where the debtor is declared bankrupt or is in liquidation on the approval of the Head of Revenues & Benefits.
- Cancellation of debts up to and including £5,000 on the approval of the Head of Service.
- Cancellation of debts of £5,001 or more with the approval of Head of Revenues & Benefits.

2.5.17 To ensure that sufficient budgetary provision is made for the cancellation, write off and cost of recovery of bad debts.

Year end procedures

2.5.18 To notify the Strategic Director of Finance, Policy and Governance of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the closure timetable determined by the Strategic Director of Finance, Policy and Governance.

3. Ordering and paying for work, goods and services

3.1 Why is this important?

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

These procedures should be read in conjunction with the Council's Contract Procurement Rules.

3.2 General

- 3.2.1 Every officer and member of the authority has a responsibility to declare any links or personal interests which they may have with purchasers or suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the council in accordance with appropriate codes of conduct.
- 3.2.2 Official orders must be in a form approved by the Strategic Director of Finance, Policy and Governance. Official orders must be issued for all work, goods or services to be supplied to the authority except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions.
- 3.2.3 Each order must conform with the guidelines approved on the ordering and payments system. Standard terms and conditions must not be varied without the prior approval of the Strategic Director of Finance, Policy and Governance.
- 3.2.4 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of authority contracts.
- 3.2.5 Where the Council has entered a contract with a supplier for goods or services the contract must be used and orders for the provision of goods and services in that contract must not be placed with other suppliers. For example, the provision of stationery through the stationery contract. Other suppliers may be used if the contracted supplier is unable to provide the goods and services required.

3.3 Key controls

- 3.3.1 The key controls for ordering and paying for work, goods and services are:
- All goods and services are ordered only by authorised officers and correctly recorded;
 - All goods and services shall be ordered in accordance with the authority's Contract Procurement Rules for tenders and contracts;
 - Goods and services received are checked to ensure they are in accordance with the order;
 - Payments are not made unless goods have been received by the authority to the correct price, quantity and quality standards;
 - All payments are made to the correct person, for the correct amount and are properly recorded;
 - All appropriate evidence of the transaction and payment documents are retained and stored for the defined period in accordance with the document retention schedule;
 - All expenditure including VAT, is accurately recorded against the right budget; and
 - In addition, the effect of e-business/e-commerce and electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.

3.4 Responsibilities of Strategic Director of Finance, Policy and Governance

- 3.4.1 To ensure that all of the authority's financial systems and procedures are sound and properly administered.

- 3.4.2 To approve the form of official orders, and associated terms and conditions in consultation with the Corporate Legal Manager.
- 3.4.3 To make payments from the authority's funds on the head of service's authorisation that the expenditure has been duly incurred in accordance with financial regulations.
- 3.4.4 To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.
- 3.4.5 To make payments to contractors on the certificate of the appropriate head of service, which must include details of the value of work, retention money, amounts previously certified and amounts now certified within authorised limits.

3.5 Responsibilities of the Corporate Legal Manager

- 3.5.1 To approve the form of official orders, and associated terms and conditions in consultation with the Strategic Director of Finance, Policy and Governance.

3.6 Responsibilities of Heads of Service

Placing Orders

- 3.6.1 To ensure that orders are only used for goods and services provided to the service. Individuals must not use official orders to obtain goods or services for their private use.
- 3.6.2 To ensure that loans, leasing or rental arrangements are not entered into without prior agreement from the Strategic Director of Finance, Policy and Governance. This is to protect the authority against entering into unapproved credit arrangements and to ensure value for money is being obtained
- 3.6.3 With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the Strategic Director of Finance, Policy and Governance, the systems and procedures to be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of sub contractors' tax status
- 3.6.4 Orders must be placed in compliance with the Council's Contract Procurement Rules and for the aggregate value of the 'contract'. (see Contract Values, paragraphs 3.2 & 3.3) An official order must be raised for all work, goods or services to be supplied to the Council prior to their receipt. Orders do not have to be raised for certain services such as, supplies of utilities, periodic payments, petty cash purchases, or other exceptions as agreed and authorised by Financial Services. A full list of all non purchase order suppliers as authorised by Financial Services can be found on the intranet under Financial Services / Accountancy Services / Forms and Procedures / Non Purchase Order Mandatory Suppliers. Verbal orders may only be issued in situations of true urgency and must be confirmed by an official order within two working days.
- 3.6.5 Orders should show all works, goods and services required and the agreed/ estimated price. The only exception to this is where a signed agreement or contract detailing the exact works, goods or services to be provided exists between

the Council and the supplier. In such instances a brief description of the project and the total contract value will be sufficient.

- 3.6.6 Orders must be placed in such a way as to ensure that the best interests of the Council are met. Under no circumstances must orders be split or disaggregated to avoid the EU competition requirements or the Council's Contract Procurement Rules.
- 3.6.7 Where corporate rules on central purchasing and the standardisation of supplies and materials exist, these must be followed. Acquisitions of IT hardware and software must be made with the prior approval and authority of the Head of Customer Service & IT and procured through IT Services.
- 3.6.8 All orders must be made on e-marketplace and authorised online by the authorisation officer, who is separate to the officer who raises the order except for those exceptions listed in 3.6.4 above. Raising an order on the e-marketplace will create a commitment on the relevant cost code for the value of the order, excluding VAT. The commitment value must be profiled over the anticipated payment dates. Please read the marketplace procedure notes on how to order goods and services and profile commitments. This can be found on the intranet under Financial Services / Accountancy Services / Forms and Procedures / / Marketplace procedure notes – approvers / buyers.

Authorisation

- 3.6.10 To ensure that only those staff authorised by him/her electronically approve orders and to maintain an up-to-date list of such authorised staff, including specimen signatures identifying in each case the limits of their authority that shall be forwarded to the Strategic Director of Finance, Policy and Governance. They are also responsible for providing amendments to the list as appropriate.
- 3.6.11 The authoriser of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Best value principles should underpin the authority's approach to procurement. Value for money should always be achieved.
- 3.6.12 An authorised officer must approve each order online. Permissions are password protected and passwords are only distributed to officers authorised by their Head of Service, see paragraph 3.6.10 above.
- 3.6.13 The Purchase Ordering system will allow orders even if there is insufficient budget provision, except for those exceptions listed in 3.6.4 above. The system will highlight that the budget will be exceeded, under no circumstances should the order be authorised unless an authorised budget change is forthcoming. Please read the Revenue Budget Changes procedure guide on budgetary control and virement. This can be found under [.\Revenue Budget Changes\Revenue Budget Changes - Procedure Guide.doc](#).

Variations

- 3.6.14 A variation to works or construction contracts must be accompanied by a variation order, which contains details of the variation and is signed in manuscript by an

authorised officer. Variations may only be authorised if sufficient budget provision exists.

Payment of Accounts

3.6.15 In general, payments are made by cheque or electronic transfer on the Council's bank account. The exception to this is reimbursement of officer expenditure through a petty cash account. (See Financial Regulation E 4, Petty Cash Accounts and Floats) Petty Cash. Reimbursement of professional subscription fees must be processed through the payroll system. (See Employee Handbook)

Payment following invoicing - Certification

3.6.16 To ensure that payments are not made on a photocopied or faxed invoice, statement or other document other than the formal invoice.

3.6.17 To ensure that orders and related invoices are examined, verified and certified prior to authorisation for payment. Evidence of these checks must be entered into the official Council Grid Stamp that should be stamped on all invoices received. Certification can either be in manuscript or by computer password, by or on behalf of the budget holder. The officer certifying an account must be satisfied that: -

- (i) The official ordering procedure outlined in Section A 3.6.1 to 3.6.9 has been observed and Procurement Rules followed;
- (ii) The work, goods or services to which the account relates, have been received, carried out, examined and approved;
- (iii) To ensure that payment is not made unless a proper VAT invoice has been received and that the prices, calculations, trade discounts, other allowances, credits and VAT are correct;
- (iv) The relevant expenditure has been properly incurred and is within the relevant budget provision. Please read the Revenue Budget Changes procedure guide on budgetary control and virement. This can be found on the intranet.
- (v) The invoice is correctly coded and that appropriate entries will be made in accounting records
- (vi) Appropriate entries have been made in inventories, stores records or stock books as required;
- (vii) The account has not been previously passed for payment and is a proper liability of the Council; and
- (viii) The invoice submitted is an official supplier invoice. Limited exceptions to this requirement include periodic recurring payments, contract payments and any other exceptions specifically approved by the Strategic Director of Finance, Policy and Governance.

3.6.18 Officers must comply with the advice and instructions provided in the Purchase Ledger Purchase Ordering Training Notes.

3.6.19 Any amendment to an account must be made in ink and initialled by the member of staff making it, stating briefly the reasons where they are not self-evident.

Payment in Advance

3.6.20 If payment in advance is required, the official ordering process as outlined in 'placing orders' above must be followed. Actions should also be taken to ensure compliance with Section 3.6.19, sub-paragraphs (iii), (iv), and (vii) above.

3.6.21 An official payment requisition form must be completed and authorised by an appropriate officer. The payment requisition form and any documents for dispatch with the cheque or bacs remittance, should be submitted to the Payments and Reconciliation Section for processing.

3.6.22 Responsibility for the dispatch of such cheques rests solely with the Management Support Unit, Finance, Policy and Governance.

3.6.23 Only in exceptional circumstances will cheques be returned to departments for dispatch. Such exceptional circumstances include cheques to pay court fees. Cheques to replenish petty cash floats also fall into this category. The procedure to follow in such circumstances can be found in the guidance note, Dispatch of cheques other than through the Creditors System.

Authorisation

3.6.24 Only invoices that have been certified as correct should be authorised for payment. Authorised officers must use their signature for authorisation purposes and not their initials. Officers authorising payment must comply with VAT requirements and any instructions periodically issued by the Strategic Director of Finance, Policy and Governance.

3.6.25 Direct Debit (DD) mandates can only be authorised by those officers within Finance, Policy and Governance who are authorised 'bank' signatories.

3.6.26 In the event that the Council introduces an electronic payment process, as part of an integrated e-procurement financial system, online authorisation will be permitted. Permissions will be password protected and passwords will only be distributed to officers authorised by their Strategic Director, see paragraph 3.6.30 below.

3.6.27 Electronic signatures should only be used where encryption software is in place. Approval to use electronic signatures must be obtained from the Strategic Director of Finance, Policy and Governance, in consultation with the Head of IT and Customer Services. Electronic signatures should not be used on any document, which is identified on the authorised signatory list.

3.6.28 Heads of Service are responsible for supplying the Strategic Director of Finance, Policy and Governance with the names, positions, specimen signature and authority limits of officers approved to authorise accounts for payment. They are also responsible for providing details of amendments as appropriate. Heads of Service must ensure that where applicable 'conflict of interest' forms are completed by authorised officers and updated as necessary.

Separation of Duties

3.6.29 To ensure that at least two authorised officers are involved in ordering, receiving and authorising goods, services and works for payment. In all instances the officer authorising the invoice should be different from the officer who checked the written invoice and certified it. Where practicable, a different officer from the one who signed the order should authorise the invoice.

Payment

3.6.30 Duly certified and authorised invoices must be entered on the Integra Purchase Ledger System and passed without delay to the Strategic Director of Finance, Policy and Governance to ensure payment is released in accordance with Government dictated time limits or the terms stated by the supplier.

3.6.31 The Strategic Director of Finance, Policy and Governance will check and examine accounts for payment as necessary to ensure that they have been processed in accordance with these Regulations and Procurement Rules to confirm that the Council can legally make the payment. Instances of non-compliance will be reported to the relevant Head of Service.

3.6.32 The normal payment schedule as determined by the Strategic Director of Finance, Policy and Governance is to be used in all but cases of extreme urgency. Acceptable reasons for requesting an urgent payment include where a delay would cause hardship to the individual, would result in the suspension of essential or any other reason agreed by the Strategic Director of Finance, Policy and Governance. In all cases, the officer requesting the cheque must document the reason for urgency on or attached to the invoice.

3.6.33 All cheques with a value of more than £5,000 must be countersigned by an officer within Finance, Policy and Governance who is an authorised 'bank' signatory. All BACs payments with a value of more than £5,000 must be scheduled and the schedule authorised by those officers within Finance, Policy and Governance who are authorised 'bank' signatories.

3.6.34 Payment will normally be made by means of BACs or cheque. Purchase cards will be permitted for certain officers. All purchase card arrangements and their issue are permitted only on the approval of the Strategic Director of Finance, Policy and Governance.

3.6.35 Payment will only be made on copy invoices if they are endorsed by an authorised officer with a statement saying that the invoice has not already been passed for payment and that the expenditure incurred has been approved.

3.6.36 To notify the Strategic Director of Finance, Policy and Governance immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.

Year end procedures

3.6.37 To notify the Strategic Director of Finance, Policy and Governance of all outstanding expenditure relating to goods and services received in the previous financial year, as soon as possible after 31st March and not later than such date as agreed in the closure of accounts timetable in each year. Please read the Closure Procedure Guide on the intranet at [Financial Services / Accountancy Services / Forms and procedures / Financial Year End Form Info / Closure Procedure Guide](#)

and Creditor and Debtor Procedure Guide at on the intranet under Financial Services / Accountancy Services / Forms and Procedures / Financial Year End Form Info / Creditor and Debtor Accrual Sheets.

4. Petty Cash Accounts and Floats

4.1 Responsibilities of Strategic Director of Finance, Policy and Governance

- 4.1.1 The Strategic Director of Finance, Policy and Governance will provide a petty cash account as appropriate to cover incidental office expenses. If necessary, he/she will open a bank account for use by the petty cash account holder. This account must be kept in credit.
- 4.1.2 The Strategic Director of Finance, Policy and Governance will set the limit on single items of expenditure. This is set at £10 (inc. VAT).

4.2 Responsibilities of Heads of Service

- 4.2.1 Ensure that expenditure on a single item is limited to £10 (inc. VAT). All postage for outgoing mail shall be made through a franking machine unless otherwise approved by the Strategic Director of Finance, Policy and Governance. Postage stamps held by the approval of the Strategic Director of Finance, Policy and Governance must not be sold to members of staff or the general public.
- 4.2.2 Wherever possible a VAT receipt must be obtained for all items of expenditure. Receipted vouchers, signed by the recipient of the reimbursement must support all expenditure.
- 4.2.3 Staff responsible for a petty cash account must keep adequate records in a form approved by the Strategic Director of Finance, Policy and Governance to support expenditure. If requested, a certificate as to the state of the account must be provided to the Strategic Director of Finance, Policy and Governance.
- 4.2.4 Income received on behalf of the Council must not be paid into a petty cash account but must be banked or paid to the Council as required in Section E 2.5.8.

Checks

- 4.2.5 Officers responsible for petty cash accounts or change floats must, with another, officer, regularly check the balance of the account or float. A record of such checks should be signed by both officers and maintained.
- 4.2.6 The Head of Service must arrange for a periodic (but not less than every six months) check of petty cash accounts under her/his control by a member of staff other than those directly responsible for the operation of the account.

Transfer of Accounts

- 4.2.7 The Head of Service must ensure that any floats or petty cash accounts held by officers leaving the employment of the Council are checked prior to the leaving date. These floats or petty cash accounts should then either be paid back to the Strategic Director of Finance, Policy and Governance or transferred to another employee.

- 4.2.8 The account holder must agree the accuracy of the records and cash held with their line manager prior to transfer of the account. A form should be completed by the individual surrendering the Petty Cash, declaring the value of cash to be transferred. The new petty cash holder should countersign the Declaration, confirming the amount of petty cash received. Once completed, the form should be sent to the Payments and Reconciliation Section.
- 4.2.9 The guidance detailed in paragraph 4.2.8 above also applies to situations where it is possible to predetermine a petty cash account holder's e.g. annual leave, maternity leave, absence for surgery etc.
- 4.2.10 Forms can be found on the intranet, under Financial Services / Accountancy Services / Forms and Procedures / Year End Forms / Petty Cash Declaration.

Repayment of accounts

- 4.2.11 Where the immediate need for a petty cash account or float ends, the petty cash or float holder must account to the Strategic Director of Finance, Policy and Governance for the total amount advanced and pay the float or balance of the petty cash account back to the Council's main bank account.
- 4.2.12 A form should be completed, which can be found on the intranet under Financial Services / Accountancy Services / Forms and Procedures / Petty Cash Request for change in level. Once completed, the form should be sent to the Payments and Reconciliation Section.

Year end procedures

- 4.2.13 Heads of Service must notify the Strategic Director of Finance, Policy and Governance of the cash balances held on any floats or petty cash accounts at the 31st March on a duly signed certificate for each float or account as soon as possible after the 31st March and not later than such date as agreed in the closure of accounts timetable in each year. Please read the Closure Procedure Guide on the intranet under Financial Services / Accountancy Services / Forms and Procedures / Financial Year End Forms / Closure Procedure Guide and the procedure Guide which can be found under G / Accounting and Finance Issues / Advance Accounts / Petty Cash Procedure Guide.

5. Peacetime civil major incidents and/or in the event of a business continuity plan for a council service being invoked

5.1 Emergency Planning

- 5.1.1 As part of its emergency planning role, the Council is responsible for a range of activities in the event of a major incident being declared. These activities may require the ordering of works, goods or services. The procuring officer(s) may have little or no advance notice and may not have access to the Council's purchase ledger system.
- 5.1.2 The Council is responsible for payments for all resources, which are utilised by them at their own request.
- 5.1.3 Under the Council's Business Continuity Management Strategy, the Chief Executive is responsible for invoking a Service Business Continuity Plan. The invoking of a business continuity plan may require the ordering of works, goods or

services. The procuring officers may have little or no advance notice and may not have access to the Council's purchase ledger system.

5.2 Responsibilities of the Chief Executive

5.2.1 The Chief Executive is responsible for activating both the Council's Major Incident Plan and Service Business Continuity Plans. Once activated, any orders for the supply of works, goods or services need not be subject to the Council's Contract Procurement Rules. (See Section 10, Waivers) However, during this period the Council's Financial Regulations continue to apply.

5.3 Responsibilities of the Strategic Director of Finance, Policy and Governance

5.3.1 The Strategic Director of Finance, Policy and Governance must:

- Ensure that the Council's Financial Services operate in a resource allocation role, working closely with the Chief Executive in order to advise on and monitor the costs incurred by the Council in response to the major incident; and
- Maintain an overview of ordering systems and financial records relating to the incident. This will include authorising the format of temporary order forms and instructing on the financial coding structure to be used.

5.4 Responsibilities of officers procuring works, goods or services

5.4.1 Officers instructed to order works, goods or services must:

- Maintain a record of all such orders
- As soon as is practicable, transfer all temporary orders to the Council's official ordering system providing best estimate of the cost and coded as instructed by the Council's Accountancy Manager
- Ensure that where practicable, documentation is completed to indicate that the goods or services have been received and works undertaken
- Ensure that an inventory of all remaining goods is compiled following completion of the emergency. The inventory should record what items are to be retained for future Council activities and what items are surplus to the Council's requirements and should be disposed of
- Ensure that all surplus goods are disposed of at best consideration to the Council.

6. Payments to employees and members

6.1 Why is this important?

6.1.1 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 authority and accord with an individual's 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.

6.2 Key controls

6.2.1 The key controls for payments to employees and members are that:

- Proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to:
 - starters
 - leavers
 - variations
 - enhancements and that payments are made on the basis of timesheets or claims, including those submitted via an approved electronic system;
- Frequent reconciliation of payroll expenditure against approved budget and bank account;
- All appropriate payroll documents are retained and stored; and
- Her Majesty's Revenue and Customs' regulations are complied with.

6.3 Responsibilities of the Corporate Human Resources Manager

- 6.3.1 To arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees in accordance with procedures prescribed by him/her, on the due date as agreed by the Conditions of Employment. Advances of pay require the consent of the Strategic Director of Finance, Policy and Governance and will only be made in exceptional circumstances.
- 6.3.2 To record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions.
- 6.3.3 To make arrangements for the payment of all travel and subsistence claims, financial loss allowance and professional fees claimed by Members and employees in accordance with current North Hertfordshire District Council policies and guidance. These can be found on the intranet.
- 6.3.4 To provide advice and encouragement to secure the payment of salaries and wages by the most economical means.
- 6.3.5 To ensure that there are adequate arrangements for administering superannuation matters on a day to day basis.
- 6.3.6 To complete all Her Majesty's Revenue and Customs' returns regarding PAYE.
- 6.3.7 To ensure that all appropriate payroll documents are retained and stored.
- 6.3.8 To keep the Conflicts of Interest for Staff in the Employee Handbook under review. The Code must be adhered to by permanent and temporary staff and consultants at all times.

Documentation authorisation

- 6.3.10 Only time records and payroll documents in a form prescribed or approved by the Corporate Human Resources Manager, and the Strategic Director of Finance, Policy and Governance will be processed. All documents submitted to Human Resources must be authorised for payment by an appropriately authorised officer using their full signature and not initials, unless they are submitted through an approved electronic system incorporating sufficient control mechanisms.

6.3.11 The Corporate Human Resources Manager will maintain a list of specimen signatures and authority levels of the officers authorised to sign claim forms and to authorise electronic claims via secure password. At least annually the Corporate Human Resources Manager will seek confirmation that information contained in the list remains up-to-date. It is the responsibility of Heads of Service to provide the Corporate Human Resources Manager with updated information on changes of staff as they occur.

6.3 Responsibilities of Heads of Service

6.4.1 To ensure appointments are made in accordance with the regulations of the authority and approved establishments, grades and scales of pay, and that adequate budget provision is available.

6.4.2 Heads of Service must, using the appropriate documentation or electronic system, notify the Corporate Human Resources Manager as soon as possible, in particular before officers leave, of all matters which may affect the pay or pension of an employee or former employee, in particular:

- (i) Appointments, resignations, dismissals, suspension, secondments and transfers of all staff including those of casual staff and consultants;
- (ii) Absences from duty for sickness or other reasons, apart from approved leave;
- (iii) Changes in remuneration, other than pay awards and other negotiated agreements which apply to staff generally;
- (iv) Information necessary to maintain records of service for superannuation, income tax, national insurance and the like;
- (v) Untaken or excessive leave when officers leave the employment of the Council;
- (vi) Training expenses recoverable when officers leave the employment of the Council.

6.4.3 Heads of Service must ensure that adequate and effective systems and procedures are operated, so that:

- payments are only authorised to bona fide employees;
- payments are only made where there is a valid entitlement;
- conditions and contracts of employment are correctly applied; and
- employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.

- 6.4.4 To ensure that payroll transactions are processed only through the payroll system. Heads of Service should give careful consideration to the employment status of individuals employed on a "self employed consultant or sub contract" basis. Her Majesty's Revenue & Customs applies a tight definition for employee status and in cases of doubt, advice should be sought from the Corporate Human Resources Manager.
- 6.4.5 To certify travel and subsistence claims and other allowances. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the Council, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications.
- 6.4.6 To ensure that the details of any employee benefits in kind are notified to the Corporate Human Resources Manager to enable full and complete reporting within the income tax self assessment system.
- 6.4.7 To ensure that all persons employed by the authority are added to the authority's payroll and tax deducted from any payments, except where the individuals are bona fide self employed or are employed by a recognised staff agency.

Recruitment

- 6.4.8 The guidance in the Recruitment Booklet for Managers must be followed in all recruitment processes. It can be found in the Human Resources area on the intranet. All posts must be offered subject to the receipt of two satisfactory references. Wherever possible at least one reference should be obtained from the applicant's current employer. Where the post holder is required to have and states he/she has a particular qualification, confirmation checks must be undertaken, original certificates of qualifications seen and a copy held on the Council's files.
- 6.4.9 Appointments of all employees must be made within the approved establishment, grades and rates of pay agreed by the Council. Exceptions to this may apply e.g. market forces payments. In such circumstances the appropriate Head of Service must ensure that resources are available to fund the additional expenditure and consult with the Corporate Human Resources Manager as to the appropriateness of the proposed additional payment.

Documentation authorisation

- 6.4.10 Heads of Service must provide Human Resources with the names of officers authorised to sign or authorise electronically payroll documents together with specimen signatures and details of limits of authority and must forward amendment details on the occasion of any change.

6.4.11 Officers cannot authorise their own claim forms for payment. Strategic Directors must have their claims authorised by either the Chief Executive or the Strategic Director of Finance, Policy and Governance . Where the claimant is the Chief Executive, the Strategic Director of Finance, Policy and Governance should authorise the claim. Where a claimant is a budget holder, an officer of at least equivalent status must authorise the claim.

Responsibilities of Employees and Members

6.4.12 Allowances will only be payable against actual expenditure incurred up to the maximum allowed under the current regulations. Receipts should be obtained and submitted with a claim. Where it is not possible to obtain a receipt, the claimant should list the items purchased, their cost and the supplier. Payment will then be made at the discretion of the officer's manager.

6.4.13 Mileage will only be reimbursed if it is incurred whilst carrying out official Council duties. Mileage claims must be accompanied by a relevant VAT fuel receipt, in order to comply with current VAT regulations. Officers who use their private vehicle for Council business must have insurance that covers business travel.

6.4.14 Officers travelling by rail should where practicable purchase their ticket in advance using the Council's purchase card or obtain a rail warrant from their Management Support Unit prior to travel.

6.4.15 Reimbursement of professional subscription fees will only be made on submission of the invoice from the relevant professional body. (See Employee Handbook).

6.4.16 Payments will only be made to staff and Members who are entitled to claim travelling or other allowances upon submission of a completed and authorised claim form (including electronic forms) as prescribed by the Strategic Director of Finance, Policy and Governance.

6.4.17 Claims for expenditure incurred between April and December inclusive of any financial year must be submitted within three months of the final day of the claim period. For example, claims made for the period 1st to 30th April must be submitted by 31st July. Claims for expenses submitted after these dates will be paid only with the express approval of the Strategic Director of Finance, Policy and Governance.

6.4.18 Claims for expenditure incurred between January and March inclusive of a financial year must be submitted within one month of 31st March.

6.4.19 The last day for submission of authorised claims is the 5th of the month for each pay period (i.e. by 5th of April for April payroll). This date relates to the process of monthly payment and are not the deadlines referred to in the above two paragraphs.

6.4.20 Officers who authorise a claim confirm they are satisfied that the journeys were authorised, the expenses properly and necessarily incurred and the allowances properly payable by the Council. Authorisation must be in the form of a signature and not initials, unless they are submitted via an approved electronic system incorporating sufficient control mechanisms.

6.4.21 Staff must not authorise their own claim forms for payment. Where the claimant is a Strategic Director, the Chief Executive or the Strategic Director of Finance, Policy

and Governance should authorise the claim. Where the claimant is the Chief Executive, the Strategic Director of Finance, Policy and Governance should authorise the claim. Where a claimant is a budget holder, an officer of at least equivalent status must authorise the claim.

7. Taxation

7.1 Why is this important?

7.1.1 Like all organisations, the authority is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers to be aware of their role.

7.2 Key controls

7.2.1 The key controls on taxation are:

- budget managers are provided with relevant information and kept up to date on tax issues relevant to their role;
- budget managers are instructed on required record keeping;
- all taxable transactions are identified, properly carried out and accounted for within stipulated timescales;
- records are maintained in accordance with instructions; and
- returns are made to the appropriate authorities within the stipulated timescale.

7.3 Responsibilities of the Strategic Director of Finance, Policy and Governance

7.3.1 To complete a monthly return of VAT inputs and outputs to HM Revenue and Customs;

7.3.2 To provide details to HM Revenue and Customs regarding the Construction Industry Tax Deduction Scheme.

7.4 Responsibilities of Head of Services

7.4.1 To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Revenue and Customs regulations;

7.4.2 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary Construction Industry Tax Deduction requirements.

SECTION E EXTERNAL ARRANGEMENTS

- 1.1 Any partnership arrangement entered into must be fully appraised to assess the viability of the project in terms of resources, staffing, expertise and risk to the Council.
- 1.2 The roles and responsibilities of each partner must be agreed and formally accepted before the project commences.
- 1.3 The Strategic Director of Finance, Policy and Governance shall advise on effective controls to ensure that resources are not wasted and on the key elements of funding of the project.
- 1.4 The Strategic Director of Finance, Policy and Governance shall be presented with and shall agree a risk management appraisal and details of funding arrangements before commencement of the project.
- 1.5 All funding received is to be properly recorded in the Council's accounts.
- 1.6 All claims for external funds are to be made by the due date.
- 1.7 The appropriate officer shall monitor all project progress in accordance with the agreed project statement and shall ensure all expenditure is properly incurred and recorded.
- 1.8 Any work for third parties must receive prior approval of the Cabinet.
- 1.9 A register shall be maintained of all work on behalf of third parties.
- 1.10 The Strategic Director of Finance, Policy and Governance shall issue guidance as required to ensure the proper control of work on behalf of third parties and to ensure the Council is not at risk.

1.11 APPENDIX 1 – CONTACT OFFICERS

Subject	Contact Officer	Designation	Contact Number
General Advice	Margaret Mulkerrin	Audit Manager	4242
	David De Smet	Principal Auditor	4467
	Alan Cooper	Principal Auditor	4344
IT hardware/software acquisition	Vic Godfrey	IT Manager	4455
Authorised Signatory list			
- Creditors	Rachel Cooper	Payments and Reconciliations Manager	4606
- Payroll	Caroline Gray	Shared Services Manager	4624
Purchase Ordering and Invoice Payment	Rachel Cooper	Payments and Reconciliations Manager	4606
VAT Queries	Rachel Cooper	Payments and Reconciliations Manager	4606
Urgent Payments	Rachel Cooper	Payments and Reconciliations Manager	4606
Controlled Stationery	Kevin Conheeny	Administrative Officer	4269
Petty Cash	Rachel Cooper	Payments and Reconciliations Manager	4606
Sundry Debtor invoicing	Julie Abbis/Sue Winters	Accountancy technicians	4241/ 4512
Recovery and Write Off of debt	Geraldine Goodwin	Revenues Manager	4277
Payroll Queries	Margaret Condra	Payroll Administrator	4399
Staff handbook queries	Kerry Shorrocks	Corporate Human Resources Manager	4224
Risk Management and Insurance	Fiona Timms	Performance and Risk Manager	4251
Data Protection	Tim Cowland	Head of IT and Customer Services	4618
Inventories	Margaret Mulkerrin	Audit Manager	4242
Fraud and irregularities	Margaret Mulkerrin	Audit Manager	4242
Document Retention	Toby Le Sage	Information & Records Manager	4563
Accounting records (Integra)	Dean Fury	Corporate Support Accountant	4509
	Tim Neill	Accountancy Manager	4470
	Dean Fury	Corporate Support Accountant	4509
	Lois Stewart	Service Accountant (Customer Services)	4566
	Jodie Penfold	Service Accountant (Finance, Policy and Governance Services)	4332
Capital Programme	Dean Fury	Corporate Support Accountant	4509
Asset Leasing	Dean Fury	Corporate Support Accountant	4509
Bank Arrangements	Antonella Di Maria	Management Support Manager	4334

