

Teignbridge District Council

# Financial Instructions



# Financial Instructions



Teignbridge  
DISTRICT COUNCIL  
South Devon

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## 1. PREFACE

### **What are the Financial Instructions?**

- 1.1 The Financial Instructions provide the framework for managing the authority's financial affairs. They are for use within Teignbridge District Council and by anyone acting for it.

### **Why are they important?**

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

### **To whom do they apply?**

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

### **What happens if the Instructions are breached?**

- 1.7 The Chief Finance Officer is responsible for reporting, where appropriate, breaches of the Financial Instructions to the Council and / or to Executive members and Audit Scrutiny Committee. The Internal Audit section will investigate suspected breaches of the Financial Instructions and prepare a report for the Chief Finance Officer and the Managing Director and relevant Heads of Service / Service Manager.

### **Are the Instructions reviewed and when?**

- 1.8 As the Council's Section 151 Officer, the Chief Finance Officer is responsible for maintaining a continuous review of the Financial Instructions and submitting any additions or changes necessary to the Council for approval.

## 1. PREFACE

The Financial Instructions are reviewed periodically by the Chief Finance Officer in consultation with Internal Audit and the Managing Director, Heads of Service and Service Managers prior to referral to Audit Scrutiny Committee to recommend approval by the Council.

### **How are the Financial Instructions laid out?**

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

### **Who can give me advice and guidance?**

- 1.11 The Chief Finance Officer, or any member of Internal Audit can provide advice and guidance where required. If you have any queries, comments or concerns on the content of the Financial Instructions, please contact them.
- 1.12 Queries should be directed to Internal Audit. A record of all advice and guidance issued is maintained by Internal Audit.

## 2. WAIVING THE FINANCIAL INSTRUCTIONS

### Can the Financial Instructions be waived?

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

### What are the underpinning principles?

- 2.4 Where officers consider the Financial Instructions cannot be followed then reasoned, considered and sensible solutions to everyday problems that may arise shall be applied.
- 2.5 If the answer to one or more of the following questions is 'Yes' the waiving of the Financial Instructions may be considered:

If the Financial Instructions were to be followed to the letter...

- **Life or Death** – Is there a significant chance that the life or health of officers, members or the public will be put at real risk?
- **Increased Cost / Loss of Income** – Will the Council incur significant avoidable costs or lose significant income (significant shall be taken to mean material in the sense that it is either material to the project, the service or the Council)?
- **Limited Markets** – Would the Council be wasting its time obtaining quotations as supply of the product or service is demonstrably restricted to one or few businesses?
- **Urgent Action Required** – Would the Council be criticised for failing to act promptly?

## 2. WAIVING THE FINANCIAL INSTRUCTIONS

### Who's who?

#### The Officer

In the context of this section the officer is taken to be the individual faced with a problem that may require the Financial Instructions be waived.

#### The Manager

In the context of this section the manager shall be taken to be the officer's direct line manager who endorses the request to waive the Financial Instructions.

#### The Internal Auditor

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

#### The Procurement Officer

The Procurement Officer is not responsible for the management or the operation of any of the Council's services. In the context of this section the Procurement Officer's role is to ensure Procurement rules are followed. If this is not possible then management is made aware and safeguard the Council against any significant financial or non-financial risks that are likely to arise. **Management not the Procurement Officer are responsible for any final decisions taken.**

#### The Managing Director and Heads of Service

In the context of this section the Heads of Service shall be taken to be the 'Officer' and the line Manager's Heads of Service. They have the authority to approve or reject the waiver request.

## 2. WAIVING THE FINANCIAL INSTRUCTIONS

### The Procedure for Waiving the Financial Instructions

#### The Officer and their Manager

- 2.6 Where an officer considers they have reason to request the content of the Financial Instructions be waived, they shall first inform and obtain the written approval of their immediate line manager using a Financial Instructions waiver form. At the meeting between the officer and their manager, the circumstances surrounding the request must be discussed. A proposal as to the course of action to be taken will then be agreed and recorded on the waiver form.
- 2.7 The officer and manager will have to satisfy the Internal Auditor and, in the event of waivers involving spending, the Procurement Officer that:
- At least one of the basic principles as set out in 2.5 above has been met;
  - They have been provided with adequate evidence in support of the request;
  - The officer and their manager have had due regard to the risks to the Council of the action they propose (in terms of the likelihood of occurrence and the impact);
  - A decision to waive the Financial Instructions would be in the best interests of the Council.
- 2.8 The officer concerned and their manager, if necessary, may then approach the Internal Audit Section and if a spending waiver, the Procurement Officer where they will be asked to provide the full background. They will be asked what action they propose should be taken.

#### The Internal Auditor and Procurement Officer

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

## 2. WAIVING THE FINANCIAL INSTRUCTIONS

### The Managing Director and Head of Service

- 2.12 Once the view of Internal Audit (and Procurement where appropriate) has been obtained, the appropriate Managing Director and / or Head of Service will sign the 'Financial Instructions Waiver Form' unless a 'Key Decision' is required, i.e. those in respect of revenue spending over £100,000 and capital spending over £250,000. Such decisions must be referred back to the Executive Committee as must any decision which may have a significant effect on communities, i.e. effecting over 2000 residents.
- 2.13 No officer shall approve a Financial Instructions waiver initiated by them, i.e. a higher authority must approve it.
- 2.14 If a decision is urgently required the Managing Director is empowered to make a decision in consultation with the Leader and Deputy Leader. The decision will be recorded in accordance with the Council's Constitution, to enable it to be retrospectively reported to the following meeting of the Executive Committee. Internal Audit will be notified of the outcome.

### Record Keeping

- 2.15 Internal Audit will maintain a record of all advice given and requests to waive the Financial Instructions and their outcome. This record will be reviewed annually to ensure the Financial Instructions remain up to date, clear and in-line with operational and practical issues. All such advice will be reported for review by the Council's Audit Scrutiny Committee.
- 2.16 Where relatively minor waivers are requested the Auditor may advise the officer to proceed subject to the Auditor logging the advice for scrutiny as in 2.15.



### 3. SUMMARY OF FINANCIAL LIMITS

The following tables summarise the limits quoted in these Instructions:

Item Value ex VAT	Use of Reserves	Page
Up to £60,000	The Managing Director / appropriate Head of Service in conjunction with the Chief Finance Officer may approve the use of specific reserves up to £60,000 as set out in the Scheme of Delegation.	54
Between £60,001 and £200,000	The prior approval of the Executive is required upon receipt of a report from the Chief Finance Officer.	54
Greater than £200,000	The prior approval of Full Council is required upon receipt of a report from the Chief Finance Officer.	54

Item Value ex VAT	Budget Changes (Virements) – Limits for GENERAL FUND (Revenue Budgets)	Page
Up to £40,000	Up to £40,000 the relevant responsible officer (budget holder) may approve the virement. No form is required.	52
£40,001 to £100,000	Between £40,001 and £100,000 a virement form is required which is to be authorised by the relevant Head of Service or nominated deputy and the Chief Finance Officer or nominated deputy.	53
£100,001 to £200,001	A virement form is required which is to be authorised by the Chief Finance Officer or nominated deputy, Head of Service or nominated deputy, two Heads of Service, and approved by the Executive, or as a Portfolio Holder decision for non-Key Decisions £100,000 or less.	53
Greater than £200,000	Approval of the full Council is required. They shall require initial authorisation by the Chief Finance Officer or nominated deputy, the relevant Head of Service or nominated deputy, and the Managing Director.	53

Item Value ex VAT	Budget Changes (Virements) – Limits for CAPITAL Budgets	Page
Up to £40,000	Up to £40,000 is to be requested by the relevant responsible officer via the appropriate accountant. No form is required.	53
£40,001 to £100,000	A virement form is required which is to be authorised by the relevant Head of Service or nominated deputy and Chief Finance Officer or nominated deputy. The Portfolio Holder is to be consulted.	53
£100,001 to £250,000	A virement form is required which is to be authorised by the Chief Finance Officer or nominated deputy, Head of Service or nominated deputy, two Heads of Service, and agreed by the Portfolio Holder as a Portfolio Holder decision for non-Key Decisions.	53
£250,001 to £500,000	A virement form is required which is to be authorised by the Chief Finance Officer or nominated deputy, Head of Service or nominated deputy in consultation with the appropriate accountant, two Heads of Service, and approved by the Executive.	53
Greater than £500,000	Approval of the full Council is required. They shall require initial authorisation by all Heads of Service, the Managing Director and the Chief Finance Officer in consultation with the appropriate accountant.	53

### 3. SUMMARY OF FINANCIAL LIMITS

Item Value ex VAT	Quotations/Tendering for Goods, Services and Works	Requirement	Short Listing	Page
Up to £20,000	A minimum of one written Quotation e.g. via email, but good practice to seek most favourable prices and terms, having regard to the Council's Procurement Strategy.	Good Practice	Officer	32
£20,001 - £100,000	A minimum of three formal written Quotations via the Procurement Portal	Yes	Officer and Business Manager	32
£100,001 – FTS Threshold	Invitation to Tender via advertisement i.e. Contracts Finder.	Yes	Officer and Business Manager in consultation with the Corporate Procurement Officer.	See Contract Procedure Rules
Above FTS Threshold	Invitation to Tender by advertisement via Contracts Finder and Find a Tender Service (FTS) procedure.	Yes	Officer, Business Manager and Business Lead in consultation with the Corporate Procurement Officer	See Contract Procedure Rules
All values. Collaborative Contracts	The Corporate Procurement Officer must be consulted prior to commencing any procurement process using collaborative contracts. The terms and conditions of Contract applicable to any collaborative Contract, including the requirement to undertake competition between providers, must be fully complied with.	Yes	Corporate Procurement Officer	See Contract Procedure Rules
All Values. ICT	All system developments and purchases of computer equipment or software must be made by the Council's designated ICT provider (currently Strata Service Solutions Ltd) and awarded in line with their rules.	Yes	Officer, Business Manager and the Council's designated ICT Manager in consultation with the Corporate Procurement Officer	32

Item Value ex VAT	Authorisation of Payments	Page
Above £400,000	Any payment greater than £400,000 must be authorised by the appropriate Business Lead, or the Chief Finance Officer or nominated deputy in their absence. An exception to this is Treasury Management payments, which are bound by Financial Instruction 7.4.	35, 36

### 3. SUMMARY OF FINANCIAL LIMITS

<b>Item Value ex VAT</b>	<b>Petty Cash</b>	<b>Page</b>
Up to £60	Petty cash items shall be limited to minor items of expenditure. This amount may only be exceeded with the prior agreement of the Chief Finance Officer.	22
Above £60	Variations in reconciliation must be reported to the Finance department.	23

<b>Item Value ex VAT</b>	<b>Income – Banking</b>	<b>Page</b>
Daily / Weekly according to Insurance Limit	All monies received on behalf of the Council shall be banked without delay.	40, 41

<b>Item Value ex VAT</b>	<b>Income – Unders and Overs</b>	<b>Page</b>
Over £60	“Unders and overs” and discrepancies must be reported immediately to the Chief Finance Officer and Internal Audit.	42

### 3. SUMMARY OF FINANCIAL LIMITS

Item Value ex VAT	Write Off – Bad and Doubtful Debts	Page
Finance Up to £10,000	The Chief Finance Officer is empowered to write off bad and doubtful debts, after satisfying themselves that it would be uneconomic or inappropriate for the Council to pursue them, and where appropriate a Legal representative has considered the Council's position and also takes the view that the debt is unlikely to be recovered without expenditure disproportionate to the amount involved.	44
Other Services Up to £10,000	In the case of debts due to other service groups, the Chief Finance Officer will consider write off in accordance with the above upon the written authorisation of the Managing Director / Head of Service involved or their deputy.	44
All Debts Up to £10,000	The total amounts of debt written off by the Chief Finance Officer under delegated powers will be reported to the Executive annually.	44
Greater than £10,000	The approval of the Chief Finance Officer and the Executive is required.	44
All Debts Subject to Formal Insolvency Proceedings	The approval of the Chief Finance Officer is required.	44

Item Value ex VAT	Write Off – Stock Deficiencies and Obsolete Stocks	Page
Individual items up to £1,000	A de-minimis level may be operated at the Business Manager's discretion, but a second officer shall witness the write off at a local level.	49
Individual items between £1,001 to £6,000	The Chief Finance Officer shall be empowered to approve the write-off of deficiencies not exceeding £6,000. Proposed write offs of obsolete stock should be approved in writing by the Managing Director / Head of Service or their nominated deputy, in consultation with the Chief Finance Officer.	49
Individual items above £6,000	The Chief Finance Officer shall recommend to the Executive approval to write-off of deficiencies and obsolete stock of more than £6,000.	49

Item Value ex VAT	Disposals – Land and Buildings	Page
Disposal by Lease	The decision to agree to disposal by lease, where the period of the lease does not exceed 10 years, may be made by the Head of Place and Commercial Services, subject the provisions of the Constitution in respect of Key Decisions and in accordance with the requirements of the Council's Asset Management Strategy and where it does not prejudice existing land holdings or future developments. Lease decisions which commit the Council to periods in excess of 10 years must be approved by the Executive.	70
Disposal by Sale Up to £20,000	The decision to agree to the disposal by sale of small areas of land whose market value does not exceed £20,000 where such disposal does not prejudice the Council's existing land holding or any future development proposals may be made by the Head of Place and Commercial Services, having regard to the requirements of the Council's Asset Management Strategy.	70
£20,000 to £100,000	The decision to agree to the disposal of small areas of land whose market value is between £20,000 and £100,000, where such disposal does not prejudice the Council's existing land holding or any future development proposals may be made by the Head of Place and Commercial Service in consultation with the Portfolio Holder, Managing Director, and Chief Finance Officer having regard to the Council's Asset Management Strategy. The Head of Place and Commercial Services and Finance Manager will sign the Decision Notice to evidence their agreement	70
Above £100,000	Requires the prior approval of the Portfolio Holder in accordance with the rules for Portfolio Holder decisions. Subject also to key decision rules and having regard to the Asset Management Strategy. Decisions will be reported retrospectively to the next Executive Committee.	70

### 3. SUMMARY OF FINANCIAL LIMITS

<b>Item Value ex VAT</b>	<b>Disposals – Plant and Equipment</b>	<b>Page</b>
Up to £1,000	Business Manager approval is required. A second officer shall witness the disposal at a local level and a record of the disposal maintained.	71
£1,001 to £6,000	Business Manager approval required. Sealed bids are to be sought for any item valued up to £6,000, and it shall be the responsibility of the Chief Finance Officer and the relevant Business Manager or their nominated deputy, to obtain the best possible price. The Council's EBay account may be used or other appropriate method e.g. part exchange.	71
Above £6,000	Head of Service approval required. Disposal shall be by advertised competitive tender. The Head of Service, in consultation with the Chief Finance Officer shall determine the most appropriate method e.g. public auction, EBay or part exchange to enable best value to be achieved.	71

<b>Item Value ex VAT</b>	<b>Inventories</b>	<b>Page</b>
Individual items above £200	Inventories of all property (furniture, fittings and equipment) belonging to or in the care of the Council, other than stores, shall be prepared and maintained by the Managing Director / Head of Service concerned or a designated officer.	50

## 4. SECTIONS APPLICABLE TO ALL STAFF AND MEMBERS

### 4.1 Risk Management, Corporate Governance and Internal Control

#### Why is this important?

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

#### Risks:

- The Council may be unable to meet large claims made against it, i.e. death or injury;
- The Council may be over insured, i.e. paying out higher premiums than it needs to and
- The Council may not achieve its objectives and / or realise opportunities if it is unaware of its risks.

#### Responsibilities and Key Controls

##### Risk Management

- 4.1.1 It is the responsibility of the Council to oversee the effective management of risk and the Strategic Leadership Team (SLT) to approve the Council's Risk Management Strategy.
- 4.1.2 The Audit Scrutiny Committee will review the effectiveness of the Council's risk management process on a regular basis and report to Council annually.
- 4.1.3 The Managing Director has overall responsibility for risk management.
- 4.1.4 SLT shall ensure the Council has a Risk Management Strategy and procedures that:
- (i) Identify and quantify risks and potential liabilities;
  - (ii) Ensure awareness among all levels of staff with regards to the control of risk;
  - (iii) Ensure all significant risks and potential liabilities are addressed;
  - (iv) Ensure appropriate decisions are taken on the acceptable level of retained risk; and
  - (v) Regularly review the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis.
- 4.1.5 The Managing Director / Heads of Service will set the objectives for their service each year linked to corporate objectives; identify the risks to achieving those objectives and the controls to mitigate these risks.

## 4. SECTIONS APPLICABLE TO ALL STAFF AND MEMBERS

- 4.1.6 The Managing Director has strategic responsibility for risk management. To assist, SLT will act as the Council's strategic risk management group. The Business Improvement and Development team will co-ordinate Risk Management arrangements.
- 4.1.7 SLT will ensure the Council's risk register reflects the risks identified by Managing Director and Heads of Service. The Managing Director and Heads of Service are also responsible for identifying significant changes in risk for their service and must ensure that SLT is advised on a timely basis.
- 4.1.8 SLT will drive the implementation and embedding of risk management, approve amendments to the risk register and advise and support Heads of Service and Service Managers on risks likely to have an impact on the achievement of the Council's objectives.
- 4.1.9 Internal Audit will review the risk management process on an annual basis and report results to the Audit Scrutiny Committee.

### Internal Control

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

### Corporate Governance

- 4.1.14 The Council is responsible for approving the Council's Local Code of Corporate Governance.
- 4.1.15 The principles of the Code will be openness, integrity and accountability and will include:
- focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
  - members and officers working together to achieve a common purpose with clearly defined functions and roles;

## 4. SECTIONS APPLICABLE TO ALL STAFF AND MEMBERS

- promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- developing the capacity and capability of members and officers to be effective; and
- engaging with local people and other stakeholders to ensure robust public accountability.

4.1.16 Compliance with the principles and elements of corporate governance and the requirements of the Code will be monitored by the Council's S.151 Officer (Chief Finance Officer), Monitoring Officer, Internal Audit Manager and SLT.

4.1.17 Internal Audit will also assess compliance with the code annually, and the results of the monitoring and testing will be reported to both SLT and Audit Scrutiny Committee.

### **Business Continuity**

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

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

4.1.20 In addition, business continuity will require a separate but similar Risk Management Strategy and process.

### **Money Laundering**

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



## 4. SECTIONS APPLICABLE TO ALL STAFF AND MEMBERS

### 4.2 Security

#### Why is this important?

The Council holds valuable assets in the form of property, vehicles, equipment, furniture and other items. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations.

#### Risks:

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

#### Responsibilities and Key Controls

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

#### Safes

- 4.2.7 Members of staff who are authorised to gain access to any Council safe, or secure area, must not allow the keys or combination access codes to pass from their control or to be available to unauthorised persons at any time. The loss of any such keys must be reported to the Chief Finance Officer immediately.
- 4.2.8 The combination of any Council safe must not be disclosed to another person without the express authorisation of the Chief Finance Officer or relevant operational manager. The combination of a safe must be changed immediately when a member of staff, who is authorised to open that safe, leaves the employment of the Council.

## 4. SECTIONS APPLICABLE TO ALL STAFF AND MEMBERS

4.2.9 All keys held for any official purpose by an authorised member of staff shall be held under proper and secure arrangements and not passed or be available to any unauthorised person. (This regulation includes card keys and door entry codes issued to members of staff).

### **Postal Franking Machines**

4.2.10 Postal franking machines must be securely held, and officers responsible will keep proper records of usage and certify the balance of impressions held in the machine at the 31<sup>st</sup> March each year. The certificate is to be forwarded to the Chief Finance Officer promptly. Stocks of postage stamps, where held, shall also be held securely.

## 4. SECTIONS APPLICABLE TO ALL STAFF AND MEMBERS

### 4.3 Audit

#### Why is this important?

##### About Internal Audit

The Public Sector Internal Audit Standards state that 'internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'.

The Accounts and Audit Regulations 2015 state that a relevant body must 'undertake an adequate and effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

##### About External Audit

It is a legal requirement to have an external auditor. They are required to give an independent opinion on the Council's financial statements and to review and report on aspects of the arrangements put in place by Councils to ensure the proper conduct of their financial affairs and to manage their performance and use of resources. This work includes providing a certificate on the Council's published accounts and an annual letter to members outlining their key findings and recommendations.

##### Risks:

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

#### Responsibilities and Key Controls

##### Internal Audit

4.3.1 The Council shall make provision for an internal audit in accordance with the UK Public Sector Internal Audit Standards.

4.3.2 The Audit Manager or their authorised representative shall have authority to:

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

## 4. SECTIONS APPLICABLE TO ALL STAFF AND MEMBERS

- 4.3.3 Internal Audit will follow professional standards and guidelines issued by the Chartered Institute of Public Finance Accountants (CIPFA) and Chartered Institute of Internal Auditors (CIIA) specifically the Public Sector Internal Audit Standards, and prepare risk based audit plans which outline the work required to deliver an annual audit opinion.
- 4.3.4 Internal Audit will report on its activities to the Audit Scrutiny Committee quarterly, and to SLT where audits reveal unacceptable risks.
- 4.3.5 Heads of Service and Service Managers are to consider and promptly respond to recommendations set out in Internal Audit reports and to ensure that any agreed actions arising from the recommendations are carried out in a timely and efficient fashion.

### **Systems - Direct or Indirect Financial Nature**

- 4.3.6 The Chief Finance Officer shall be informed of the creation, amendment or removal of systems of a financial nature or where decisions arising from the use any system have a financial consequence. The requirements of the Council's Data Quality Strategy shall also be adhered to.

### **Irregularities**

- 4.3.7 The Chief Finance Officer must ensure that effective procedures are in place to promptly investigate any fraud or irregularity.
- 4.3.8 Whenever any matter arises which involves or is thought to involve irregularities concerning income, expenditure, cash, stores, or other property of the Council the relevant Head of Service / Service Manager concerned shall immediately notify the Chief Finance Officer in order that they may conduct an independent investigation (normally Internal Audit).
- 4.3.9 Where the Head of Service / Service Manager concerned is not the Monitoring Officer the latter should also be advised.
- 4.3.10 The same applies to any suspected irregularity in the exercise of the functions of the Council (corruption).
- 4.3.11 The Council's 'Anti-Fraud and Corruption Strategy' sets out the Council's anti-fraud position and the procedures to be followed for investigations.
- 4.3.12 Where, upon investigation, the Chief Finance Officer believes that reasonable grounds exist for suspecting that a loss may have occurred as the result of misappropriation or fraud they shall consider whether the circumstances require investigation by the Police. In any case, they shall report the matter to the Head of Service / Service Manager concerned, Audit Manager (if not already aware of the investigation), Monitoring Officer and Managing Director.

## 4. SECTIONS APPLICABLE TO ALL STAFF AND MEMBERS

4.3.13 Where, upon investigation, the Chief Finance Officer believes that a loss may have occurred as a result of waste, extravagance or maladministration, the Chief Finance Officer shall report the matter to the Head of Service / Service Manager, Audit Manager, Monitoring Officer and Managing Director.

### **Direct Access to the Managing Director, Executive and Scrutiny.**

4.3.14 Internal Audit have direct access to the Managing Director, SLT, Chief Finance Officer (S.151 Officer) and the Chair of the Executive and / or Audit Scrutiny Committee as required.

### **External Audit**

4.3.15 The Chief Finance Officer shall ensure there is effective liaison between external and internal audit.

4.3.16 The Chief Finance Officer will work with the external auditor and advise the Council, Executive, Audit Scrutiny Committee, Heads of Service and Service Managers on their responsibilities in relation to external audit.

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

## 4. SECTIONS APPLICABLE TO ALL STAFF AND MEMBERS

### 4.4 Retention of Financial Documents

#### Why is this important?

Maintaining proper accounting records is one of the ways in which the authority discharges its responsibility for stewardship of public resources.

#### Risks:

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

#### Responsibilities and Key Controls

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

## 4. SECTIONS APPLICABLE TO ALL STAFF AND MEMBERS

### 4.5 Petty Cash

#### Why is this important?

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

#### Risks:

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

#### Responsibilities and Key Controls

4.5.1 Wherever possible the Council aims to reduce and / or eliminate the handling of cash. However, in exceptional cases the Chief Finance Officer may advance a fixed petty cash float to an officer of the Council for petty cash expenditure. Each float shall be of such amount as the Chief Finance Officer may determine in consultation with the Head of Service / Service Manager.

4.5.2 Following certification of receipt, officers holding petty cash take personal responsibility for the custody of cash until such time as another authorised officer formally takes over responsibility for the money.

#### Expenditure

4.5.3 Petty cash items shall be limited to minor non-recurring items of expenditure and shall not exceed in the case of each individual item, the sum prescribed by the Chief Finance Officer of £60. This amount may only be exceeded with the prior agreement of the Chief Finance Officer.

4.5.4 None of the following items of expenditure shall be paid out of petty cash:

- (i) Travelling and subsistence expenses of officers, including car park and ferry crossings;
- (ii) Postages, except where a small supply of stamps is held for a specific purpose agreed by the Chief Finance Officer, and
- (iii) Stationery.

4.5.5 No personal cheques are to be encashed via petty cash, nor personal loans made.

4.5.6 Where petty cash disbursements are made for goods that include VAT, a VAT invoice or receipt must be obtained.

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

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

## 4. SECTIONS APPLICABLE TO ALL STAFF AND MEMBERS

### Reimbursement

- 4.5.9 Petty cash floats shall be reconciled and balanced (vouchers to cash balances) on a regular basis (monthly is recommended) or when handed to another officer to administer. Every officer holding a petty cash float shall certify to the Finance department the amount of the float as at 31<sup>st</sup> March each year.
- 4.5.10 Receipts and vouchers for petty cash disbursements shall be forwarded to the Finance department with the claim for reimbursement. A claim for reimbursement must also be made as close to the 31<sup>st</sup> March annually as is practical.
- 4.5.11 The claim shall be certified as correct by the Head of Service / Service Manager or such person nominated by them for that purpose.

### General

- 4.5.12 No income is to be paid into petty cash.
- 4.5.13 Cash income or change floats are not to be used as petty cash in any circumstances.
- 4.5.14 Floats and vouchers shall be held securely and access restricted to authorised officers.
- 4.5.15 The Finance department must be advised of any significant variances, above £60, identified by the reconciliation of the petty cash float.
- 4.5.16 On leaving the Council's employment or otherwise ceasing to hold a petty cash advance, an employee shall account to the Finance department for the amount advanced to them. Under no circumstances should the petty cash be banked as income, instead it should be coded to the relevant petty cash code supplied by the Finance department. On change of custody of the float it should be counted by both officers and a signed record of the balance held.
- 4.5.17 Cash balances and vouchers shall be available for inspection by Internal Audit at any time.



## 4. SECTIONS APPLICABLE TO ALL STAFF AND MEMBERS

### 4.6 Travelling And Subsistence

#### Why is this important?

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

#### Risks:

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

#### Responsibilities and Key Controls

4.6.1 All claims for payment of travelling and subsistence shall be in a form approved by the Chief Finance Officer, and will in normal circumstances be made through salaries and wages.

#### Claim Completion and Certification

4.6.2 Claims for travel and subsistence shall only be made where journeys were authorised and expenses were properly and necessarily incurred. All claims shall be completed fully to the satisfaction of the Chief Finance Officer or nominated deputy.

4.6.3 Payment for travelling will normally commence from the first place of work or last place of work. Public transport should be used wherever practical and claims should not normally exceed the appropriate equivalent standard or saver rail fare.

4.6.4 Where an officer travels outside the boundaries of the Council, and in excess of 50 miles, the journey and method of travel must be approved in advance by the Head of Service / Service Manager or designated line manager. The mode of transport offering best value for money should be used. Mileage in excess of 50 miles will be paid at a reduced rate.

4.6.5 Where an officer travels direct from or to home, without having first visited their normal place of work, then normal mileage from home to work should be deducted in calculating the car allowance payable.

4.6.6 All car mileage claims shall be supported by a properly completed journey log showing sufficient details of the journey to enable mileages to be verified.

4.6.7 All claims for travelling and subsistence shall be signed by the claimant and authorised by or on behalf of the appropriate Head of Service / Service Manager. A list of officers authorised to sign claims shall be maintained by the Finance department. All amendments to the list shall be notified to the Chief Finance Officer and Internal Audit in writing. The claims shall be signed in manuscript in the authorised officer's own name. Claimants may not authorise their own claim.

## 4. SECTIONS APPLICABLE TO ALL STAFF AND MEMBERS

- 4.6.8 The certificate by the authorising officer shall mean that the journeys were authorised and that the manager is satisfied that expenditure was necessarily incurred on travel and subsistence for which the proper allowances have been claimed, ensuring that cost-effective use of travel arrangements is achieved. Employees can only claim the actual costs of breakfast, tea, dinner etc. up to the maximum prescribe limits.
- 4.6.9 Due to Income Tax implications no benefits in kind or other ex-gratia / other payments are to be made to staff without consulting the Chief Finance Officer.

### Receipts

- 4.6.10 If a receipt for subsistence is not attached an explanation as to why must be recorded. The allowance paid will be restricted to 50% of the scale approved if no receipt is produced. Where no receipt is supplied, the expense claimed must be treated as a taxable item.
- 4.6.11 A VAT receipt for petrol must be provided to cover the VAT element claimed for car mileage. This is an HMRC requirement, if the Council is to reclaim the VAT paid to the employee. If no VAT receipt is supplied, the Council cannot pay the VAT element to employees.
- 4.6.12 Credit card slips are not acceptable in lieu of other forms of receipt.
- 4.6.13 The names of all others for whom the claim relates shall be recorded on the claim.

### Timeliness of Claim

- 4.6.14 All claims for payment to employees of car allowances, subsistence allowances, travel and incidental expenses must be submitted with all relevant receipts on a monthly basis, subject to the limits approved in Local or National Conditions of Service and in accordance with processing timescales.
- 4.6.15 Claims in excess of 3 months may be referred to the relevant Head of Service for review and a satisfactory explanation may be called for.

### Insurance and Other Driver Requirements

- 4.6.16 Officers and members claiming car allowance shall be insured for business use (i.e. not just Social, Domestic and Pleasure) and have included and maintained in their policy of insurance a clause indemnifying the Council against all third party claims, including those concerning passengers, arising out of the use of the vehicle on official business.
- 4.6.17 Officers and members using their cars for business purposes shall ensure that their cars have a valid road fund licence and MOT certificate (if over three years old).

## 4. SECTIONS APPLICABLE TO ALL STAFF AND MEMBERS

- 4.6.18 It is the responsibility of the relevant Head of Service / Service Manager to verify that the appropriate insurance, MOT and road fund licence requirements discussed above are met, and evidence such checks.
- 4.6.19 Claims for car allowance by users in receipt of a Council car loan should note that they are still required to have comprehensive insurance cover in accordance with the car loan conditions.

### **Council Members**

- 4.6.20 Members' travel claims will be certified by the Democratic Services Manager / Monitoring Officer or a duly authorised officer on their behalf and must be submitted on a monthly basis to the Chief Finance Officer.

## 4. SECTIONS APPLICABLE TO ALL STAFF AND MEMBERS

### 4.7 Car Loans

#### Why is this important?

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

#### Risks:

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

#### Responsibilities and Key Controls

4.7.1 The Chief Finance Officer shall be empowered to make loans in accordance with the Council's scheme to employees who are a member of the Local Government Pension Scheme, or employed by the Council in a permanent capacity.

4.7.2 A register of car loans shall be maintained by the Chief Finance Officer.

#### Application and Payment

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

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

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

#### Responsibilities of the Borrower

4.7.6 Cars must be comprehensively insured for business use (see also Financial Instruction 4.6.16 and the Chief Finance Officer or their nominated officer is authorised to inspect policies or certificates of insurance for confirmation at any time.

4.7.7 Borrowers must hold a full valid driving licence and this will be checked annually at the discretion of the Chief Finance Officer.

## 4. SECTIONS APPLICABLE TO ALL STAFF AND MEMBERS

### Repayment

- 4.7.8 Repayment of a car loan must be completed within the agreed period to a maximum of 5 years. Deductions of the appropriate repayment amount will be made from salary by the Chief Finance Officer.
- 4.7.9 In circumstances where an employee with an outstanding car loan leaves the employment of the Council, arrangements for full repayment will be required before the employee has left the Council's service.
- 4.7.10 If the car is sold, the employee must immediately notify the Chief Finance Officer and the amount of outstanding loan must be repaid to the Council.

### 5.1 Ordering Goods, Work and Services

#### Why is this important?

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

#### Risks:

- The incorrect volume, number or quality of goods and services may be received;
- The Council may be committed to spending on goods or services for which no budgetary provision has been determined;
- Officers failing to follow contract and tendering procedures may leave both themselves and the Council open to accusations of favouritism and unfair contract terms;
- Goods or services ordered may fail to meet the Council's environmental, health and safety and other strategies and policies; and
- Short-term expenditure may commit the Council to longer-term maintenance costs.

#### Responsibilities and Key Controls

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

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

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

## 5. SECTIONS APPLICABLE TO STAFF WITH ADMINISTRATIVE DUTIES

### Orders

- 5.1.3 Official orders shall be in a form agreed by the Chief Finance Officer.
- 5.1.4 Official orders shall be serially numbered and directions shall be specified on all orders that invoices shall be sent to the service issuing the orders as soon as possible after the despatch of goods.
- 5.1.5 The Chief Finance Officer may approve alternative arrangements for the ordering of goods etc. where circumstances or trading necessity make this in their opinion desirable. Such approval must be given in writing.
- 5.1.6 The Head of Service / Service Manager of a service group shall be responsible for all orders issued from that service group. They shall maintain a list of all persons permitted to authorise orders on their behalf and a copy of the list together with specimen signatures shall be supplied to the Chief Finance Officer.

### Ordering

- 5.1.7 Official orders, either in whole or in part, are not to be used to obtain goods or services for private use.
- 5.1.8 Official orders shall be issued for all work, goods and services to be supplied to the Council. They are a simple form of contract between the Council and a supplier which include our standard terms and conditions.
- 5.1.9 Orders are not required for:
- (i) Rates;
  - (ii) Supply of utility services (e.g. gas, water, electricity, telephone);
  - (iii) Small cash purchases properly paid out of petty cash (see Financial Instruction 4.5).

Other exceptions must be agreed by the Head of Service / Service Manager concerned, in consultation with the Chief Finance Officer.

- 5.1.10 Oral orders shall only be given in the case of urgency by an officer authorised to sign the relevant order. Such oral orders shall be confirmed as soon as practicable within 48 hours by the issue of an official order unless exempt by paragraph 5.1.5 above.
- 5.1.11 No order shall be issued for goods, work, or services unless the cost is covered by the approved annual budgets, supplementary estimate or by virement approved by Financial Instruction 6.1.
- 5.1.12 Any order incurring expenditure greater than £400,000 must be authorised by the Managing Director and the Chief Finance Officer.

## 5. SECTIONS APPLICABLE TO STAFF WITH ADMINISTRATIVE DUTIES

- 5.1.13 All official orders shall show the relevant expenditure code and the actual or estimated cost of the goods, materials or services taking into account discounts, carriage etc. at the time of the order.
- 5.1.14 No supplies are to be obtained on behalf of the Council without an order number being quoted and an order despatched.
- 5.1.15 Internal orders for stationery using approved suppliers' web based ordering systems will be placed by officers approved to use this system, and orders will be monitored by spending officers, and the central system administrator.
- 5.1.16 In cases where orders are lost in the post or claimed to be not received by suppliers, confirmation of the order shall be given by letter quoting the original order number. Duplicate orders shall only be issued where marked as such. Orders will be sent electronically where possible, in accordance with the Procurement Strategy.

### Quotations

- 5.1.17 Best endeavours must be made to ensure that the most favourable prices and terms are obtained for the supply of goods and services for expenditure not exceeding £20,000 ex VAT, having regard to the principles set out in the Council's Procurement Strategy.
- 5.1.18 Three formal quotations (Request for Quotation) are required before expenditure exceeding £20,000 ex VAT is incurred on any one item, to a maximum of £100,000. Evidence of these quotes must be retained.
- 5.1.19 Above £100,000 the instructions set out in the Council's 'Contract Procedure Rules' apply.
- 5.1.20 Where an internal supplier exists, such as printing, waste disposal, legal etc., Heads of Service / Service Managers are expected to approach these support services for a quotation before placing any external order for the service.
- 5.1.21 Orders are not to be split into smaller orders solely to avoid the value limits and procedures laid down in this instruction.
- 5.1.22 The following table is a summary of the quotation / tendering requirements, which also apply to any sub-contractors working on behalf of the Council and to the appointment of any specialist contractors / consultants:

### Limits for Quotations and Tendering

Item Value ex VAT	Quotations/Tendering	Requirement
Below £20,000	Most favourable prices and terms, having regard to the Council's Procurement Strategy.	Good Practice
£20,001 to £100,000	3 formal quotations (RFQ) appropriately evidenced.	Yes
Above £100,000	Tendering in line with Contract Procedure Rules.	Yes
ICT	All system developments and purchases of computer equipment or software must be made via the Council's designated ICT provider, currently Strata Service Solutions Ltd.	Yes



## 5. SECTIONS APPLICABLE TO STAFF WITH ADMINISTRATIVE DUTIES

- 5.1.23 Certain suppliers e.g. Devon Purchasing, GCat, and other formal Procurement Partnerships are deemed to have obtained sufficient quotations to comply with this requirement, as a part of their compliance with the European Union purchasing regime.
- 5.1.24 Reliance may be placed upon quotations obtained by formal partners provided they meet the requirements of these instructions, and they are current and appropriately evidenced.
- 5.1.25 The best value for money for the Council may not necessarily lie with the lowest quotation. In these circumstances, an order may be placed with a provider other than the cheapest. However, the written approval of the responsible Head of Service / Service Manager must be obtained and the reasons appropriately recorded.

### **Open / Regular Supply Orders**

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

### **Information Technology (ICT) Equipment and Software**

- 5.1.29 All system developments and purchases of computer equipment or software must be made through the Council's designated ICT provider Strata Service Solutions Ltd, in accordance with the Council's ICT Strategy, and must comply with EU Legislation and Directives.
- 5.1.30 For the purpose of this instruction, equipment will include any device capable of being linked physically or otherwise to the Council's computer or telephone systems (e.g. digital cameras).
- 5.1.31 Only Strata's designated ICT Director, or nominated deputy, is empowered to enter into contracts for information, communication and technology services up to the limits specified in these Financial Instructions, the Contract Procedure Rules and Strata's Finance Policy.
- 5.1.32 Orders in respect of ICT hardware and software should be in the form of a Strata Service Request form on the Strata Portal. Authorisation is required from a Teignbridge manager who is authorised to approve such spend.

## 5. SECTIONS APPLICABLE TO STAFF WITH ADMINISTRATIVE DUTIES

### Orders, Delivery Notes and Invoices

5.1.33 All incoming invoices should be matched with the relevant order and the delivery note (where applicable) filed with the copy order.

### Orders to Individuals (Self-employed)

5.1.34 Special care should be taken when issuing orders or making payments to individuals. The fact that a person considers themselves to be self-employed does not necessarily mean that they are. Where a service is provided (rather than goods), and payments are calculated by the hour or day, it is probable that payment should be through the Council's payroll.

5.1.35 If there is any doubt as to the correct treatment, the matter should be referred to the Chief Finance Officer without delay. (It should be noted that failure to treat such payments in the correct manner might result in the Council incurring significant penalties for failing to comply with tax legislation).

5.1.36 Where a person is self-employed or a "Company", all works completed as a Sub-Contractor must be accompanied by a current valid Tax Certificate and Public Liability Insurance. (Payment will NOT be made without a valid certificate).

## 5. SECTIONS APPLICABLE TO STAFF WITH ADMINISTRATIVE DUTIES

### 5.2 Payment of Accounts

#### Why is this important?

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

#### Risks:

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

#### Responsibilities and Key Controls

##### Invoices

- 5.2.1 The payment of all monies due from the Council will be made by the Chief Finance Officer.
- 5.2.2 Each Head of Service / Service Manager will arrange for invoices to be sent in the first instance to the service issuing the orders in accordance with directions to be specified on the orders, and the supplier will be asked to quote the name of the service group, the number of the order and the place where the work was done or goods delivered.
- 5.2.3 Invoices for payment by the Council must not be drafted by officers of the Council on behalf of others except in any case or category of cases previously agreed by the Chief Finance Officer.
- 5.2.4 No amendments, changes or avoidance of the system laid down for the processing of invoices for payment must be undertaken without the approval of the Chief Finance Officer.
- 5.2.5 Only original copies of invoices will be accepted. No payment is to be made against a faxed or photocopied invoice unless the prior approval of the Chief Finance Officer has first been sought.
- 5.2.6 All amendments to an account will be made in ink and signed or initialled in their own name by the officer making the amendment and the reasons if not self-evident will be briefly stated on the account. No amendments will be made to the amount of VAT payable.

##### Invoices – Self-Employed Status

- 5.2.7 To comply with Inland Revenue requirements Heads of Service / Service Managers are required to formally consider the employment status of individuals employed on a 'self-employed, consultant or sub contract' basis. Advice should be sought from the Chief Finance Officer in the case of any doubt as payment through the Council's payroll system may be required.

## 5. SECTIONS APPLICABLE TO STAFF WITH ADMINISTRATIVE DUTIES

### Certification

- 5.2.8 The Head of Service / Service Manager issuing an order will be responsible for the examination, verification and certification of the relevant account on the original document.
- 5.2.9 The certification of an invoice on behalf of a Head of Service / Service Manager, by an officer authorised by them, will imply:
- (i) The goods have been received, examined and approved as to quality and quantity, or that services rendered or work done has been performed satisfactorily;
  - (ii) They conform to the order;
  - (iii) The price is in accordance with the quotation, contract or current market rate, whichever is applicable, or is otherwise reasonable;
  - (iv) That all trade and cash discounts, other proper allowances and other credits due have been deducted;
  - (v) The expenditure has been properly incurred, has been duly authorised and is within the estimates;
  - (vi) That costing allocations are correct;
  - (vii) The account has not been previously passed for payment and has now been recorded as paid on the copy order or other authorisation;
  - (viii) That appropriate entries have been made in any inventories, goods received or stores records which are required to be kept;
  - (ix) The invoice is arithmetically correct and that it complies with VAT regulations; and
  - (x) That any commitments pertaining to the original order have been identified and the correct certification slip has been used to cancel the commitment.
- 5.2.10 A list of officers authorised to **certify** accounts will be sent by each Head of Service / Service Manager to the Chief Finance Officer together with specimen signatures. Amendments to the list will be notified to the Chief Finance Officer by email.
- 5.2.11 Every account will be signed in manuscript in the certifying officer's own name, on the invoice certification slip attached to the invoice.

### Authorisation

- 5.2.12 The authorisation of accounts will be made by the Head of Service / Service Manager concerned, or by an officer authorised by them.
- 5.2.13 A list of officers with the authority to **authorise** invoices will be sent by each Head of Service / Service Manager to the Chief Finance Officer together with specimen signatures. The Chief Finance Officer will be notified of any changes by email from the appropriate Head of Service / Service Manager.
- 5.2.14 Every invoice will be signed in manuscript on the invoice certification slip in the authorising officer's own name. Initials are not acceptable.

## 5. SECTIONS APPLICABLE TO STAFF WITH ADMINISTRATIVE DUTIES

5.2.15 The officer authorising the payment will be confirming that the:

- (i) Account has been properly checked and certified by an officer authorised to do so;
- (ii) Account relates to necessary and valid expenditure, which conform to the needs of the particular service; and
- (iii) Items are coded to the correct financial code.

5.2.16 Any payment greater than £400,000 must be authorised by the appropriate Head of Service / Service Manager or the Chief Finance Officer in their absence. An exception to this is Treasury Management payments, which are bound by Financial Instruction 7.4.

### Separation of Duties

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

5.2.18 In no case will an account be certified or authorised for payment by the officer who has personal control over the goods, work or services to which the account relates.

### Payment

5.2.19 Accounts for payment will be submitted, appropriately certified and authorised to the Chief Finance Officer within 14 days of receipt, as they must be paid within 30 days of receipt, or on such terms as agreed with the supplier, unless they are formally in dispute.

5.2.20 The Chief Finance Officer will examine as far as they consider necessary all accounts passed to them for payment and they will be entitled to make all such enquiries and to receive such information and explanations as they may require to satisfy themselves that the accounts are in order.

5.2.21 The Chief Finance Officer will be responsible for carrying out such checks of the arithmetic accuracy of accounts submitted for payment, as they deems necessary.

5.2.22 Subject to the foregoing regulations being complied with the Chief Finance Officer will as soon as practicable pay all accounts passed to them for payment and will ensure the prompt payment of those accounts that are of an urgent nature. The Council aims to pay all undisputed invoices with 30 days from the date of receipt.

5.2.23 Creditors will be paid by BACS with a remittance advice forwarded within 24 hours of payment. All bank details to enable payment will be held on the Creditor's individual file records and amended by Finance staff only on receipt of official notification in writing, from the Creditor. Where a Creditor contacts the Council to make such a request, Finance staff will call the Creditor back having first verified the business telephone number as correct. BACS rejects will be dealt with promptly and followed up with the Creditor to ascertain correct bank details.

## 5. SECTIONS APPLICABLE TO STAFF WITH ADMINISTRATIVE DUTIES

- 5.2.24 Cheque payments are to be made only in exceptional circumstances and must be despatched independently of the officer requesting the payment. (See also 5.4). Records of cheques used, and their despatch, will be kept by Finance staff.
- 5.2.25 Each Head of Service / Service Manager will as soon as possible after the 31<sup>st</sup> March in each year, and in any case not later than a date to be specified by the Chief Finance Officer, notify the Chief Finance Officer of all outstanding items of expenditure relating to and incurred in the previous financial year which have not been passed to them for payment. When such items of expenditure are subsequently certified for payment they shall be identified accordingly.
- 5.2.26 Payment for goods and services not yet received should only occur in exceptional circumstances and with the prior approval of an authorising officer. A record of the payment should be made on the order and checks carried out to ensure that delivery subsequently takes place.
- 5.2.27 All paid invoices and certificates will be retained by the Chief Finance Officer for a minimum period of six financial years after the year to which they relate. (See Financial Instruction 4.4).
- 5.2.28 Payments must not be raised for internal transactions of the Council, even between departments without the prior approval of the Chief Finance Officer.

### Returned Cheques

- 5.2.29 Any Creditors cheques returned to the Council, whether by hand or by post shall be passed immediately to the Accounting Technician and not to the instigating section or payments staff. The cheque must be cancelled and the instigating section informed of the cheque having been returned.
- 5.2.30 The instigating section and Finance payments staff are to be informed of any cheques returned in order that appropriate action may be taken to update records etc.

### Value Added Tax (VAT)

- 5.2.31 It is the responsibility of all certifying officers to ensure that the relevant VAT invoice is forthcoming, in accordance with the guidance issued by the Council's VAT officer.
- 5.2.32 All invoices received from VAT registered suppliers, which contain elements of VAT must be valid tax invoices. In cases where payment is required with the order the VAT should be coded to the VAT suspense account.
- 5.2.33 VAT should not be added to any charge invoiced by a supplier without evidence that the supplier is registered for VAT. No amendments will be made to the amount of VAT payable. If the VAT status of the supplier is thought to be incorrect, the matter should be referred to Internal Audit for further investigation.

## 5. SECTIONS APPLICABLE TO STAFF WITH ADMINISTRATIVE DUTIES

### Purchasing Cards

- 5.2.34 Corporate purchasing cards for buying work related goods or services shall only be issued to and used by officers / members approved by the Chief Finance Officer and relevant budget holder.
- 5.2.35 Officers / members issued with a corporate purchasing card shall ensure that it is held securely at all times and shall immediately report its loss or theft to the Chief Finance Officer / Internal Audit whereupon the issuing company shall immediately be notified by telephone with confirmation in writing by email. Officers issued with a corporate purchasing card shall not lend or disclose the details of the card to other officers unless they have received due authority to do so from the appropriate Head of Service / Service Manager and only in emergency cases. Great care should be taken where a purchase is made using the Internet, i.e. only reputable and secure 'https' web sites should be used.
- 5.2.36 Cardholders must sign the Council's Cardholder Responsibilities and Guideline for Operatives' form to confirm that they have read and understood the guidance and remain compliant with this.
- 5.2.37 Where an employee leaves the Council's employment, or is suspended from duty for any reason, the Head of Service / Service Manager shall ensure that the card is immediately surrendered. The Chief Finance Officer will take immediate steps to cancel the card and destroy it to prevent further use.
- 5.2.38 For each transaction made using the corporate purchasing card, the cardholder must ensure that the relevant order and / or cheque requisition is raised through the corporate ordering system and passed to Finance for processing through the Creditors system. This ensures that the transaction is recorded in the Council's Creditor payment and financial management systems. They must also ensure a VAT invoice is provided by the supplier in accordance with rule 5.2.31 above.
- 5.2.39 The card issuer's monthly statement must be promptly reconciled to receipts and then be submitted to the Chief Finance Officer before payment is due. Payment to the card issuer must be authorised by the relevant Head of Service / Service Manager or the Chief Finance Officer.
- 5.2.40 Should an unauthorised transaction be noted, the employee shall immediately notify the Chief Finance Officer / Internal Audit who will investigate the irregularity.

## 5. SECTIONS APPLICABLE TO STAFF WITH ADMINISTRATIVE DUTIES

### 5.3 Income

#### Why is this important?

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

#### Risks:

- Income collected could be lost or stolen;
- Income may not be collected or may be incorrect, i.e. the incorrect rate or tariff is charged;
- Money owed to the Council may not be adequately pursued;
- Fees and charges may unknowingly fail to deliver full cost recovery in line with the Council's Commercial Strategy; and
- Financial and accounting records may not be correctly updated.

#### Responsibilities and Key Controls

- 5.3.1 Arrangements for the collection of all monies due to the Council shall be subject to the approval and control of the S.151 Officer (Chief Finance Officer) and in accordance with the requirements of the Accounts and Audit Regulations 2011.
- 5.3.2 All books of accounts, official receipting systems whether electronic or manual, licences, tickets and all documents or vouchers representing receipts for money or money's worth, shall be in the form approved by the Chief Finance Officer and records maintained of receipts or tickets ordered, controlled and issued by them.
- 5.3.3 Officers with income collection duties shall be properly trained in the requirements of income collection including till / receipting system operations, balancing, banking and security. They must return a signed certificate confirming that they have read and understood the Council's 'Instructions to Cashiers and Attendants' which must be explained to them, by their manager.
- 5.3.4 Officers collecting income shall not also be involved in the reconciliation of that income to the amounts due. An officer who is not involved in the collection process shall ensure that the money reported as collected has indeed been banked.
- 5.3.5 Bank reconciliation checks must be undertaken regularly (i.e. weekly) to facilitate prompt notification and investigation of any discrepancies immediately. Responsibility for this task shall be assigned to a responsible officer.
- 5.3.6 The Chief Finance Officer and Internal Audit Manager must be informed immediately, of any delays in banking income.
- 5.3.7 Officer shall comply with the Council's Commercial Strategy when determining fees and charges. Where possible income shall be collected in advance of providing goods or services having due regard to accounting and VAT implications as advised by the Chief Finance Officer.



## 5. SECTIONS APPLICABLE TO STAFF WITH ADMINISTRATIVE DUTIES

### Income Collection and Banking

- 5.3.8 All monies received on behalf of the Council shall without delay be either paid to the Chief Finance Officer, in accordance with regulations agreed by them, or subject to their instructions banked in the Council's name in compliance with the Accounts and Audit Regulations 2015.
- 5.3.9 Where income is collected or processed on behalf of other bodies (e.g. car parking – counting house), monies shall be promptly banked in accordance with the relevant contract or service level agreement with the client organisation.
- 5.3.10 No deduction may be made from income save to the extent that the Chief Finance Officer may specifically authorise.
- 5.3.11 The official receipt is to be issued, and the receipt number or other appropriate reference number is to be recorded on all cheques and postal orders received on behalf of the Council.
- 5.3.12 Third party cheques will not be accepted in payment of accounts due to the Council. No change shall be given for any cheque payments.
- 5.3.13 Cash collected or held on behalf of the Council is to be fully accounted for and an official receipt issued.
- 5.3.14 All receipt forms or books, account forms and tickets are to be ordered and controlled by the Chief Finance Officer (unless by prior arrangement e.g. car parking tickets). All issues of these documents to other departments shall be properly recorded and acknowledged, and such departments should maintain the appropriate control records.
- 5.3.15 Income shall be recorded and banked daily following reconciliation or at such intervals as the Chief Finance Officer may decide. In any event banking shall be made at least once per week or before the relevant insurance limit is exceeded.
- All officers paying in must complete a paying in slip in duplicate in a form approved by the Chief Finance Officer, to allow income to be traced and analysed and comply with any other instructions agreed between the Council and its bank.
- 5.3.16 All collecting officers must maintain an "unders and overs" record for any discrepancies and discrepancies over £60 must be reported immediately to the Chief Finance Officer and Internal Audit.

### Personal Cheques

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

## 5. SECTIONS APPLICABLE TO STAFF WITH ADMINISTRATIVE DUTIES

### Electronic and Telephone Payments

- 5.3.18 All arrangements for the collection of income by electronic means (e.g. direct debit, bank transfer, and on-line payments) shall be subject to the approval of the Chief Finance Officer. Procedures shall ensure that electronic and telephone payments are receipted and reconciled, and the steps taken to ensure they are processed securely with regard to the Payment Card Industry Data Security Standards (PCIDSS).
- 5.3.19 For telephone payments made by credit / debit card through the Desksmart systems, customers can be given the choice of either a printed receipt, or be provided with the receipt number only, to minimise the cost of printing and postage.
- 5.3.20 Officers must ensure that any rejected transactions (e.g. Direct Debit indemnities) are promptly referred to the receiving service to enable action to be taken to collect the sum by alternative means or stop access to services and update records accordingly.

### Change Floats

- 5.3.21 The Chief Finance Officer may advance a fixed change float to an officer of the Council for use in exceptional circumstances where cash income is still collected. Each float shall be of such amount as the Chief Finance Officer may determine in consultation with the relevant Head of Service / Service Manager.
- 5.3.22 Following certification of receipt, officers holding change floats take personal responsibility for the custody of cash until such time as another authorised officer certifies takeover of responsibility.
- 5.3.23 No income is to be used as a change float.
- 5.3.24 Cash income or change floats are not to be used as petty cash in any circumstances.
- 5.3.25 Every officer holding a change float shall certify to Finance the amount of the float held at the 31<sup>st</sup> March each year.
- 5.3.26 Change floats may be inspected by Internal Audit officers at any time.

### Security

- 5.3.27 It is the responsibility of the receiving officers and their managers to ensure that all income and floats are locked away to safeguard against loss or theft, and to ensure the security of cash handling, in line with the requirements of the Council's insurers.
- 5.3.28 When remittances are passed to a second officer or cashier, a receipt must be obtained from the person to whom they are handed. When opening post, if cash is received, the signature of a second employee should be obtained to witness and verify the amount of the payment.

## 5. SECTIONS APPLICABLE TO STAFF WITH ADMINISTRATIVE DUTIES

### Raising Invoices (Sundry Debtors)

- 5.3.29 The control and recovery of debts is the responsibility of the Chief Finance Officer.
- 5.3.30 The relevant Head of Service / Service Manager will provide details of charges for work done, goods supplied or services rendered on behalf of the Council and of other amounts due such as leases, contracts and other agreements entered into that involve the receipt of money, as the Chief Finance Officer may require, and so ensure prompt recording of all funds receivable by the Council.
- 5.3.31 The responsible officer must ensure that invoices are raised in respect of work done, goods supplied or services rendered on behalf of the Council within 10 working days of the work having been done, goods supplied, or services rendered.
- 5.3.32 It is the responsibility of all officers raising invoices to ensure that the VAT is appropriately accounted for in an invoice, in accordance with the guidance issued by the Council's VAT officer.
- 5.3.33 Invoices must not be raised for internal transactions of the Council, even between departments.
- 5.3.34 Accounts raised are to be pursued by the Chief Finance Officer within defined timescales with the service concerned being regularly informed of recovery progress so as to ensure that further provision of goods or services is stopped until payment is forthcoming.
- 5.3.35 Heads of Service / Service Managers will ensure that all necessary documentation required by the Council's Solicitor to support legal action in pursuit of debt, will be provided promptly and in the form required.

### Bad and Doubtful Debts

- 5.3.36 The Chief Finance Officer is empowered to write off bad and doubtful debts up to £10,000 after satisfying themselves that it would be uneconomic or inappropriate for the Council to pursue them, and where appropriate a Legal representative has considered the Council's position and also takes the view that the debt is unlikely to be recovered without expenditure disproportionate to the amount involved.
- 5.3.37 For debts due to other services, the Chief Finance Officer will consider writing off the debt having first consulted with and with the written authorisation of the relevant Head of Service / Service Manager or their deputy.
- 5.3.38 No debts in excess of £10,000 may be written off without the approval of the Executive, and the total amounts of debt written off by the Chief Finance Officer under delegated powers will be reported to this body annually or more frequently if appropriate.
- 5.3.39 Debts owing to insolvency, regardless of their value, may be written off with the approval of the Chief Finance Officer.
- 5.3.40 Appropriate accounting entries shall be made only following the receipt of write off approval.

## 5. SECTIONS APPLICABLE TO STAFF WITH ADMINISTRATIVE DUTIES

### **Cancellations**

- 5.3.41 Invoices should only be cancelled where the income no longer falls due, such as an error or change in circumstances on the original.
- 5.3.42 Cancellation of invoices must be authorised by the relevant Head of Service / Service Manager or their appointed deputy and the Chief Finance Officer or their appointed deputy.

### **Financial Year End**

- 5.3.43 The Chief Finance Officer is to be informed of any outstanding income relating to the previous financial year as soon as possible after the 31<sup>st</sup> March. This includes outstanding income data recorded on independent billing and collection systems (both manual and computerised) held within and outside the finance function.

### **Charges for Services**

- 5.3.44 The Chief Finance Officer shall be notified promptly of all monies due to the Council under contracts, leases, tenancy agreements, agreements for the sale of property and any other agreements involving the receipt of money by the Council, and the Chief Finance Officer shall have the right to inspect any documents or other evidence in this connection as they may decide.
- 5.3.45 With the exception of those fixed nationally or delegated to officers, no new charges for services, or a revision of charges, will be made except upon a report prepared jointly by the Head of Service / Service Manager concerned and the Chief Finance Officer to the appropriate member body.
- 5.3.46 It is the responsibility of the relevant Head of Service / Service Manager, to ensure that the charges for services within their area are kept up to date and in line with the requirements of the Council's Commercial Strategy. This is especially applicable to implementing increases arising from the Council's annual review of charges. Cost recovery where possible helps towards ensuring the production of a balanced budget.
- 5.3.47 The Managing Director and Head of Place and Commercial Services shall ensure that any variation or amendment to any agreed rental shall be notified to the Chief Finance Officer.

## 5. SECTIONS APPLICABLE TO STAFF WITH ADMINISTRATIVE DUTIES

### 5.4 Banking Arrangements

#### Why is this important?

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

#### Risks:

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

#### Responsibilities and Key Controls

- 5.4.1 All arrangements with the Council's bankers regarding the Council's bank accounts and the terms on which they are conducted shall be made by the Chief Finance Officer.
- 5.4.2 Opening or closing any bank account shall require the approval of the Chief Finance Officer.
- 5.4.3 All the Council's bank accounts must be in the full name of the Council.
- 5.4.4 All cheques shall be ordered only on the authority of the Chief Finance Officer who shall ensure that arrangements are made for their safe custody.
- 5.4.5 All cheques drawn on the Council's bank accounts shall be signed by the Chief Finance Officer (S.151 Officer) or an officer designated in the Bank's mandate, or bear the facsimile signature of the Chief Finance Officer. Facsimile signature stamps may be used in the absence of a mandated signatory, but these must be held securely and their use must be authorised by the Chief Finance Officer or their deputy.

#### Separation of Duties

- 5.4.6 The Chief Finance Officer shall arrange such safeguards as they deem necessary and practicable including separation of staff duties so that as far as possible, the following responsibilities are allocated to separate officers:
- (i) The receipt and banking of income;
  - (ii) The checking of Creditors; Benefits; salaries and wages;
  - (iii) The control of cheques and BACS payments;
  - (iv) The preparation of cheques and BACS payments;
  - (v) The despatch of cheques and BACS payments; and
  - (vi) The reconciliation of bank balances.

## 5. SECTIONS APPLICABLE TO STAFF WITH ADMINISTRATIVE DUTIES

### Reconciliation of Bank Accounts

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

### General

- 5.4.9 Crossed cheques shall only be opened with the express approval and countersignature of the Chief Finance Officer or designated authorised officer.

### 5.5 Stocks and Stores

#### Why is this important?

The Council holds assets in the form of property, vehicles, equipment, furniture and other items of significant value. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up-to-date stock record, assets register and inventory is a prerequisite for sound asset management.

#### Risks:

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

#### Responsibilities and Key Controls

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

#### Stock Takes

- 5.5.6 Heads of Service / Service Managers shall arrange for stock takes to be carried out at a frequency agreed with the Chief Finance Officer but at least once in every financial year, at financial year end. Where continuous stocktaking arrangements are operating, this will not apply.
- 5.5.7 All discrepancies should be investigated and pursued to a satisfactory conclusion. Stock taking sheets must clearly show surpluses and deficiencies and should be retained with all related system documentation.
- 5.5.8 Random stock checks may also be carried out by Internal Audit.
- 5.5.9 Whenever a storekeeper or person in charge of stores hands over, leaves or ceases to have custody of the stores, the Head of Service / Service Manager shall ensure that a prior check is made of the stores concerned and that a handing over certificate is signed by the outgoing and incoming officers, i.e. agreement of volumes, numbers etc. as at the handover date.

## 5. SECTIONS APPLICABLE TO STAFF WITH ADMINISTRATIVE DUTIES

### Stock Certificates

5.5.10 The Head of Service / Service Manager shall certify the quantities and values of stocks at cost price held by them at the 31<sup>st</sup> March each year and forward this with a summary of the stock control system to the Chief Finance Officer.

5.5.11 Where appropriate, the Chief Finance Officer shall arrange for stock control systems to be reconciled to the Council's accounts regularly at an appropriate frequency, and annually at the 31<sup>st</sup> March as a minimum.

### Surpluses, Deficiencies and Write Offs

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

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

5.5.14 Stocks or stores of less than £1,000 in value may be disposed of or exchanged at the Head of Service / Service Manager's written discretion, but a second officer shall formally witness the disposal at a local level and the appropriate financial records retained.

5.5.15 Where stocks or stores are valued above £1,000 but less than £6,000 sealed bids are to be sought and it shall be the responsibility of the Chief Finance Officer and the relevant Director / Business Manager or their nominated deputy, to obtain the best possible price. The Council has an EBay account for selling obsolete items. The procedure for this can be found on the intranet.

5.5.16 Disposal of items to voluntary groups whose objectives are congruous with those of the Council's may also be considered where appropriate, and with the authorisation of the Head of Service / Service Manager.

5.5.17 The disposal of any stock or stores item/s valued at more than £6,000 shall require the prior approval of the Executive.



## 5. SECTIONS APPLICABLE TO STAFF WITH ADMINISTRATIVE DUTIES

### 5.6 Inventories

#### Why is this important?

The Council holds assets in the form of property, vehicles, equipment, furniture and other items of significant value. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An inventory is a prerequisite for sound asset management.

#### Risks:

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

#### Responsibilities and Key Controls

##### Inventories

- 5.6.1 Inventories of all property with a replacement value of greater than £200 (furniture, fittings, equipment, vehicles and plant) belonging to or in the care of the Council, other than stores, shall be prepared and maintained by the Head of Service / Service Manager concerned or an officer designated by them.
- 5.6.2 An inventory of all ICT equipment will be held by the Council's ICT provider – Strata Service Solutions Ltd.
- 5.6.3 Inventories shall be kept in a form approved by the Chief Finance Officer.
- 5.6.4 Each Head of Service / Service Manager shall nominate the officers who are responsible for compiling and maintaining the inventories of assets.
- 5.6.5 Each Head of Service / Service Manager shall also arrange for the inventory to be checked at least annually with the physical assets and shall certify the inventory to that effect. The Chief Finance Officer and / or Internal Audit shall be advised of deficiencies revealed by these checks.
- 5.6.6 An audit trail of all inventory additions and deletions must be maintained and available for Internal Audit inspection, if required.

##### Council Property

- 5.6.7 The Chief Finance Officer or their representatives and Internal Audit officers may at all reasonable times have access to the property of the Council and may make such checks and tests as they deem reasonable and necessary.
- 5.6.8 The Council's property shall not be removed unless in accordance with the ordinary course of the Council's business or as directed by the Head of Service / Service Manager concerned.
- 5.6.9 All property belonging to the Council and recorded on an inventory shall be marked as Council property.

### 6.1 The Budget and Budgetary Control

#### Why is this important?

Budget management ensures that once the budget has been approved by full Council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget. This section should be read in conjunction with the Council's Constitution Part A: Budget and Policy Framework Procedure Rules.

#### Risks:

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

#### Responsibilities and Key Controls

##### Budget Preparation

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

## 6. SECTIONS APPLICABLE TO MANAGING DIRECTOR & HEADS OF SERVICE

### **Budget Monitoring**

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

### **Budget Changes (Virement)**

- 6.1.13 The scheme of virement is to be administered by the Chief Finance Officer.
- 6.1.14 Properly approved virement request forms and requests not requiring approval must be processed by the appropriate Accountant and authorised officers who will amend the Financial Management System budget files. Approved forms must be retained for audit purposes.
- 6.1.15 Where it is proposed to transfer all or part of an estimate provision from an existing approved budget head to another, then, before such expenditure is incurred:

### **General Fund (Revenue) Budgets:**

- (i) Where the sum involved is up to £40,000, the appropriate officer (budget holder) may approve the virement. No form is required (note: this applies to virements within the budget holder's own service and virements between budget holders e.g. Leisure to Environmental Health);

## 6. SECTIONS APPLICABLE TO MANAGING DIRECTOR & HEADS OF SERVICE

- (ii) Between £40,001 and £100,000, the appropriate Head of Service / Service Manager or their nominated deputy shall complete and sign a virement form in consultation with the appropriate accountant or senior accounting technician; which is to be authorised by the Chief Finance Officer or nominated deputy;
- (iii) Where the sum involved is between £100,001 and £200,000 the appropriate Head of Service / Service Manager and the Chief Finance Officer or nominated deputy shall sign a virement form in consultation with the appropriate accountant or senior accounting technician. This must then be authorised two Heads of Service and submitted to the Executive for approval or as a Portfolio Holder decision for non-Key Decisions £100,000 or less;
- (iv) Where the amount exceeds £200,000 per individual virement the appropriate Manager, the Chief Finance Officer, Managing Director, and all Heads of Service shall sign a virement form in consultation with the appropriate accountant and submit it to full Council for approval.

### Capital Budgets:

- (v) Virement forms will be required in the following circumstances to cover virements between expenditure heads within the capital programme, and to cover further use of capital receipts and external funding, grants and contributions:
- (vi) Where the sum involved is up to £40,000, the appropriate responsible budget holder may approve the virement in consultation with the appropriate accountant. No form is required;
- (vii) Between £40,001 and £100,000, the appropriate Head of Service or their nominated deputy shall complete and sign a virement form in consultation with the appropriate accountant, which is to be authorised by the Chief Finance Officer or nominated deputy; the Portfolio Holder is to be consulted;
- (viii) Between £100,001 and £250,000 (and not a Key Decision) the appropriate Head of Service and the Chief Finance Officer or their nominated deputies shall sign a virement form in consultation with the appropriate accountant. This must then be authorised by two Heads of Service and agreed by the Portfolio Holder as a Portfolio Holder decision;
- (ix) Between £250,001 and £500,000 two Heads of Service and the Chief Finance Officer or their nominated deputies shall sign a virement form in consultation with the appropriate accountant. This must then be submitted to the Executive for approval;
- (x) Where the amount exceeds £500,000 per individual virement all Business Leads and the Chief Finance Officer shall sign a virement form in consultation with the appropriate accountant and submit it to full Council for approval.

## 6. SECTIONS APPLICABLE TO MANAGING DIRECTOR & HEADS OF SERVICE

- 6.1.16 Any such virements must not commit the Council to expenditure over more than the one financial year (revenue), and relate only to the intended project (capital).
- 6.1.17 In addition, the Chief Finance Officer or nominated deputy shall have the discretion whether or not to report any virement to the Executive Committee.
- 6.1.18 Responsible Officers are responsible for initiating the virement procedure if an overspend is likely to occur within the departmental budget. A virement request form is to be completed where approval is required.
- 6.1.19 Where any revenue or capital projects have initially already been submitted to, and agreed by, the Capital Review Group, SLT, Executive Committee, and Council (if applicable), a retrospective virement request form will not be required if the funding arrangements have already been agreed by the Chief Finance Officer.
- 6.1.20 Fully funded schemes (e.g. Section 106 or external funding), up to £250,000, which are in accordance with an existing agreement or approved strategy, can be initiated by the Chief Finance Officer in consultation with the appropriate Head of Service, and reported in the members' newsletter for information.
- 6.1.21 Where an urgent acquisition is required under the provisions of the Council's Commercial Strategy, the Chief Finance Officer has delegated authority to approve the purchase of assets in accordance with the procedure and criteria set out within the Strategy.

### **Supplementary Estimate Request**

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

### **Use of Reserves**

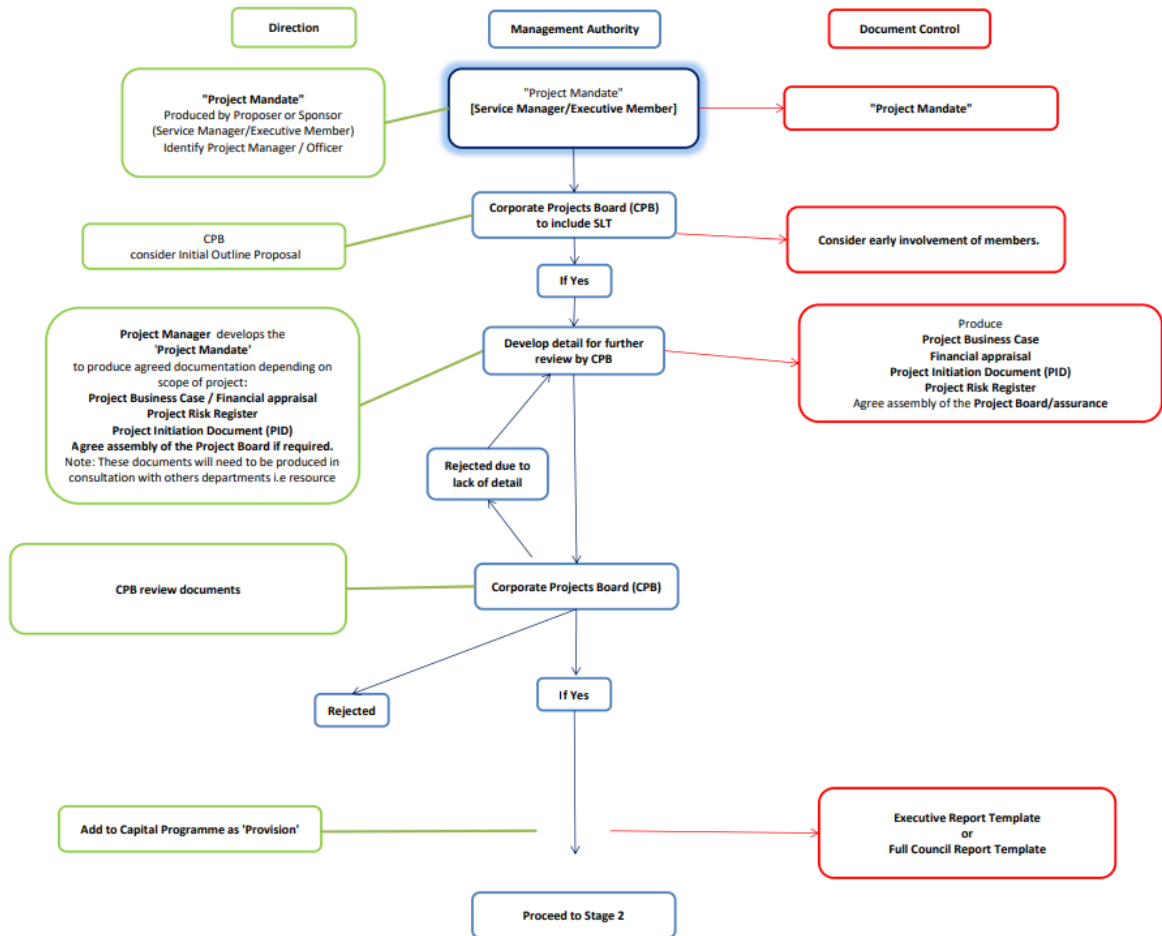
- 6.1.23 The appropriate Head of Service in conjunction with the Chief Finance Officer may approve the use of specific reserves up to £60,000, as set out in the Scheme of Delegation.
- 6.1.24 The use of reserves between £60,001 and £200,000 requires the prior approval of the Executive upon receipt of a report from the Chief Finance Officer.
- 6.1.25 The use of reserves over £200,000 requires the prior approval of the full Council upon receipt of a report from the Chief Finance Officer.

# 6. SECTIONS APPLICABLE TO MANAGING DIRECTOR & HEADS OF SERVICE

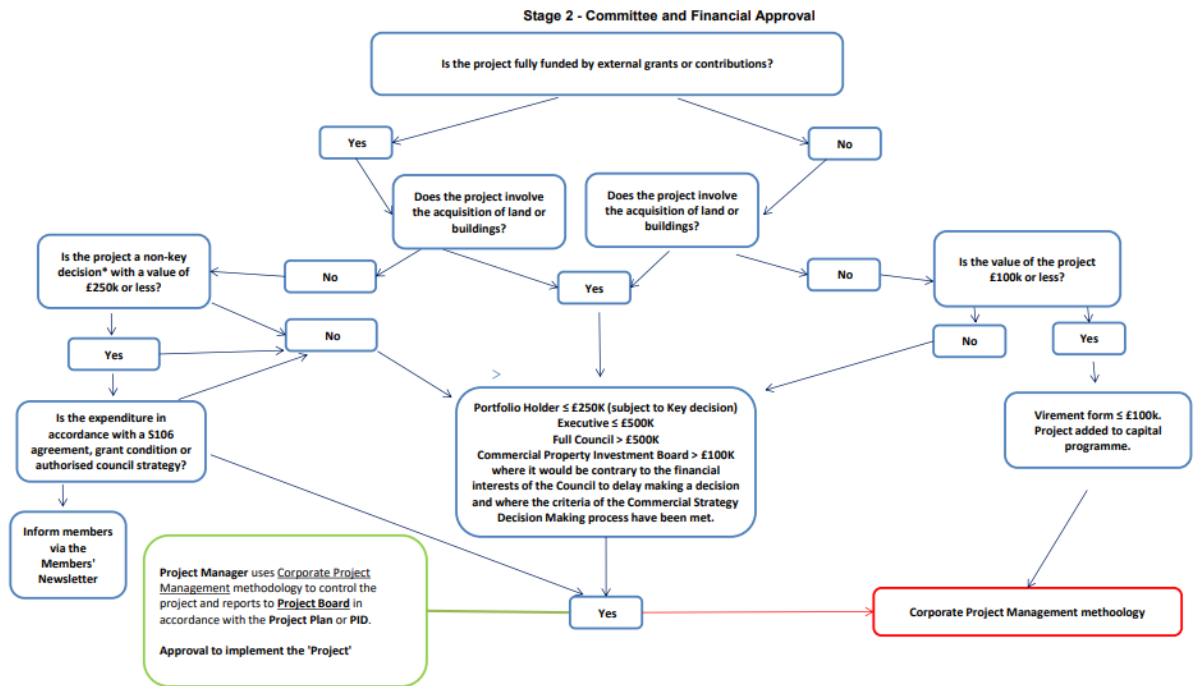
## Project Management - Reporting Flow Diagram. V6

### Project Start Up Structure

Stage 1 - Internal Approval by Corporate Projects Board and CMT



## 6. SECTIONS APPLICABLE TO MANAGING DIRECTOR & HEADS OF SERVICE



### 6.2 Payroll – Officers and Members

#### Why is this important?

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

#### Risks:

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

#### Responsibilities and Key Controls

6.2.1 The payment of all salaries, wages, gratuities, compensation and other emoluments to employees or to former employees shall be made by the Managing Director through the HR Manager and Chief Finance Officer, including those powers set out in the Scheme of Delegation.

6.2.2 The Managing Director / Head of Service shall notify the HR Manager as soon as possible and in such form as the HR Manager may prescribe of:

## 6. SECTIONS APPLICABLE TO MANAGING DIRECTOR & HEADS OF SERVICE

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

The HR Manager will subsequently pass on relevant details to the Chief Finance Officer for the purposes of processing the payroll for employees in a format agreed by both parties.

- 6.2.3 To ensure the payment of salaries and wages at the proper time such documents as are required for data processing are to be submitted in accordance with a timetable to be agreed with the Managing Director / Head of Service, the HR Manager, and Chief Finance Officer.
- 6.2.4 The control and accounting for national insurance, income tax and pension and the maintenance of related records will be under the control of the Chief Finance Officer.

### **Appointment**

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

### **Appointment – Self-Employed Status**

- 6.2.10 To ensure that payroll transactions are processed only through the payroll system, Heads of Service / Service Managers should give formal



## 6. SECTIONS APPLICABLE TO MANAGING DIRECTOR & HEADS OF SERVICE

consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis.

6.2.11 The Inland Revenue applies a tight definition for employee status, and in cases of doubt, advice should be sought from the HR Manager and / or the Chief Finance Officer. (See also 5.1.54).

### **Time and Other Amendment Records**

6.2.12 All time records and other amendments shall be in a form approved by the HR Manager and Finance Manager.

6.2.13 All time records and other amendments will be certified as a true record by or on behalf of the Business Lead / Business Manager concerned. A list of officers permitted to authorise such records will be sent to the HR Manager and Chief Finance Officer, together with specimen signatures.

6.2.14 The authorising officer should undertake whatever checks are deemed necessary to satisfy themselves as to the authenticity and accuracy of the record.

6.2.15 All amendments to the authorised signatory list will be notified to the HR Manager and Chief Finance Officer in writing.

6.2.16 All time records and other amendment pay sheets will be signed by the employee making the claim.

6.2.17 Electronic mailing or facsimiles are not a suitable media to notify the HR Manager or Chief Finance Officer of time or other amendments, other than in urgent cases which must be followed up with a signed original document.

6.2.18 Retention of documents must comply with statutory Inland Revenue and Pension requirements.

6.2.19 Each Head of Service / Service Manager will be responsible for keeping adequate records of annual leave, sickness or other absences of employees within their service group.

### **Payment**

6.2.20 Payments will be calculated by the Chief Finance Officer in accordance with the information provided, the relevant Conditions of Service, and statutory payroll legislation.

6.2.21 Payment will be by BACS for all employees. Pay advices will be despatched to the relevant department where a designated officer will be responsible for their distribution. Any undelivered pay advices must be returned to the HR Manager (not payroll officers).

6.2.22 Payment of salaries and wages in advance will not be made except in the case of persons leaving the service of the Council before the day on which their salary or wage would normally be paid or at the discretion of the HR Manager.

## 6. SECTIONS APPLICABLE TO MANAGING DIRECTOR & HEADS OF SERVICE

### **Absence**

6.2.23 Managers or their authorised officers are responsible for ensuring records of all absences including holidays, sickness, unpaid and other leave are maintained and monitored.

6.2.24 In addition, for periods of unpaid and unauthorised leave, immediate written notification to the HR Manager is required. Where staff attendance is not recorded via the corporate system, the relevant Manager or their authorised officer must regularly submit a manually completed Absence Return Form giving the required information.

### **Leavers**

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

### **Pay Awards**

6.2.26 The HR Manager in consultation with the Chief Finance Officer, will be authorised to implement any nationally or locally agreed salary or wage award.

6.2.27 The HR Manager, in consultation with the Chief Finance Officer, will report to the appropriate member body on the financial implications of any pay award affecting employees of the Council.

### **Verification**

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

### **Members Allowances**

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

6.2.30 Members' allowance returns will be certified by the Monitoring Officer or a duly authorised officer on their behalf and must be submitted on a monthly basis.

### 6.3 Insurances

#### Why is this important?

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

#### Risks:

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

#### Responsibilities and Key Controls

- 6.3.1 The Chief Finance Officer shall effect all insurance cover and negotiate all claims in consultation with other officers where necessary.
- 6.3.2 Heads of Service / Service Managers shall give prompt notification to the Chief Finance Officer of all new risks, property, equipment or vehicles that require to be insured and of any alterations affecting existing insurances. Details of vehicles hired or leased for a period greater than 14 days shall be passed to the Chief Finance Officer.
- 6.3.3 Heads of Service / Service Managers shall ensure that all conditions of the Council's insurance policies that relate to their area of responsibility are adhered to.
- 6.3.4 Heads of Service / Service Managers shall immediately notify the Chief Finance Officer in writing of any loss, liability or damage or any event likely to lead to a claim in connection with their service groups together with full supporting details, papers or subsequent explanation as required.
- 6.3.5 All appropriate employees of the Council shall be included in suitable fidelity guarantee insurance.
- 6.3.6 Heads of Service / Service Managers shall consult the Chief Finance Officer or the Council's Solicitor regarding the terms of any indemnity which the Council is requested to give.
- 6.3.7 The Chief Finance Officer shall annually, or at such period as they may consider necessary, review all insurances in consultation with other Heads of Service / Service Managers as appropriate.

**Inspections**

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

**Claims**

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

## **6.4 Partnerships**

### **Why is this important?**

Partnerships can play a key role in delivering services to the community and in helping to promote and improve the well-being of the area. The Council's Commercial Strategy recognises partnership working as one of several alternative delivery models that may help contribute towards its commercial objectives. The Council is working in partnership with other Councils, public agencies, private companies, community groups and voluntary organisations, to bring together the contributions of the various stakeholders to deliver a shared vision of services based on user wishes.

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

### **Risks:**

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

### **Responsibilities and Key Controls**

6.4.1 The Executive is responsible for approving frameworks for partnerships within the scope of its Executive functions.

6.4.2 The Chief Finance Officer will give advice on effective controls and ensure that accounting arrangements are satisfactory.

6.4.3 Before entering into agreements Heads of Service / Service Managers leading will advise the Chief Finance Officer of the key elements of funding a project. This will include:

- (i) A business case and scheme appraisal for financial viability in both the current and future years;
- (ii) Risk appraisal and management;
- (iii) Resourcing, including taxation issues;
- (iv) Audit, security and control requirements;
- (v) Carry-forward arrangements; and
- (vi) Get-out clause and exit strategy for dissolving the partnership.

6.4.4 The Heads of Service / Service Managers leading will:

- (i) Adhere to the requirements of the Council's Commercial Strategy and approved Council policies relating to partnerships;
- (ii) Maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the Chief Finance Officer;

## 6. SECTIONS APPLICABLE TO MANAGING DIRECTOR & HEADS OF SERVICE

- (iii) Ensure that such agreements and arrangements do not impact adversely upon the services provided by the authority;
- (iv) Ensure that an agreement exists in respect of each partnership and governance arrangements are properly documented and reviewed by the Council's Solicitor; and
- (v) Provide appropriate information to the Chief Finance Officer to enable a note to be entered into the Council's statement of accounts concerning material items.

### 6.4.5 Partners must:

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

## **6.5 Work for Third Parties**

### **Why is this important?**

Current legislation enables the Council to provide a range of services to other bodies, but within certain parameters. Such work may enable a service area to maintain economies of scale and existing expertise. The Council's Commercial Strategy also recognises alternative working models as a means of becoming financially self-sufficient. Arrangements should be put in place to ensure that any risks associated with this work are minimised and that such work is within the Council's legal powers.

### **Risks:**

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

### **Responsibilities and Key Controls**

#### **Approval**

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

#### **Legality**

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

#### **Financial Matters**

6.5.3 The Chief Finance Officer shall issue guidance on the financial aspects of providing third parties with services and in the maintenance of a contracts register.

6.5.4 The relevant Head of Service / Service Manager must ensure that:

- (i) The requirements of the Council's Commercial Strategy are met
- (ii) Proposals are costed properly in accordance with the guidance provided by the Chief Finance Officer;
- (iii) No contract is subsidised by the Council;
- (iv) Appropriate insurance arrangements are made;
- (v) The Council is not put at risk from any bad debts;
- (vi) Wherever possible, payment is received in advance of the provision of the service;
- (vii) The Chief Finance Officer is provided with the appropriate information to enable a note to be entered into the statement of accounts; and

## 6. SECTIONS APPLICABLE TO MANAGING DIRECTOR & HEADS OF SERVICE

- (viii) Information held or assets owned by the Council is/are not used to the detriment of the Council.

### **Contract**

6.5.5 The relevant Head of Service / Service Manager must ensure that:

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

### **Service Provision**

6.5.6 The relevant Head of Service / Service Manager shall also ensure that:

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



### 6.6 External Funding

#### Why is this important?

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

#### Risks:

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

#### Responsibilities and Key Controls

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

## **6.7 Land, Buildings, Vehicles, Plant and Equipment**

### **Why is this important?**

The Council holds assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up-to-date asset register and inventory is a prerequisite for sound asset management.

### **Risks:**

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

### **Responsibilities and Key Controls**

#### **Asset Management**

6.7.1 The Council's Managing Director and Head of Place and Commercial Services shall be responsible for the development and implementation of asset management plans.

6.7.2 The Council has also established a Commercial Property Investment Board and a Capital Review Group. The Capital Review Group's roles includes:

- (i) Considering and prioritising new capital bids;
- (ii) Reviewing Capital Project Outline Proposal forms completed in support of capital bids ensuring alternative options have been considered;
- (iii) Considering the revenue consequences of bids for affordability and sustainability and ensuring all sources of funding have been identified; and
- (iv) Recommending projects to be included in the Council's Capital Programme and the subsequent monitoring of these projects.

6.7.3 The Commercial Property Investment Board is responsible for approving commercial investments where the investment meets the criteria laid out in the Commercial Strategy and where it would be contrary to the financial interests of the Council for a decision to be delayed due to adhering to committee approval routes.

#### **Land and Buildings**

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

6.7.5 The Council's Solicitor will have custody of all title deeds under security arrangements agreed with the Chief Finance Officer.

**Vehicles, Plant and Equipment**

6.7.6 The Heads of Service / Service Managers shall ensure that up to date records exist for all vehicles and items of plant and equipment under their control. The records are to include:

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

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

6.7.8 No private use is permitted of any vehicle or item of plant or equipment in the ownership of or leased to the Council.

**Acquisition**

6.7.9 The acquisition of any land and buildings requires the approval of the Executive and shall be made within the context of the Council's Asset Management Plan subject to the provisions of the Council's Constitution and 6.7.9 and 6.7.11 below.

6.7.10 Minor acquisitions up to £100,000 in value may be approved by the Head of Place and Commercial Services in consultation with the Portfolio Holder, the Managing Director, the applicable Head of Service, and the Chief Finance Officer. The Head of Place and Commercial Services will sign the Decision Notice for the acquisition to evidence their agreement.

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

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

6.7.13 Where, for commercial reasons, a purchase is required urgently, the provisions of the Council's Commercial Strategy will apply, under which the Chief Finance Officer has delegated authority in line with the provisions specified within the Commercial Strategy, to approve the purchase of assets where their purchase meets the relevant criteria.

## 6. SECTIONS APPLICABLE TO MANAGING DIRECTOR & HEADS OF SERVICE

### General

- 6.7.14 All buildings, vehicles or plant or equipment shall be appropriately insured, see also Financial Instruction 6.3. The circumstances of losses of or damage to any vehicle or item of plant and equipment must be reported immediately to the relevant Head of Service / Service Manager and the Chief Finance Officer. Losses are to be recorded in the appropriate inventory or asset register.
- 6.7.15 All assets owned by the Council are to be valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA / LASAAC).

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

#### Why is this important?

It would be uneconomic and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and the regulations of the Council with the objective of securing maximum residual value.

#### Risks:

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

#### Responsibilities and Key Controls

##### Asset Management

6.8.1 See Financial Instruction 6.7 which describes the role of the Managing Director and Head of Place and Commercial Services and the management of assets.

##### Land and Buildings

6.8.2 The decision to agree to the disposal of assets with a value **up to £20,000** may be made by the Head of Place and Commercial Services.

6.8.3 For those with a value **above £20,000** and up to **£100,000** the Head of Place and Commercial Services must consult with the Portfolio Holder, Managing Director, and Chief Finance Officer. The Head of Place and Commercial Services and the Chief Finance Officer will sign the Decision Notice for the disposal to evidence their agreement.

6.8.4 Above **£100,000** requires the agreement of the Portfolio Holder in accordance with the rules for Portfolio Holder decisions. These Instructions are subject to the Provisions of the Council's Constitution with regard to Key Decisions, as well as having regard to the Council's Asset Management Plan. Decisions will be reported retrospectively to the next Executive committee.

6.8.5 The decision to agree to the disposal **by Lease**, where the period of the lease does not exceed **10 years**, may be made by the Head of Place and Commercial Services having regard to the requirements of the Asset Management Plan and where it does not prejudice existing land holdings or future development proposals.

6.8.6 Lease decisions which commit the Council to periods in excess of 10 years must be approved by the Executive.

## 6. SECTIONS APPLICABLE TO MANAGING DIRECTOR & HEADS OF SERVICE

### Vehicles

- 6.8.7 Any vehicles that are surplus to the Council's requirements shall only be disposed of on the prior written authority of the Head of Service / Service Manager. They are empowered to dispose of vehicles by way of trade-in or, following advertisement, to the highest tenderer, and to hire additional vehicles where necessary. Where a vehicle has little or no sale value parts should be re-used where appropriate.
- 6.8.8 The disposal of any vehicle shall either be by part-exchange or by public auction. The decision on the method of disposal is the responsibility of the relevant Head of Service / Service Manager, in consultation with the Chief Finance Officer.
- 6.8.9 All documentation relating to the sale of any vehicle is to be retained in safe custody for a period of six years and is to be available for inspection by Internal Audit, if requested.
- 6.8.10 Any inventory or similar record relating to the vehicle disposed of is to be endorsed with the date of disposal and the receipt number for the income received.

### Plant and Equipment

- 6.8.11 The term equipment in this section includes all equipment of the Council including engineering, building and office equipment or machinery.
- 6.8.12 Proposed disposals shall not be separated to avoid the approval and reporting limits.
- 6.8.13 Any items of plant or equipment of up to £1,000 in value that are surplus to the Council's requirements may be disposed of with the written authorisation of the Head of Service / Service Manager. A second officer shall formally witness the disposal at a local level and the appropriate records retained. (See also 6.8.14 below for use of EBay).
- 6.8.14 Sealed bids are to be sought in respect of any items of plant and equipment that are surplus to the Council's requirements valued between £1,001 and £6,000 on the prior written authority of the relevant Head of Service / Service Manager or their nominated deputy. It shall be the responsibility of the Chief Finance Officer and the relevant Head of Service / Service Manager or their nominated deputy, to obtain the best possible price. (See also 6.8.14 below for use of EBay).
- 6.8.15 The disposal of any item of plant and equipment valued at more than £6,000, shall be advertised as a competitive tender unless the relevant Head of Service / Service Manager, after consulting the Chief Finance Officer, decides that disposal shall be by other appropriate method e.g. advertisement in local press / trade journals, or part exchange. When placing advertisements, the value must be estimated by a professional, knowledgeable and experienced officer and the process must be agreed with the relevant Head of Service. (See also 6.8.14 below).

## 6. SECTIONS APPLICABLE TO MANAGING DIRECTOR & HEADS OF SERVICE

- 6.8.16 Notices offering an item of plant and equipment for sale via tender or auction, regardless of value, are to state that any offer or tender is to be sent to a named officer within Financial Services in a plain sealed envelope endorsed only with the name of the goods to which the offer or tender relates. The name of the person or organisation tendering must not be stated on the envelope. Alternatively, see 6.8.14 below.
- 6.8.17 The Council has an EBay account which may be used for selling obsolete items by public auction electronically. The procedure for this including approval form can be found on the Council's intranet. Where EBay is not used, offers or tenders received are to be held unopened in safe custody by the officer conducting the disposal until the submission date and time has expired. Tenders must be opened simultaneously and recorded in the presence of two officers to avoid any accusations of impropriety.
- 6.8.18 No offers or tenders are to be considered after the date and time for the submission of offers or tenders has expired, unless no other bids have been received.
- 6.8.19 On acceptance of the highest offer, the purchaser must pay the Council before the item is released.
- 6.8.20 Documentation is to be retained in safe custody for a period of six years and available for inspection by Internal Audit, if requested.
- 6.8.21 Disposal of items to voluntary groups whose objectives are congruous with those of the Council's may also be considered where appropriate and with the approval of the Head of Service / Service Manager.
- 6.8.22 Any inventory or similar record relating to the item of plant and equipment disposed of is to be endorsed with the date of disposal and the receipt number for the income received.

### **Computer and Computer Related Equipment**

- 6.8.23 The disposal of computers and computer related equipment on behalf of the Council is the responsibility of Strata Service Solutions Ltd, although the above principles will apply.
- 6.8.24 Items up to a value of £10,000 may be sold or written out of the inventory on the authority of the Strata IT Director. The method of disposal must ensure best value is obtained and evidence kept. Over £10,000, the Strata Board must authorise the disposal and details of the authority must be recorded in the minutes.
- 6.8.25 Disposal of electrical and electronic equipment including household appliances, IT / telecommunications equipment, electrical and electronic tools, leisure and sports equipment etc. should comply with the WEEE directive and must also ensure data security is not compromised (e.g. by ensuring destruction of hard drives in line with best practice).

### **General**

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

### Head of Community Services and Improvement

#### 7.1 Grants and Loans

##### Why is this important?

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

##### Risks:

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

##### Responsibilities and Key Controls

- 7.1.1 The Head of Community Services and Improvement shall be responsible for delegating the management and processing of applications for grants and loans.
- 7.1.2 The processing of grant and loan applications shall be dealt with expeditiously in accordance with current legislation and Council policy. All applications shall be approved by the Head of Community Services and Improvement or their nominated representative, before any payments are made.
- 7.1.3 Payments shall be within the limits of the budget for grants or loans.
- 7.1.4 Payments of grants or loans shall not be made without the standard of workmanship having been first approved as satisfactory by the appointed officer in association with the applicant or their agent.

##### Declaration of Interests

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



### 7.2 Payment of Housing Benefit and Council Tax Support

#### Why is this important?

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

#### Risks:

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

#### Responsibilities and Key Controls

7.2.1 The Head of Community Services and Improvement shall be responsible for the procedures, assessment and payment of benefit.

7.2.2 They shall ensure that periodic checks on the calculations and the entitlement for benefit in selected cases are carried out.

#### Personal Data / Declaration of Interest

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

7.2.4 Any information gained in the assessment and payment of benefit shall not be divulged by any member of staff to persons not authorised to receive that information. Any person seeking information on behalf of another must provide satisfactory evidence that they are authorised to do so within the confines of the Data Protection Act 2018.

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

#### Payments

7.2.6 Benefits shall be paid by BACS.

### **Chief Finance Officer**

#### **7.3 Accounting**

##### **Why is this important?**

Maintaining proper accounting records is one of the ways in which the Council discharges its responsibility for stewardship of public resources.

The Council has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year, which are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the Council's resources.

##### **Risks:**

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

##### **Responsibilities and Key Controls**

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

## 7. FINANCIAL INSTRUCTIONS APPLICABLE TO SPECIFIC POSTS

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

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

### Separation of Duties

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

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

### Other Information

7.3.8 Heads of Service / Service Managers shall supply requisite information to the Chief Finance Officer for financial costing and accounting purposes.

7.3.9 The Chief Finance Officer shall by arrangement with a Head of Service / Service Manager provide such costing or other financial information required to facilitate the efficient conduct of their functions by officers responsible for incurring expenditure.

7.3.10 The Head of Service / Service Manager will be responsible for advising the Chief Finance Officer of any likely overspending of their authorised budget provision.

### Working Papers and Accounting Records

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

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

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

## 7. FINANCIAL INSTRUCTIONS APPLICABLE TO SPECIFIC POSTS

### Reports to Member Bodies

7.3.14 Copies of all reports having financial implications shall be submitted to the Chief Finance Officer in sufficient time prior to the meeting of the member body at which such reports are to be considered to enable the Chief Finance Officer to make their observations on the financial implications to the Head of Service / Service Manager concerned. Where the Chief Finance Officer is not a signatory to the report, their observations will be appended where they think it necessary.

### Trading Accounts

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

### Annual Accounts and Report

7.3.16 The Chief Finance Officer is to report to the Executive giving comparisons of actual income and expenditure with that budgeted.

7.3.17 The Chief Finance Officer is to be notified of any outstanding income and / or expenditure relating to the previous financial year as soon as possible after the 31<sup>st</sup> March in accordance with the year end timetable.

7.3.18 The Chief Finance Officer is to administer the arrangements for under and overspendings to be carried forward to the following financial year.

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

### 7.4 Treasury Management

#### Why is this important?

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

#### Risks:

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

#### Professional Standards

7.4.1 The Council adopts the latest Code of Practice for Treasury Management in Local Authorities (published by CIPFA) and these rules should be adhered to as a matter of principle.

#### Cash Position

7.4.2 The Chief Finance Officer shall arrange for a nominated officer to assess the cash position each working day to determine the funds to be invested, recalled or borrowed as necessary. The nominated officer shall prepare a Daily Cash Position Statement which is to be signed by an authorised officer on the day of preparation.

#### Investments

7.4.3 All investments of money under its control shall be made in the name of the Council.

7.4.4 All securities in the name of the Council and the title deeds of all property in its ownership shall be held in the custody of the Chief Finance Officer.

7.4.5 The Chief Finance Officer shall be authorised to invest or utilise such surplus monies of the Council as may seem to them proper and in the Council's interest, within the approved Council Policy.

## 7. FINANCIAL INSTRUCTIONS APPLICABLE TO SPECIFIC POSTS

### **Borrowing**

7.4.6 All borrowing shall be made in the name of the Council.

7.4.7 The Chief Finance Officer shall:

- (i) Negotiate all loans of money to the Council (including overdrafts) within the Council's overall borrowing powers;
- (ii) Be the Council's registrar of stocks, bonds and mortgages;
- (iii) Maintain a record of all borrowing of money by the Council;
- (iv) Borrow at the most advantageous rates and terms possible; and
- (v) Ensure that the Council's aggregate credit limit is monitored and at no time exceeded.

7.4.8 The Chief Finance Officer shall prepare a report prior to the commencement of each financial year for full Council to consider and then set the borrowing limits for the ensuing year.

### **General**

7.4.9 A detailed weekly statement of lending (or borrowing) transactions including the closing balances lent (borrowed) shall be prepared by a nominated officer. At the end of each week this statement is to be presented to the Chief Finance Officer for signed approval. The signed document shall be retained for a period of 2 years for audit inspection. The Chief Finance Officer shall report at least three times a year on treasury management activities to the Executive.

7.4.10 It is the responsibility of Heads of Service and Service Managers to ensure that loans are only made to third parties where specific member approval is obtained, such as loans to social, cultural and sporting organisations etc.

7.4.11 Interests must not be acquired in companies, joint ventures or other enterprises without the approval of full Council, following consultation with the Chief Finance Officer, having regard to the Council's Commercial Strategy.

### **Trust Funds**

7.4.12 All trust funds shall wherever possible be in the name of the Council.

7.4.13 All officers acting as trustees by virtue of their official position shall deposit all securities, etc. relating to the trust with the Chief Finance Officer, or Monitoring Officer as appropriate, unless the deed otherwise provides.

7.4.14 It is the responsibility of Heads of Service / Service Managers to arrange, where funds are held on behalf of third parties, for their secure administration, and to maintain written records of all transactions as approved by the Chief Finance Officer.

7.4.15 Heads of Service / Service Managers must also ensure that trust funds are operated within any relevant legislation including the expectations of the Charity Commission, and the specific requirements for each trust.

### 7.5 Government Grants, Subsidies, Claim Forms and Statistical Returns

#### Why is this important?

Grants and subsidies are a significant source of finance to the Council. As such it is essential that the Council receives all that is due to it and on time. Statistical returns often have a significant financial impact upon the authority in respect of the allocation of future grant funding streams. This section should be read in conjunction with the Council's Data Quality Strategy.

#### Risks:

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

#### Responsibilities and Key Controls

7.5.1 The Chief Finance Officer, in association with Heads of Service / Service Managers where relevant, shall be responsible for ensuring that all forms relating to subsidies, grants and claims submitted to Government Departments or other grant paying bodies are completed on behalf of the Council.

7.5.2 The Chief Finance Officer or relevant Head of Service / Service Manager shall nominate specific officers to complete various subsidy, grant and claim forms and it shall be their duty to deal with the forms expeditiously using the most accurate information available, in accordance with the Council's Data Quality Strategy.

#### Grants Conditions

7.5.3 The Chief Finance Office or relevant Head of Service / Service Manager shall ensure that the conditions of any subsidy or grant are met, including the submission of claims on a timely basis as required by the terms of the grant paying body.

#### Receipts and Payments

7.5.4 Any payment by or income due to the Council arising from a submitted subsidy, grant or claim form shall be made known to the Chief Finance Officer and amounts recorded for accounting purposes to the financial codes set up for the purpose.

### **Audit Requirements of the Grant Paying Body**

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

### **General**

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



### 7.6 Maintenance of Reserves

#### Why is this important?

The Council must decide the level of general reserves that 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.

#### Risks:

- The Council may be unable to meet its financial commitments or any unforeseen costs that may arise during the year; and
- The Council fails to comply with standard codes of practice on local authority accounting (CIPFA / LASAAC).

#### Responsibilities and Key Controls

7.6.1 The Chief Finance Officer shall advise the Executive and full Council on prudent levels of reserves for the Council and take into account the advice of the external auditor and professional advisory bodies.

7.6.2 The Chief Finance Officer will comply with CIPFA guidance notes on Local Authority Reserves and Balances (currently LAAP 77).

7.6.3 Specific reserves shall only be used for the purpose for which they were intended.

### 7.7 Treatment of Year End Balances

#### Why is this important?

Specific rules must be followed for the transfer of resources between accounting years i.e. a 'carry forward'. For the purposes of these instructions, a budget heading is a line in the estimates report, or, as a minimum, at an equivalent level to the standard service sub-division as defined by CIPFA in its service expenditure analysis.

#### Risks:

- Balances are not carried forward correctly.

#### Responsibilities and Key Controls

7.7.1 The Chief Finance Officer is to administer the scheme of 'carry forward' within the guidelines approved by full Council.

7.7.2 Heads of Service / Service Managers may be required to carry forward overspendings on service estimates to the following financial year and this will constitute first call on estimates in the following year. The extent of overspendings carried forward will be reported by the Chief Finance Officer to the Executive and to full Council.

7.7.3 Net underspendings on service estimates under the control of a Head of Service, may be carried forward, subject to:

- (a) the detailed constraints and completion of the official carry forward form; and
- (b) reporting to the source of underspending or additional income and the proposed application of those resources for approval by SLT to be reported to Executive and subsequently to full Council as before.

7.7.4 The Chief Finance Officer is to report all overspendings and underspendings on service estimates carried forward to the Executive and to full Council.

7.7.5 All internal cost centre surpluses shall be retained for the benefit of the authority and their application shall require approval in accordance with virement rules or carry forward rules as appropriate.