



# **Financial Regulations 2014/15**

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**Financial Planning  
London Borough of Tower Hamlets**

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## Introduction

To conduct its activities efficiently, a local authority needs to ensure *it has sound financial management policies in place and that they are strictly adhered to. Part of this process is to establish financial regulations that set out the financial policies of the authority. Such regulations are supplemented by detailed financial procedures.*

Financial procedures provide clarity about the financial responsibilities of individuals within the organisation. All individuals engaged on Council activities are responsible for ensuring that their actions comply with the objectives specified in the financial and procurement procedures.

In compiling these regulations and procedures the objective has been:-

- To provide advice on how to undertake the financial aspects of your duties;
- To disseminate best practice throughout the Council;
- To ensure consistency; and
- To ensure legal requirements are adhered to.

The procedures have been developed by Directorate Finance Business Partners and have been the subject of extensive consultation. However it is obviously impossible for the procedures to cover every eventuality and an element of interpretation may be necessary. If advice is required, please contact your Directorate Finance Business Partner.

**Chris Holme**  
**Acting Corporate Director of Resources**

## **A: General**

### **A1 Application**

1. Financial regulations provide the framework for managing the Council's financial affairs. They apply to the Mayor, every elected Member and officer of the Council and anyone acting on its behalf.
2. The Mayor, all Members, staff, agents and consultants have a general responsibility for taking 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.

### **A2 Delegation**

1. The Constitution of the Council sets out the main delegations and these Regulations identify the additional financial delegations that the Council has decided to make to its officers. The Constitution of the Council also includes the Financial Procedure Rules.
2. Where decisions have been delegated, references to the Senior Manager refers to these delegations. No other delegations should be inferred from these Regulations.
3. A 'Senior Manager' for the purpose of these Regulations means the Head of Paid Service, Corporate Directors, Service Heads, and Budget Managers unless otherwise specified in these Regulations
4. A written record should be maintained of all corporate and directorate schemes of delegation.
5. The Council operates a system of devolved financial responsibility under which Directorates administer their financial affairs. The Finance Business Partners have a dual reporting line to both the appropriate Corporate Director and the Corporate Director of Resources.
  - 5.1 The Finance Business Partner is responsible for informing the Corporate Director of Resources of any issue which may have implications for the exercise of the Director's responsibilities under Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988.
  - 5.2 The Finance Business Partner is responsible for ensuring Directorate compliance with the Financial Procedures, Procurement Procedures and other instructions and guidance issued by the Corporate Director of Resources.
6. Delegation empowers junior officers but ultimate managerial accountability remains with the Senior Manager taking a decision under delegated authority.

### **A3 All staff to have access to Financial Regulations**

1. Senior Managers are responsible for ensuring that all staff in their Directorate or Service Area are aware of the existence and content of the Council's financial regulations and other internal regulatory documents and that they comply with them.

## **B: The Financial Control Framework**

### **B1 Full Council**

1. Full Council is responsible for approving the Budget and Policy Framework within which the Executive operates.
2. Full Council is also responsible for approving and monitoring compliance with the Council's overall framework of accountability and control. The framework is set out in the Council's Constitution and Code of Corporate Governance.

### **B2 The Executive**

1. The Executive is responsible for proposing the policy framework and budget to the full Council, and for discharging executive functions in accordance with the budget policy framework as contained in the Constitution.
2. In making any decision, the Executive must take account of legal and financial liabilities and risk management and other relevant issues that may arise from the decision.
3. The Executive is responsible for specifying the limits within which officers have delegated authority to make decisions. These thresholds are as set out in section B9 of these Regulations.

### **B3 Audit Committee**

1. The Audit Committee is the Committee charged with scrutinising the financial governance and system of internal controls of the authority.
2. The Audit Committee has right of access to all the information it considers necessary and can consult directly with internal and external auditors.
3. The Audit Committee is responsible for reviewing the external auditor's reports and the annual audit letter and internal audit's annual report.
4. The Audit Committee is responsible for approving the Statement of Accounts of the authority.
5. The Audit Committee is responsible for scrutinising the Treasury Management report.

### **B4 Chief Executive/Head of Paid Service**

1. The Chief Executive/Head of Paid Service is responsible for the corporate and overall strategic management of the Council as a whole.
2. The Chief Executive/Head of Paid Service must report to and provide information for the Executive, the full Council, the Overview and Scrutiny Committee and other Committees.

3. The Chief Executive/Head of Paid Service is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation.
4. The Chief Executive/Head of Paid Service is also responsible for ensuring that all decisions made by the Executive and the reasons for them are made public. They must also ensure that Council members are aware of decisions made by the Executive and of those made by officers who have delegated executive responsibility.

## **B5 Monitoring Officer**

The Council's Monitoring Officer is responsible for:

1. Promoting and maintaining high standards of ethical conduct and provides support to the Standards Committee.
2. Reporting any actual or potential breaches of the law or maladministration to the Full Council and/or the Executive.
3. Advising all Councillors and officers about who has authority to take a particular decision.
4. Advising the Executive or Full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the Budget & Policy Framework.
5. Maintaining an up-to-date constitution.

## **B6 Corporate Director of Resources**

The Corporate Director of Resources is the officer responsible for financial administration under s.151 of the Local Government Act 1972 and is responsible for:

1. The proper administration of the Council's financial affairs.
2. Setting and monitoring compliance with financial management standards.
3. Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management.
4. Providing financial information in conjunction with Senior Managers.
5. Ensuring that the annual statement of accounts is prepared in accordance with International Financial Reporting Standards, the Code of Practice on Local Authority Accounting and the Service Reporting Code of Practice within the statutory deadlines.
6. Preparing the revenue budget and capital programme relating to the General Fund and the Housing Revenue Account
7. Ensuring that reports requesting decisions of Members include appropriate statements as to the financial and use of resources implications of the matter under consideration.

8. Treasury management.
9. Section 114 of the Local Government Finance Act 1988 requires the Corporate Director of Resources to report to the full Council, executive and external auditor if the authority or one of its officers:
  - has made, or is about to make, a decision which involves incurring unlawful expenditure.
  - has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Council.
  - is about to make an unlawful entry in the authority's accounts.
10. Section 114 of the 1988 Act also requires the Corporate Director of Resources to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under section 114 personally.
11. Selecting accounting policies and ensuring that they are applied consistently.
12. Determining the accounting procedures and records for the authority.
13. Issuing advice and guidance to underpin the Financial Regulations.
14. Maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to the Full Council for approval.
15. In conjunction with Senior Managers reporting breaches of the Financial Regulations to the Audit Committee.
16. Preparing reports to Corporate Management Team and the Executive to set the Cabinet Thresholds for reporting specific financial issues to the Executive.

## **B7 Corporate Directors and Service Heads (Senior Managers)**

Corporate Directors and Service Heads are responsible for:

1. Ensuring that the Executive are advised of the financial implications of all proposals and that the financial implications have been agreed by the Corporate Director of Resources.
2. Signing contracts on behalf of the Council.
3. The exercise of budgetary control.
4. Consulting with the Corporate Director of Resources to seek approval on any matter liable to affect the Council's finances materially, before any commitments are incurred.
5. Ensuring that matters requiring a decision by Members are drawn to the attention of the Corporate Director of Resources before any such decision is taken.

## **B8 Individual Members of the Council**

No financial decisions are delegated to individual Members of the Council under these Regulations, and no individual Member may instruct any officer to act in any particular way or to take any decision without the authority of the Full Council or the delegated authority of the Executive.

## **B9 Cabinet Reporting Thresholds**

The following thresholds have been set by the Executive for reports to be submitted to Cabinet/the Executive for approval.

Issues which are projected to involve sums below the "Delegated Authority Threshold" may be authorised by Corporate Directors in line with the scheme of delegations.

Issues which are approved by Corporate Directors under delegated authority but involve sums in excess of the "Noting Report Threshold" must be the subject of a noting report to the next available Cabinet.

	<b>Delegated Authority Threshold</b>	<b>Noting Report Threshold</b>
Transfer of a budget allocated for a particular purpose to be used for another purpose (Virement)	£250,000	£100,000
Adoption of a Capital Estimate	£250,000	£100,000
Waiving Competition Requirements for Contracts and Orders (Subject to EU Threshold)	£250,000	£100,000
Capital Overspends	£250,000	£100,000
Settlement Of Uninsured Claims	£250,000	£100,000



## C: Financial Planning

### C1 Budgets (Financial Procedures FP3 and FP4)

1. The process for compilation of the budget will be approved by the Executive on the advice of the Corporate Director of Resources.
2. The draft budget should include projected net expenditure on services and projects, proposed taxation and other income levels as well as any contingency funds.
3. The Corporate Director of Resources is responsible for ensuring that a revenue budget and a Medium Term Financial Plan for a three year review period are prepared annually for consideration by the Executive, before submission to the Full Council.
4. Senior Managers will ensure the proper administration of the Revenue Budgets and the Capital Programme allocated to them. They will also ensure compliance with guidance and instructions issued by the Corporate Director of Resources.

### C2 Budget Monitoring and Control (Financial Procedures FM5 and FM6)

1. Senior Managers are responsible for ensuring that within any financial year they take all reasonable measures to ensure an approved Revenue Budget or Capital Estimate within their control is not over spent.
2. Senior Managers must seek to ensure that there is no shortfall in the budgeted level of income.
3. When a projected overspend (or under recovery of income) is forecast to occur in a section of the Revenue Budget, or on a scheme within the Capital Programme, Senior Managers and other responsible officers must take measures to eliminate or reduce the overspend and maintain records of such actions,
4. The Corporate Director of Resources must be informed of potential budget variances in accordance with budget monitoring guidelines. The overspend will be the subject of a report to the Executive.

### C3 Maintenance of Reserves

1. It is the responsibility of the Corporate Director of Resources to advise the Executive on prudent levels of reserves for the Council.

## **D: Risk Management and Control of Resources**

### **D1 Risk Management** (Financial Procedure CR1)

1. Audit Committee is responsible for approving the authority's risk management policy statement and strategy and for reviewing the effectiveness of the risk management.
2. The Executive is responsible for ensuring that proper insurance exists where appropriate.
3. The Corporate Director of Resources is responsible for preparing the authority's risk management policy statement, for promoting it throughout the authority and for advising the Executive on proper insurance cover where appropriate.

### **D2 Internal Control** (Financial Procedure CR3)

1. Internal control refers to the systems of control devised by management to help ensure the authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the authority's assets and interests are safeguarded.
2. The Corporate Director of Resources is responsible for advising on effective systems of internal control.
3. Senior Managers are responsible for organising their operations to ensure appropriate controls are in place, ensure the Council's objectives are achieved, VFM secured and assets are safeguarded.
4. Such arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice.
5. Senior Managers must ensure that public funds are properly safeguarded and used economically, efficiently, and effectively and in accordance with the statutory and other authorities that govern their use.
6. It is the responsibility of Senior Managers to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve economy, efficiency and effectiveness and for achieving their financial performance targets.

### **D3 Audit Arrangements** (Financial Procedure CR4 and CR5)

1. The Accounts and Audit Regulations 2011 (as amended) require every local authority to maintain an adequate and effective internal audit.
2. The Audit Committee, in conjunction with an Independent Auditor Panel is responsible for appointing external auditors to each local authority. The basic duties of the external auditor are governed by section 6 of the Local Audit and Accountability Act 2014.
3. The authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.
4. Officers and Members will cooperate fully with auditors and inspectors in the pursuance

of their duties.

**D4 Preventing Fraud & Corruption** (Financial Procedure CR6)

1. The Corporate Director of Resources is responsible for the development and maintenance of an anti-fraud and anti-corruption policy.
2. Senior Managers are responsible for designing their systems of controls and putting in place internal controls that adequately manage the risk of fraud and corruption.
3. Senior Managers must report all instances of actual or attempted fraud to the Corporate Director of Resources and/or the Head of Audit and Risk Management.

**D5 Assets** (Financial Procedure CR7)

1. Senior Managers shall ensure that records and assets are properly maintained and securely held
2. Senior Managers should ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.
3. The Corporate Director of Development & Renewal is responsible for ensuring that valuations of the Council's assets are undertaken for management and reporting purposes.

**D6 Treasury Management** (Financial Procedure CR11)

1. The authority has adopted CIPFA's Code of Practice for Treasury Management in Local Authorities.
2. The Full Council is responsible for approving the treasury management policy statement setting out the matters detailed in paragraph 15 of CIPFA's Code of Practice for Treasury Management in Local Authorities. The policy statement is proposed to the full Council as part of the annual budget setting process.
3. The Corporate Director of Resources has delegated responsibility for implementing and monitoring the statement.
4. All money in the hands of the authority is controlled by the officer designated for the purposes of section 151 of the Local Government Act 1972, referred to in the code as the Director of Finance.
5. All executive decisions on borrowing, investment or financing shall be delegated to the Corporate Director of Resources, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities.

**D7 Staffing** (Financial Procedure CR9)

1. Full Council is responsible for confirming the appointment of the Chief Executive/Head of Paid Service, and has delegated to the Appointments Sub-Committee of the Human Resources Committee responsibility for appointing to the other Chief Officer and Deputy

Chief Officer posts. These are the only appointments that elected members are involved in apart from the 4 group/Mayor's political assistants.

2. The Chief Executive/Head of Paid Service is responsible for providing overall management to staff. He or she is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.
3. Senior Managers are responsible for controlling total staff numbers by:
  - Advising the Executive on the budget necessary in any given year to cover approved staffing levels.
  - Adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs.
  - The proper use of appointment procedures.

## **E: Financial Administration**

### **E1 General** (Financial Procedure FA1)

1. The Corporate Director of Resources is responsible for the operation of the authority's accounting systems, the form of accounts and the supporting key financial records.
2. Any changes made by Senior Managers to the existing financial systems or the establishment of new systems must be approved by the Corporate Director of Resources.
3. Senior Managers are responsible for the proper operation of financial processes in their own departments.
4. Any changes to agreed procedures by Senior Managers to meet their own specific service needs should be agreed with the Corporate Director of Resources.
5. Senior Managers should ensure that their staff receive relevant financial training.
6. Senior Managers must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation.
7. Senior Managers must ensure that staff are aware of their responsibilities under freedom of information legislation.

### **E2 Income and Expenditure** (Financial Procedure FA2)

1. It is the responsibility of Senior Managers to ensure that a proper scheme of delegation has been established within their area and is operating effectively. The scheme of delegation must be submitted to the Head of Transactions and reviewed annually at minimum.
2. The scheme of delegation must identify staff authorised to act on the Senior Managers' behalf in respect of payments, income collection and placing orders, together with the limits of their authority. The scheme of delegation is subject to the approval of the Corporate Director of Resources.
3. The Executive is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

### **E3 Payments to employees and members** (Financial Procedure FA4)

1. The Corporate Director of Resources is responsible for all remuneration payments to all staff, including any payments for severance, and for payment of allowances to members.
2. Senior Managers are responsible for providing information in a timely manner to enable the Corporate Director of Resources to discharge these responsibilities.

### **E4 Taxation** (Financial Procedure FA5)

1. The Corporate Director of Resources is responsible for advising Senior Managers, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on

all taxation issues that affect the authority.

2. The Corporate Director of Resources is responsible for maintaining the authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.
3. Senior Managers are responsible for ensuring that sufficient information is provided in a timely manner to enable the Corporate Director of Resources to discharge the Council's obligations under the tax legislation.

**E5 Trading accounts and /business units** (Financial Procedure FA6)

1. It is the responsibility of the Corporate Director of Resources to advise on the establishment and operation of trading accounts and business units.

## F: External Arrangements

### F1 Partnerships (Financial Procedure EA1)

1. The Executive is responsible for approving delegations, including frameworks for partnerships.
2. The Executive is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.
3. The Executive may delegate functions – including those relating to partnerships – to officers. Where functions are delegated, the Executive remains accountable for them to the Full Council.
4. The Authority may nominate individual Members and or officers to represent the Authority on external bodies.
5. The Monitoring Officer is responsible for promoting and maintaining the same high standards of ethics in partnerships that apply throughout the Authority.
6. The Corporate Director of Resources will advise on the accounting arrangements to be adopted relating to partnerships and joint ventures. He or she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.
7. Senior Managers are responsible for ensuring that appropriate Council approvals are obtained before any negotiations are concluded in relation to work with external bodies.

# Appendix A:

## Financial Procedures

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## FP: FINANCIAL PLANNING

### FP1: Capital Strategy

#### **Background**

The Capital Strategy details how capital resources will contribute to the achievement of the Council's corporate objectives.

The Capital Strategy is prepared by Corporate Finance under the sponsorship of the Asset Management & Capital Strategy Board (AMCSB) which is chaired by the Corporate Director of Development & Renewal.

#### **FP1.1 Objectives**

1. To ensure that the strategy is produced in accordance with best practice and is consistent with other key strategies and plans.
2. To ensure that the financial information provided in the Capital Strategy is consistent with medium term financial plans.

#### **FP1.2 Responsibilities of the Chair of Asset Management & Capital Strategy Board**

1. To revise annually, in consultation with Chief Officers, the Corporate Capital Strategy within the timetable established.
2. To obtain the approval of the Executive and Full Council.

#### **FP1.3 Responsibilities of Senior Managers**

1. To contribute to the development of the Capital Strategy within the statutory deadline and to ensure other Directorate plans and strategies are consistent with it.
2. To provide information and staff resources to the Asset Management & Capital Strategy Board when requested.

### **Background**

The Council's Corporate Asset Management Plan (AMP) sets out the Council's strategy for the management and maintenance of its asset/property portfolio.

The Asset Management Plan is prepared by the Corporate Property team under the sponsorship of the Asset Management & Capital Strategy Board which is chaired by the Corporate Director of Development & Renewal.

### **FP2.1 Objectives**

1. To ensure that the plan is produced in accordance with best practice and is consistent with other key strategies and plans such as the Community Plan, the Capital Strategy, the Housing 30 year business plan and Directorate Asset Management Plans.
2. To ensure that the financial data provided in the AMP is consistent with medium term financial plans.

### **FP2.2 Responsibilities of the Chair of Asset Management & Capital Strategy Board**

1. To revise the AMP annually, in consultation with Senior Managers and within the timetable established.
2. To obtain the approval of the Executive for the AMP.

### **FP2.3 Responsibilities of Senior Managers**

1. To contribute to the development of the AMP within the statutory deadline and to ensure other Directorate plans and strategies are consistent with it.
2. To provide information and staff resources to the Asset Management & Capital Strategy Board when requested.

## **FP3: Capital Programmes**

### **Background**

The Council produces a three-year capital programme to ensure resources are maximised, and potential resource gaps identified. This avoids abortive costs being incurred.

### **FP3.1 Objectives**

1. A Capital Programme is to be prepared annually projecting capital expenditure and associated resources for the next 3 years.
2. All capital receipts are to accrue to the Corporate pot in the first instance, and are to be allocated on the basis of criteria corresponding to the capital strategy document.
3. Central Government resources, which are not specific to a project or programme area, also accrue to the Corporate pot and are allocated on the basis of criteria corresponding to the capital strategy document.
4. All Directorates are entitled to bid for resources within the Corporate pot.
5. All capital programme expenditure must satisfy the statutory definitions of capital.
6. The contents and format of the Capital Programme is to be specified by the Corporate Director of Resources.

### **FP3.2 Responsibilities of the Corporate Director of Resources**

1. To issue guidelines annually on the format and content of the three-year capital programme and produce the three-year programme for approval by the Executive.
2. To produce the criteria for the approval of Directorate bids to be allocated corporate capital resources.
3. To produce a corporate capital programme for approval by the Executive, including elements to satisfy local priorities.
4. To devise a mechanism that allocates resources to Directorate Capital Programmes.
5. To produce a report for the Executive for the approval and the allocation of capital resources to Directorates.

### **FP3.3 Responsibilities of Senior Managers**

1. To prepare bids for capital resources corresponding to the guidance issued by the Corporate Director of Resources.
2. To prepare monitoring reports of the schemes in the approved capital programme in the format and timetable specified by the Corporate Director of Resources.
3. To ensure that records which satisfy internal and external audit requirements are maintained for all contracts.
4. To adopt capital estimates up to the Cabinet Threshold (£250,000 - Financial Regulation B9).
5. To submit a report to the Executive to obtain capital estimates in excess of the Cabinet Threshold (£250,000 - Financial Regulation B9).
6. To proceed with projects only when there is a capital estimate adopted and adequate capital resources have been identified.
7. To obtain a supplementary capital estimate where an individual Capital Scheme is projected to spend in excess of the original approval.

- A supplementary capital estimate can be granted by the appropriate Corporate Director if the overspend is less than £250,000 – Financial Regulation B9.
  - Executive approval must be obtained for Supplementary Capital Estimates in excess of £250,000. An explanatory report is required.
8. To comply with Financial Instructions relating to procurement as issued by the Corporate Director of Resources.
  9. To comply with the financial accounting instructions relating to capital items issued by Corporate Director of Resources.
  10. To ensure that adequate provision is made in the revenue budget for any ongoing revenue costs arising from capital schemes.

## **FP4: Revenue Budget Preparation**

### **Background**

Budgets constitute a mechanism, enabling the Council to plan, authorise, monitor and control revenue resources. They are also the basis on which the Council Tax is set.

The current elements which comprise the budget setting process are as set out below:-

1. The Government publishes its spending plans, indicating the aggregate resources to be allocated to Local Authorities in the medium term.
2. This is followed by final announcement and more information each year of the resources to be allocated by Central Government to Local Authorities.
3. The Council has to calculate its tax base, which is formally approved by the Executive in January.
4. The Greater London Authority will notify the Council of the amount it requires to be collected from the residents and this is incorporated into the Council Tax calculation.
6. The Executive must propose its budget to Council in accordance with the Budget and Policy Framework Procedure Rule.
7. The Council has to agree the level of Council Tax before 11<sup>th</sup> March each year and at the same time Full Council will also formally agree a legal balanced budget.

### **FP4.1 Objectives**

1. Tax base to be formally notified to the GLA and levying bodies by 31st January
2. Agreement by Council of the Council Budget by 28th February.
3. Preparation of the overall budget in accordance with the Local Government Finance Act 1992.
4. Formal adoption of the budget by Full Council before 11th March.

### **FP4.2 Responsibilities of the Corporate Director of Resources**

1. To issue detailed guidance and instructions on the procedures, responsibilities and timetable for preparing Revenue Budgets.
2. To provide guideline cash budget options to Members following Government announcements.
3. To work within the political budget strategy provided by the Executive.
4. To manage, in conjunction with Directorates, a process to deliver a balanced budget.
5. To calculate the resource/projected expenditure position for the period of the Medium Term Financial Plan (3-5 years ahead).
6. To collate the exemplifications of savings or growth from departments, as required by the budget strategy.
7. To advise and agree the levels of inflation that may be applied to specific areas of expenditure.
8. To prepare and submit reports to the Executive, in line with the Scheme of Delegation, on the aggregate spending plans of Directorates and on the resources available to fund them, identifying, where appropriate, the implications for the level of Council Tax to be levied.
9. To obtain Full Council approval for both the Council Tax and the budget setting report each year within the statutory timetable.

### **FP4.3 Responsibilities of Senior Managers**

1. To take responsibility for delivering the budget strategy.
2. To assist in the development and delivery of the budget process.
3. When drawing up draft budget requirements, to have regard to:
  - spending patterns and pressures revealed through the budget monitoring process.
  - legal requirements
  - policy requirements as determined by the Full Council in the approved policy framework.

- initiatives already under way.
4. To work within budget limits.
  5. To provide the specific Directorate information requested.
  6. To compile a Directorate budget within the guidelines issued by the Corporate Director of Resources.
  7. To obtain the approval of the Executive for new proposals, of whatever amount, that:
    - create financial commitments in future years
    - change existing policies, initiate new policies or cease existing policies
    - in the opinion of the Senior Manager and appropriate Lead Member materially extend or reduce the Council's services.

### **Background**

The Authority must decide the level of general Reserves it wishes to maintain as part of its financial planning before it can set the annual 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. Accounting policies require these to be differentiated from Provisions, the latter being maintained to meet future expenditure arising from a past event the timing of which is uncertain and cannot therefore be contained in the annual budget.

### **FP5.1 Objectives**

1. To maintain Reserves in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice, LAAP Bulletin 55 and other agreed accounting policies.
2. For each Reserve established, the purpose, usage, procedures for the management and control of reserves, and basis of transactions should be clearly identified.
3. Authorisation of expenditure from Reserves by the appropriate Senior Managers in consultation with the Corporate Director of Resources.

### **FP5.2 Responsibilities of the Corporate Director of Resources**

1. To advise the Executive on prudent levels of Reserves for the Council.
2. To recommend the formation or otherwise of earmarked reserves.
3. To incorporate the reserve requirement into the annual budget process.
4. To ensure that Provisions and Reserves comply with relevant accounting practices when incorporated into the annual accounts.

### **FP5.3 Responsibilities of Senior Managers**

1. To ensure that Reserves are used only for the purposes for which they were intended.
2. To advise the Corporate Director of Resources promptly of risks likely to occur during the formation of reserves.

### **Background**

Directorates are required to provide information for the Council's planning and performance management framework.

### **FP6.1 Objectives**

1. To ensure that relevant plans are consistent.
2. To produce plans in accordance with Council and statutory requirements, and timetables.
3. To ensure that all performance information is accurate, complete and up to date.
4. To provide improvement targets which are meaningful, realistic and challenging.

### **FP6.2 Responsibilities of the Corporate Director of Resources**

1. To advise and assist Directorates in producing the financial information that needs to be included in performance plans in accordance with statutory requirements and agreed timetables.
2. To contribute, in collaboration with other Senior Managers, to the development of corporate and service objectives, targets and performance information.
3. To work with Members to build priorities identified within performance plans into corporate and departmental budgets to enable delivery.

### **FP6.3 Responsibilities of Senior Managers**

1. To contribute to the development of performance plans in line with statutory requirements.
2. To develop corporate and service targets and objectives and performance information.
3. To ensure that service plans are clearly aligned with available resources, to enable the delivery of service priorities.
4. To ensure that targets identified within the Council's planning framework are built into local work programmes and targets for all staff.



## FM: FINANCIAL MANAGEMENT

### FM1: Financial Management Standards

#### **Background**

It is critical that Financial Management standards are consistently applied throughout the Council and a mechanism exists to promote best practice.

#### **FM1.1 Objectives**

1. To promote Financial Management standards throughout the Council.
2. To establish a monitoring system to review compliance with Financial Management Standards.

#### **FM1.2 Responsibilities of the Corporate Director of Resources**

1. To ensure the proper administration of the financial affairs of the Council.
2. To maintain and update financial regulations.
3. To ensure proper professional practices are adhered to and to act as head of profession in relation to the standards, performance and development of finance staff throughout the Council.
4. To advise on the key strategic controls necessary to secure sound financial management.
5. To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.
6. To ensure that internal Audit carry out the necessary probity and system checks required to verify that proper Financial Management Standards are maintained.
7. To report on the adequacy of the Council's reserves and the robustness of the budget estimates.

#### **FM1.3 Responsibilities of Senior Managers**

1. To promote the financial regulations and other related standards and procedures in their Directorates and to monitor adherence to these, in consultation with the Corporate Director of Resources.
2. To promote sound financial practices in relation to the standards, performance and development of staff in their departments.
3. To ensure the appropriately accurate coding of expenditure and income to facilitate financial reporting.

### Background

The scheme of virement is intended to enable Senior Managers to manage budgets and optimise the use of resources.

A virement is the transfer of resources from one budget head to another, during a financial year. It is thus the financial consequence of a change in priority of service delivery or in the means by which services are delivered. It can also be the use of resources provided within the budget framework but which are not allocated for any specific purpose e.g. unallocated contingency. A virement will naturally flow from, and be part of, a decision.

### FM2.1 Objectives

1. The Corporate Director of Resources administers the scheme of virement within guidelines set by Full Council.
2. The rules below cover virement; that is, switching resources between approved estimates or heads of expenditure.
3. For the purposes of this scheme, virement is permitted between any budgets that are the responsibility of the appropriate Corporate Director.
4. Virement does not create additional overall budget liability.
5. Senior Managers are expected to exercise their discretion in managing their budgets responsibly and prudently.
6. The following rules apply to virements :-
  - Virement between Capital and Revenue budgets is **not permitted** without the approval of the Executive.
  - Virement between the General Fund and the Housing Revenue Account is **not permitted**.
  - Virements may only be used when an increase in one budget is balanced by corresponding decreases in other budgets.
7. Target adjustments are a form of virement that involve transferring budgets between Directorates, or between a Directorate budget and a Corporate budget. All such adjustments must be approved by the Executive, irrespective of size.

### FM2.2 Responsibilities of the Corporate Director of Resources

1. To obtain Executive approval for Directorates virements (target adjustments) between £250,000 and £1 million.
2. To obtain full Council Approval for all virements exceeding £1 million.

### FM2.3 Responsibilities of Senior Managers

1. To notify the Corporate Director of Resources of virements up to the Cabinet Threshold (£250,000 – Financial Regulation B9) and for target adjustments of whatever level.
2. To prepare a report for the Executive in conjunction with the Corporate Director of Resources to obtain Executive approval for virements of amounts between £250,000 and £1 million.
3. To prepare a report for the Executive in conjunction with the Corporate Director of Resources to obtain Full Council approval for virements exceeding £1 million.

## **FM3: Treatment of Year-End Balances**

### **Background**

The rules below cover arrangements for the transfer of resources between accounting years, i.e. a carry-forward.

### **FM3.1 Objectives**

1. The objective is to establish appropriate accounting procedures to ensure that carried forward totals are correct and meet Council priorities.

### **FM3.2 Responsibilities of the Corporate Director of Resources**

1. To administer the arrangements for carry forward within the guidelines approved by Full Council.
2. To report all overspending and underspending on service estimates carried forward to members.

### **FM3.3 Responsibilities of Senior Managers**

#### **Overspends**

1. Senior Managers are required to assess the risk of any overspending of budgets under their control, on a monthly basis.
2. In the first instance they are expected to take any appropriate management action to contain issues within existing budgetary provision.
3. The Chief Executive/Head of Paid Service and Corporate Director of Resources will assist the relevant Corporate Director in developing possible financial strategies for containing the position.

#### **Underspends**

4. Net underspends on service estimates under the control of a Corporate Director must be used in the first instance to offset any overspending under their control.
5. Senior managers are required to assess the risk of underspending on budgets under their control on a monthly basis.
6. Where underspends exist at a Directorate level then in general these will be returned to the general fund at year end.
7. However if Corporate Directors consider there are circumstances in which unspent balances should be carried forward they should initially contact the Corporate Director of Resources as soon as they become aware of this; who will then prepare a report for consideration by the Executive.

## **FM4: Accounting Policies**

### **Background**

The Corporate Director of Resources is responsible for the preparation of the Council's annual statement of accounts, in accordance with proper accounting practices including International Financial Reporting Standards, the Code of Practice on Local Authority Accounting in the United Kingdom (The CIPFA Code) and the Service Reporting Code of Practice (SERCOP).

### **FM4.1 Objectives**

1. Establish systems of internal control to ensure financial transactions are lawful.
2. Ensure suitable accounting policies are selected and applied consistently.
3. Ensure proper accounting records are maintained.
4. Financial statements are produced which give a true and fair view of the financial position of the Council and its expenditure and income.

### **FM4.2 Responsibilities of the Corporate Director of Resources**

1. To select suitable accounting policies in order to comply with the CIPFA Code and SERCOP and to ensure that they are applied consistently.
2. To ensure developments in accounting best practice are incorporated into the Council's financial statements.
3. To liaise with the external auditor on deviations from standard accounting practice.

### **FM4.3 Responsibilities of Senior Managers**

1. To adhere to the accounting policies and guidelines agreed with Corporate Director of Resources.
2. To notify the Corporate Director of Resources where accounting practices adopted do not comply with instructions issued.

## **FM5: Budgetary Control**

### **Background**

Budgetary control ensures that resources allocated are utilised for their intended purposes, are properly accounted for, and provides timely information on variations from financial targets.

Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year and identifies managers responsible for defined elements of the budget.

### **FM5.1 Objectives**

1. Identify a nominated budget manager for each cost centre.
2. Ensure budget managers accept accountability for their budgets, the level of service to be delivered and understand their financial responsibilities.
3. Ensure budget managers follow an approved certification process for all expenditure.
4. Ensure income and expenditure are properly recorded and accounted for.
5. Ensure levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget.
6. Ensure actual income and expenditure is equal to that recorded on the corporate financial systems.

### **FM5.2 Responsibilities of the Corporate Director of Resources**

1. To establish a framework of budgetary management and control that ensures that:
  - Expenditure is contained within the budgets approved by the Executive and Full Council.
  - Each Senior Manager has available timely information on receipts and payments on each budget.
  - Expenditure is only incurred against an approved budget.
  - All officers responsible for incurring expenditure comply with relevant guidance, and financial regulations.
  - Each cost centre has a single named manager, determined by the relevant Senior Manager. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that incurs expenditure.
  - Significant variances from approved budgets are investigated and reported by managers regularly.
2. To administer the Council's scheme of virement.
3. To maintain the General Ledger system and chart of accounts to enable information to be accessed for budgetary control purposes.
4. To provide periodic statements of actual expenditure against approved budgets to approved timetables.
5. To prepare a corporate monitoring report covering all Directorates and Corporate budgets no less than on a quarterly basis and report to the Executive.
6. To monitor the position regarding contingent liabilities in conjunction with Senior Managers and ensure budgetary provision is made where necessary.

### **FM5.3 Responsibilities of Senior Managers**

1. To maintain budgetary control within their Services and to ensure that all income and expenditure is properly recorded and accounted for.
2. To ensure that an accountable manager is identified for each item of income and expenditure under the control of the Senior Manager.
3. To ensure the appropriate, accurate coding of expenditure and income to facilitate financial reporting.

4. To ensure that spending remains within the Service's overall budget provision and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are projected.
5. To ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and is operating effectively.
6. To prepare and submit to the Executive reports on the service's projected expenditure compared with its budget, in conjunction with the Corporate Director of Resources.
7. To ensure prior approval by the Executive, for new proposals, of whatever amount, that:-
  - Create financial commitments in future years
  - Change existing policies, initiate new policies or cease existing policies
  - Materially extend or reduce the Council's services.
8. To include comments of the Corporate Director of Resources in all reports.
9. To ensure compliance with the scheme of virement and delegation.
10. To obtain the approval of the Corporate Director for virements between budgets covering services managed by more than one Service Head.
11. To ensure that the reported revised budget for the Directorate corresponds with the target agreed with the Corporate Director of Resources.
12. To provide information in the format and timetable specified to enable the Corporate Director of Resources to prepare periodic reports to be prepared for submission to Corporate Management Team and the Executive.
13. To contain overall net expenditure within approved budgets.
14. To review 'personal' and balance sheet codes every month to ensure that all revenue impacts are reported as promptly as possible.
15. To advise the Corporate Director of Resources of potential provisions and contingent liabilities and to review these on a regular basis.
16. To provide representation when the Corporate Monitoring report is reported to the Executive to give any additional explanation required.

### **Background**

Capital budget monitoring ensures that capital resources allocated by the Executive are used for their intended purposes.

Capital control provides the mechanism to review progress on capital schemes, by comparison with the capital programme.

The Corporate Capital Monitoring Statement is a report that is produced every quarter that details projected capital expenditure and resources.

### **FM6.1 Objectives**

1. Ensure that there is a nominated officer for each capital budget, project and programme.
2. Budget managers are accountable for their projects and budgets.
3. Ensure potential resource under or over provision is identified early in the capital programme cycle to enable remedial action to be taken.

### **FM6.2 Responsibilities of the Corporate Director of Resources**

1. To prepare a Corporate Capital Monitoring Statement, to cover all Directorates and Corporate projects and programmes no less than on a quarterly basis.
2. To prepare and submit reports on the Council's projected expenditure and resources position to the Executive on a quarterly basis.
3. To formulate funding strategies to maximise available resources.

### **FM6.3 Responsibilities of Senior Managers**

1. To incur capital expenditure only when resources have been identified to provide funding.
2. To submit projections of capital expenditure and resources in a format and timetable as specified by the Corporate Director of Resources for incorporation into the capital monitoring statement.
3. To notify the Corporate Director of Resources of material funding and expenditure issues when identified.
4. To ensure that records which satisfy the requirements of internal and external audit are maintained for all capital contracts.

### **Background**

The Council has a statutory responsibility to prepare accounts that give a true and fair view of its operations during the year by the statutory deadlines.

The Audit Committee is responsible for approving the statutory Statement of Accounts.

### **FM7.1 Objectives**

1. Ensure draft Accounts are produced by the statutory deadline of the 30th June.
2. Ensure Accounts comply with relevant accounting standards.
3. Ensure that the Accounts prepared give a true and fair view of the financial position of the authority.
4. Ensure working papers to substantiate the figures in the accounts are prepared to the satisfaction of the external auditors.

### **FM7.2 Responsibilities of the Corporate Director of Resources**

1. To produce a timetable to ensure the accounts are produced within the statutory deadline.
2. To produce a closure manual which specifies the information required to enable the accounts to be produced.
3. To select suitable accounting policies and to apply them consistently.
4. To make judgements and estimates which are reasonable and prudent.
5. To comply with the CIPFA Code and advise Directorates on its application.
6. To sign and date the Statement of Accounts, stating that these give a true and fair view of the financial position of the Council.
7. To ensure the Accounts are approved by Audit Committee.
8. To liaise with External Audit on the completion of the Statement and the arrangements for the audit of these.
9. To ensure that working papers are prepared to support the statement and these are sufficient to meet the needs of external audit.

### **FM7.3 Responsibilities of Senior Managers**

1. To comply with accounting guidance issued by the Corporate Director of Resources and to supply the Corporate Director of Resources with information in accordance with the agreed timetable.
2. To comply with the Final Accounts timetable, advising the Corporate Director of Resources promptly of any potential areas of non-compliance at any stage.
3. To ensure that information is provided to Directorates on recharges and other internal transactions as agreed during the year and at year-end.
4. To ensure that monitoring of revenue, capital and personal accounts and regular reconciliations of holding and suspense accounts are undertaken during the year at intervals no less frequent than once a month.
5. To ensure that adequate records and working papers are made and retained for audit in relation to the above.



### **Background**

Maintaining proper accounting records is one of the ways in which the Council discharges its responsibility for stewardship of public resources. Many of these records and returns are subject to external audit to provide assurance that they accurately reflect the financial position. They also provide a basis on which the Council's external auditors can obtain assurance as to the accuracy of the financial statements. Accounting records to be maintained for grants and the associated requirements are also dealt with under FA8.

### **FM8.1 Objectives**

1. All Members, finance staff and budget managers operate within the required accounting standards and timetables.
2. All the Council's transactions are recorded completely, accurately and on a timely basis.
3. Procedures are in place to enable accounting records to be reconstituted in the event of systems failure.
4. Reconciliations are undertaken in a regular and timely manner to ensure transactions are correctly recorded.
5. Prime documents are retained in accordance with legislative requirements.

### **FM8.2 Responsibilities of the Corporate Director of Resources**

1. To determine the accounting procedures and records for the Council.
2. To arrange for the compilation of all accounts and accounting records
3. To make proper arrangements for the audit of the Council's accounts in accordance with the Accounts and Audit Regulations 2011 (Amended) and Local Audit & Accountability Act 2014.

### **FM8.3 Responsibilities of Senior Managers**

1. To consult with the Corporate Director of Resources on the accounting procedures and records to be utilised within the Directorate.
2. To comply with the following principles when allocating accounting duties:
  - Separating the duties of staff providing information about sums due to or from the Council and calculating, checking and recording these sums from the duty of collecting or disbursing them
  - Employees with the duty of examining the accounts of cash transactions must not be engaged in these transactions.
2. To ensure the retention of financial documents in accordance with the requirements set out in the Council's document retention scheme.
3. To ensure that all claims for funds including grants are made by the due date and properly evidenced.
4. To maintain adequate records to provide an audit trail which will satisfy the Corporate Director of Resources and internal and external audit requirements.
5. To supply information required to enable the Statement of Accounts to be completed in accordance with guidelines issued by and agreed with, the Corporate Director of Resources.
7. To provide information required for, or to ensure completion of, all statutory and other financial returns and performance indicators by the due dates.
8. To provide regular and timely reconciliations of relevant prime records.

### **Background**

All reports to Corporate Management Team or the Executive must contain a section, which sets out the comments of the Chief Financial Officer, enabling the impact of the proposal on the financial position of the Council to be assessed and so that decisions can be made in full knowledge of the financial consequences.

### **FM9.1 Objectives**

1. To ensure that all reports to Corporate Management Team and the Executive include a section that incorporates the comments of the Chief Financial Officer prepared by the Directorate Finance Business Partners.

### **FM9.2 Responsibilities of the Corporate Director of Resources**

1. To monitor the standards of the finance comments provided by Directorate Finance Business Partners.
2. To provide finance comments in all cases where there are implications for more than one Directorate or when corporate resources (revenue or capital) are required.
3. To identify and include any financial implications that impact on current or future years within the financial plans.
4. To issue guidance on the format and contents of financial comments.

### **FM9.3 Responsibilities of Senior Managers**

1. Authors must use their discretion on what are the pertinent financial implications of their report but key issues should include: -
  - impact on revenue budgets for the current year and future years (if applicable);
  - impact upon other Directorate budgets for the current year and future years (if applicable) to ensure that unilateral decisions, which have an impact on other Directorates, are identified;
  - capital implications, including capital funding, realisation of capital receipts and revenue implications (especially the full year effect of current year decisions);
  - funding, detailing how the recommendations will be funded. Also set out any implications of not funding the recommendations;
  - financial appraisal on the costs and benefits of the scheme plus any financial/economic consequences;
  - statutory and audit implications arising from the scheme. This should cover Section 151, internal control, system security and risk assessment;
  - implications in relation to value for money or efficiency.
2. Finance comments prepared within the Directorate must be approved by the Directorate Finance Business Partners.
3. As a minimum, Directorate Finance Business Partners must be given at least 5 working days after all relevant information has been provided to provide financial comments.
4. To ensure financial comments are approved by, and comply with the instructions issued by the Corporate Director of Resources.
5. If there are no financial consequences to the recommendations, the report should contain a section confirming this.

## CR: CONTROL OF RESOURCES

### CR1: Risk Management

#### **Background**

Risk management is:

- the identification, analysis, and economic control of all risks, which threaten the assets, activities and objectives of an organisation;
- an umbrella discipline that cuts across all areas of the authority's activities, from the strategic to the operational, and needs to be integral to all activities; and
- about being 'risk aware' – in managing risk the Council seeks to minimise losses, though not necessarily eliminate threats.

Although services can reduce their exposure to the financial consequences of certain risks by way of insurance it must be stressed that insurance does not prevent loss and is not a substitute for good risk management. By reducing, or even preventing, the incidence of losses, whether they result from crime or accident, the Council will benefit from reduced costs of providing insurance cover and will also avoid the disruption and wasted time caused by losses and insurance claims.

#### **CR1.1 Objectives**

1. Ensure that procedures are in place to identify, assess, prevent or contain material known risks, and that these procedures are operating effectively throughout the Council.
2. Ensure a monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls.
3. Ensure Senior Managers are aware that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives.
4. Ensuring that an up to date Risk Register is maintained for each Directorate.
5. Ensure provision is made for losses that might result from the residual risks.
6. Ensure acceptable levels of risk are determined and insured against where appropriate.
7. Ensure that the Council has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.
8. Ensure risks and risk management are taken into account in decision-making.

#### **CR1.2 Responsibilities of the Corporate Director of Resources**

1. Developing and maintaining an effective policy and strategy on managing risk, which has the support of the Head of Paid Service and Chief Officers;
2. Developing and maintaining a framework for managing risk;
3. Keeping under continuous review the departmental arrangements for managing risk to ensure that risk is being managed to an acceptable standard, and report to the Chief Officer if corrective action is necessary; and
4. Advising the Council on matters of risk management, and for raising awareness of and promoting risk management amongst its staff.

### **CR1.3 Responsibilities of Senior Managers**

1. Senior Managers are responsible for ensuring that risk management is integrated into both the business planning and finance planning processes. Specifically, the preparation of business plans and budgets are undertaken in the light of the identified risks facing the authority;
2. Senior managers must establish and maintain effective systems and processes for identifying, profiling, evaluating and managing all significant strategic and operational risks, which includes
  - the awareness and understanding of the key issues,
  - the maintenance of a risk register and
  - plans and controls to mitigate and manage these risks;
3. To ensure that risks which have been identified are addressed and mitigated and that any high or very high risks are addressed in a timely manner;
4. To ensure that risk management is incorporated into service plans and project plans as part of the business planning process;
5. To ensure progress and performance towards meeting team / service plan objectives is monitored regularly;
6. To ensure that risk is managed effectively in their service area in accordance with the risk management policy and procedure;
7. To promote risk management and encourage attainment of Risk Management competencies in their staff;
8. Manage significant risks on a daily basis and report on mitigation
9. To notify the Head of Risk Management of any significant risk that takes place irrespective of whether it was identified through the Department's risk management system;
10. To seek to minimise the risk of significant service disruption by ensuring that they have in place appropriate and robust business/service continuity plans;

## **CR2: Insurances**

### **Background**

The Council effects insurance for high level risks, where this is economic to do so, in order to protect its tax payers against the impact on local charges, should a catastrophe occur.

It is essential that Directorates advise the Insurance Section of any change to their activities which insurance underwriters might consider could materially affect the risk. Failure to do so might invalidate the insurance cover.

### **CR2.1 Objectives**

1. Procedures are in place to identify, assess, prevent or minimise material known risks, and these procedures are operating effectively throughout the Council.
2. Monitoring and regular review of risk reduction strategies.
3. Procedures are in place to identify and record all insurance and the property or risk covered.
4. Procedures are in place to notify and record the occurrence of any incident or loss that may give rise to a claim by the Council for recovery from insurance companies of the loss.
5. Procedures are in place to notify the Insurance Section of any claim against the Council.
6. Procedures are in place to investigate claims within required time-scales.

### **CR2.2 Responsibilities of the Corporate Director of Resources**

1. In consultation with Senior Managers, to effect a long-term strategy to meet the Council's insurance requirements on a cost-effective basis.
2. To effect corporate insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with other officers, where necessary.
3. To include all appropriate employees of the authority in a suitable fidelity guarantee insurance.
4. To offer insurance cover to schools in accordance with Fair Funding arrangements.
5. To undertake a review of requirements to support the annual renewal of insurance contracts.
6. To ensure that insurance provisions are adequate to meet anticipated claims.
7. To develop and maintain a claims and risk management database including the identification of claims trends and areas of risk.
8. To continually monitor requirements and ensure that covers are appropriate and cost effective.
9. To maintain insurance cover, including Public Liability Insurance as required in the Contracts code.

### **CR2.3 Responsibilities of Senior Managers**

1. To maintain records of the current value of buildings and contents in their respective departments, and to advise the Corporate Director of Resources of such values on an annual basis.
2. To take appropriate measures to minimise the risk of injury to individuals and loss, damage or theft of any insured property.
3. To notify the Corporate Director of Resources of any new or significant change in the department's risk, which may be material to underwriters.
4. To promptly notify the Corporate Director of Resources of any loss, damage or liability, or any event likely to lead to a claim against the Council, together with any information or explanation required by the Corporate Director of Resources or the Council's insurers and, in the event of theft or wilful damage, notify the police of the loss or damage.
5. To ensure that there are regular reviews of risk within their Directorates.
6. To notify the Corporate Director of Resources promptly of all new risks, properties or vehicles which require insurance and of any alterations affecting existing insurance.

7. To consult the Corporate Director of Resources and the Chief Legal Officer on any indemnity that the Council is requested to give.
8. To ensure that employees, or anyone covered by the Council's insurance, do not acknowledge receipt of a claim admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim. Claims to be re-directed for the attention of the Insurance Section.

## **CR3: Internal Control**

### **Background**

The Council is complex and beyond the direct control of any one individual and consequently requires internal controls to manage and monitor progress towards strategic objectives.

The Council has statutory obligations, and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.

The Accounts and Audit Regulations 2011 (as amended) and the Public Sector Internal Audit Standards require that the Council conducts a periodic review of the effectiveness of its system of Internal Control, and shall publish a statement on the adequacy of internal control with its Statement of Accounts in the Annual Governance Statement.

The Annual Governance Statement is an integral part of the Corporate Governance Local Code and provides an overall opinion on the Council's control environment. It is signed by the Mayor, and the Chief Executive/Head of Paid Service.

The Council faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to identify and manage these risks.

The system of internal controls is established in order to provide measurable achievement of:

- Efficient and effective operations
- Reliable and integrity of financial information and reporting
- Compliance with laws and regulations
- Accomplishment of strategic and operational objectives.

### **CR3.1 Objectives**

1. To provide adequate assurance to enable the Mayor and Chief Executive/Head of Paid Service to sign the annual Statement of Internal Control, by ensuring that key controls are reviewed on a regular basis, so that an opinion on the effectiveness of the systems of internal control can be given.
2. Ensure managerial control systems operate to define policies, set objectives and plans, monitor financial and other performance and take appropriate anticipatory and remedial action.
3. Ensure financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation, contracts and procurement regulations and approval procedures and information systems are operating satisfactorily.
4. Provide an effective internal audit function that is properly resourced.

### **CR3.2 Responsibilities of the Corporate Director of Resources**

1. To assist the Council to put in place an appropriate control environment and effective internal controls that provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws, regulations and statutory responsibilities.

### **CR3.3 Responsibilities of Senior Managers**

1. To promote an overall effective internal control system. Managerial Control Systems including appropriate organisation structures, personnel arrangements and supervision, as well as Financial and Operational Control Systems and procedures, including physical safeguards of

assets, segregation of duties, authorisation and approval procedures and information systems which should be documented and regularly reviewed.

2. To ensure that internal control systems are regularly reviewed and documented.
3. To manage processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.
4. To review existing controls in the light of changes affecting the Council and to establish and implement new ones in line with guidance from the Corporate Director of Resources. Senior Managers should also be responsible for removing controls that are unnecessary or not cost or risk effective with the approval of the Corporate Director of Resources.
5. To ensure staff have a clear understanding of the consequences of lack of control. To establish, review and maintain internal controls to promote implementation of service plans and programmes and the achievement of the necessary standards of performance and quality.
6. To promote compliance with Council Policy, Constitution, Financial Regulations, Procurement Procedures, Codes of Conduct and any statutory requirements.
7. To promote high standards of integrity in all actions or transactions which directly or indirectly involve finance. Once developed they should be applied consistently and not deliberately avoided.
8. To promote accuracy, consistency, usefulness and timeliness in all transactions, in order to provide reliable information to develop and monitor the Council's policies.
9. To ensure details of internal controls are circulated to all relevant employees, who should be given appropriate instruction and training in their application.



### **Background**

Section 151 of the Local Government Act 1972 requires that authorities "make arrangements for the proper administration of their financial affairs". The Accounts and Audit Regulations 2011 (as amended) require that a "relevant body shall maintain an adequate and effective system of internal audit of their accounting records and control systems".

Internal audit is an independent and objective appraisal function established by the authority for reviewing the system of internal control. It examines, evaluates, and reports on the adequacy of internal control. It does this by objectively reviewing and advising management upon the effectiveness of their systems of internal control. It aims to provide assurance on the design and operation of internal controls and provide constructive and positive advice on control improvement and risk management.

The service review work undertaken by Internal Audit, together with its corporate governance arrangements are essential and integral to the Head of Audit & Risk Management Opinion and the Annual Governance Statement.

### **CR4.1 Objectives**

1. The Head of Audit and Risk Management has direct access to the Chief Executive/Head of Paid Service, all levels of management, and directly to elected members, and in particular, to the Chair of the Audit Committee.
2. The internal auditors comply with the Auditing Practices Board's guideline Guidance for Internal Auditors, as interpreted by CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom.

### **CR4.2 Responsibilities of the Corporate Director of Resources**

1. To ensure that internal auditors have the authority to:
  - Access Council officers, premises; access all assets, records, documents, and correspondence and control systems.
  - Receive any information and explanation considered necessary concerning any matter under consideration.
  - Require any employee of the Council to account for cash, stores or any other Council asset under their control.
  - Access records belonging to third parties, such as contractors, voluntary sector, grant aided bodies when required.
2. To ensure that Internal Audit is adequately resourced, and that coverage is properly planned and determined through assessment of risk and consultation with management.
3. To ensure that the scope of Internal Audit will be such as to provide an unrestricted range of coverage of all the Council's activities.
4. To approve the strategic and annual audit plans prepared by the Head of Audit & Risk Management Services, which take account of the characteristics and relative risks of the activities involved.
5. To ensure that Internal Audit staff maintain objectivity, and do not perform internal control functions, or undertake operational tasks.
6. To ensure that auditors operate a system based approach and provide assurance on the adequacy, application and effectiveness of management control and encouragement and constructive advice on the development and improvement of control arrangements.
7. To ensure that the results of all audit work are properly recorded and promptly reported to management.

8. To ensure that effective procedures are in place to investigate promptly any fraud or irregularity.
9. To ensure that Internal Audit report six monthly to Audit Committee on the adequacy of the Council's internal control systems.

#### **CR4.3 Responsibilities of Senior Managers**

1. To ensure that Internal Audit is given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.
2. To ensure that auditors are provided with any information and explanations that they seek in the course of their work.
3. To consider and respond promptly to recommendations in audit reports.
4. To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion, where this is not possible, to report to the Head of Audit and Risk Management.
5. To notify the Corporate Director of Resources and Head of Audit and Risk Management immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources. Pending investigation and reporting, the Senior Manager should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
6. To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Head of Audit and Risk Management, prior to implementation.

### **Background**

The Local Audit and Accountability Act 2014 abolished the previous Audit Commission arrangements and established a new local audit and accountability framework for local public bodies in England which allows local bodies to appoint their own independent external auditors.

The external auditor has rights of access to all documents and information necessary for the audit to be undertaken.

The duties of the external auditor are defined in the Act, which sets out the auditor's objectives to review and report upon:

1. The audited body's financial statements and its statement on internal controls
2. Whether the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources

### **CR5.1 Objectives**

1. External auditors are appointed by the Council for a minimum period of five years.
2. The Audit Commission code of audit practice will continue to be used by external auditors to carry out their audits.
3. To ensure that the external audit of the Council can be carried out effectively.

### **CR5.2 Responsibilities of the Corporate Director of Resources**

1. To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work.
2. To ensure there is effective liaison between external and internal audit.
3. To work with the external auditors and advise the Audit Committee and Senior Managers on their responsibilities in relation to external audit.
4. To specify the format and contents of working papers to ensure adequate audit trails are available to enable the external auditor to verify the entries.
5. To maintain a system of quality control for grants claims to minimise the cost for this element of the audit.

### **CR5.3 Responsibilities of Senior Managers**

1. To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.
2. To ensure that all records and systems are up to date and available for inspection.
3. To comply with instructions issued by the Corporate Director of Resources relating to the conduct of the external audit.

## **CR6: Preventing Fraud and Corruption**

### **Background**

The Council will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Council.

The Council's expectation of propriety and accountability is that members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and good practices.

The Council also expects that individuals and organisations (e.g. suppliers, contractors, and service providers) with which it comes into contact will act towards the Council with integrity and without thought or actions involving fraud and corruption.

### **CR6.1 Objectives**

1. The Council has an effective Anti-fraud and Anti-corruption Policy consistent with the Constitution and maintains a culture that will not tolerate fraud or corruption.
2. All members and staff act with integrity and lead by example.
3. Senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Council or who are corrupt.
4. High standards of conduct are promoted amongst members of the Council.
5. The maintenance of a register of interests in which any hospitality or gifts accepted must be recorded.
6. Whistle blowing procedures are in place and operate effectively.
7. Legislation including the Public Interest Disclosure Act 1998 is adhered to.

### **CR6.2 Responsibilities of the Corporate Director of Resources**

1. To develop and maintain an anti-fraud and anti-corruption policy.
2. To maintain adequate and effective internal control arrangements.
3. To ensure that all suspected irregularities are reported to the Head of Audit and Risk Management, the Head of Paid Service, the Monitoring Officer and the Audit Committee as appropriate.
4. To maintain a "Whistle Blowing" telephone Help-line (0800 528 0294), which any officer who cannot, for any reason, report an issue to the Senior Manager may confidentially, contact.

### **CR6.3 Responsibilities of Senior Managers**

1. To ensure compliance with the Anti-fraud and Anti-corruption Policy and with the whistle blowing procedures contained therein.
2. To ensure that all suspected irregularities are reported to the Head of Audit and Risk Management.
3. To maintain of a register of interests in which any hospitality or gifts accepted must be recorded.
4. To ensure that prompt action is taken to initiate investigation of a suspected irregularity.
5. To ensure that prior to commencement of an investigation assessment and consideration is given to the seriousness of the irregularity and appropriate advice and assistance is sought from Internal Audit and/or for the Corporate Fraud team.
6. To ensure that appropriate action is taken during or at the conclusion of the investigation. This may include changes to internal controls to prevent repetition, steps to recover any losses incurred, disciplinary proceedings against individuals, or reporting suspected criminal offences to the police.

### **Background**

The Council has an asset portfolio of over £1.8 billion as at 1 April 2014.

To maintain public confidence in its stewardship of public assets it is essential that the Council has established and effective procedures to safeguard these assets.

A prerequisite for the effective control and management of assets is the maintenance of an asset register.

### **CR7.1 Objectives**

1. Assets are used only for the purposes of the Council and its service delivery partners, and are properly accounted for.
2. Assets are available for use when required.
3. The value of assets is maintained throughout their useful lives.
4. Redundant assets are disposed of in accordance with the law and the regulations of the Council so as to maximise benefits.
5. A comprehensive and up to date Asset Register is maintained for Council assets.
6. All staff are aware of their responsibilities with regard to safeguarding the Council's assets and information, including the requirements of the Data Protection Act and software copyright legislation.

### **CR7.2 Responsibilities of the Corporate Director of Resources**

1. To ensure that an Asset Register is maintained in accordance with good practice for all fixed assets.
2. The format of the Asset Register is such that it provides the Council with information about fixed assets so that they are:
  - safeguarded
  - used efficiently and effectively
  - adequately maintained.
3. To receive the information required for accounting, costing and financial records from the relevant Senior Manager.
4. To ensure assets are recorded and periodically revalued in accordance with International Accounting Standard (IAS) 2 – Accounting for Property, Plant and Equipment.

### **CR7.3 Responsibilities of Senior Managers**

1. To establish and maintain appropriate levels of security for all employees, buildings, property, vehicles and plant, equipment and information within their control.
2. To pass title deeds to the Chief Legal Officer, who is responsible for custody of all title deeds.
3. To ensure that no Council asset is subject to personal use by an employee without proper authority.
4. To ensure that the Directorate maintains a register of moveable assets.
5. To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.
6. To consult the Corporate Director of Resources in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
7. To ensure cash holdings on premises are kept to a minimum and within insurance limits.

8. To ensure that keys to safes and similar receptacles are carried on the person of those responsible at all times; loss of any such keys must be reported to the Corporate Director of Resources as soon as possible.
9. To minimise the risks of injury to employees or members of the public and minimise the risk of loss, damage or waste to any asset within their control.

### **Background**

To maintain inventories and record an adequate description of furniture, fittings, equipment, plant and machinery above £1000 in value in their departments, together with portable and attractive items (IT equipment, mobile phones, cameras, etc.), regardless of value.

To ensure that an annual check is undertaken of all items on the inventory in order to verify location, review condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly.

Attractive and portable items should be identified with security markings as belonging to the Council.

To ensure that property is only used in the course of the Council's business, unless the Senior Manager concerned has given permission otherwise.

### **CR8.2 Responsibilities of the Corporate Director of Resources**

1. To issue guidelines prescribing the procedures for the maintenance of inventories.

### **CR8.3 Responsibilities of Senior Managers**

1. To maintain an inventory of all items valued at £1,000 and above within their control.
2. To establish and maintain appropriate levels of security for all employees, buildings, property, vehicles and plant, equipment and information within their control.
3. To minimise risks of injury to employees, the public and loss, damage or waste to any asset within their control.

## **CR9: Staffing**

### **Background**

In order to provide the highest level of service, it is crucial that the Council recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level.

### **CR9.1 Objectives**

1. An appropriate staffing strategy and policy exists, in which staffing requirements and budget allocations are matched.
2. Procedures are in place for forecasting staffing requirements and cost.
3. Controls are implemented that ensure that staff time is used efficiently and to the benefit of the Council.
4. Checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy.

### **CR9.2 Responsibilities of the Corporate Director of Resources**

1. To act as an advisor to Senior Managers on areas such as National Insurance and pension contributions, as appropriate.
2. To evaluate developments in employment legislation and regulations and ensure that policies and procedures are in place to reflect current best practice.

### **CR9.3 Responsibilities of Senior Managers**

1. To produce an annual staffing budget.
2. To ensure that the staffing budget is an accurate forecast of staffing levels and is equated to an appropriate revenue budget provision (including on-costs and overheads).
3. To monitor staff activity to ensure adequate control over absence, overtime, training and temporary staff etc.
4. To ensure that the staffing budget is not exceeded without due authority and that it is managed to enable the agreed level of service to be provided
5. To ensure that recruitment procedures verify that new staff are appropriately qualified, experienced and trustworthy by checking claimed qualifications and obtaining suitable references from past employers and other relevant sources.
6. To engage temporary staff and consultants in line with current legislation and use where necessary the vendor managed service to ensure optimised use of resources.



## **CR10: Asset Disposal**

### **Background**

To ensure the Council does not incur expenditure on maintaining assets which no longer provide a benefit, it is critical that the Council has systems which identify such assets and provide for their disposal.

Obsolete, non-repairable or surplus assets should be disposed of in accordance with Council policies and procedures.

### **CR10.1 Objectives**

1. To ensure assets for disposal are identified and disposed of at the most appropriate time.
2. For items of significant value, disposal should normally be by informal tender.
3. Procedures must ensure that the Council has obtained best consideration for the disposal.

### **CR10.2 Responsibilities of the Corporate Director of Resources**

1. In conjunction with the Corporate Director, Development & Renewal, issue guidelines representing best practice for disposal of assets.
2. To include in such guidelines an approach that uses Whole Life Costing and Option Appraisal methodology to identify assets for disposal under the Asset Management Plan.
3. To advise on the financial implications and the opportunity costs of the disposal or non-disposal of assets.

### **CR10.3 Responsibilities of Senior Managers**

1. To consult with the Corporate Director of Resources on all proposals for the disposal of any asset, except in the case of property/land disposals, in which case the Corporate Director, Development & Renewal, should also be consulted.
2. To ensure that such disposals are recorded in the relevant inventory or Asset Register. All records of such disposals including income received must be retained for at least three years.
3. To ensure that income received for the disposal of an asset is properly banked and coded.
4. To obtain best consideration on all asset disposals.
5. To report on the progress of disposals, to the Chief Financial Officer, for financial planning purposes.

## **CR11: Treasury Management**

### **Background**

The Council has an annual turnover on its treasury operations of approximately £5 billion.

To minimise the financial risk associated with these activities it is critical that the Council establishes parameters within which such operations are undertaken.

A number of high profile failures by Councils to control their operations have resulted in the development by CIPFA of a regulatory framework for Councils.

### **CR11.1 Objectives**

1. That the Council's borrowings and investments comply with the CIPFA Code of Practice on Treasury Management and with the Council's Treasury Management Policy Statement.

### **CR11.2 Responsibilities of the Corporate Director of Resources**

1. To arrange the borrowing and investments of the Council in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the Council's Treasury Management Policy Statement and Treasury Strategy.
2. To prepare an annual Treasury Management Strategy statement and Investment Strategy for approval by Council as part of the budget setting process.
3. To prepare an annual report that monitors treasury management performance.
4. To obtain the approval of the Executive for any change in Treasury policy.
5. To ensure that all investments of money are made in the name of the Council or in the name of nominees approved by full Council.
6. To effect all borrowings and investments in the name of the "Mayor and Burgesses of the London Borough of Tower Hamlets".
7. To act as the Council's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the Council.
8. To ensure the Council adopts the key recommendations of the Chartered Institute of Finance and Accountancy's (CIPFA) Treasury Management in the Public Services: Code of Practice.
9. To ensure the Council will create and maintain as an integral part of the Treasury Management function:-
  - A Treasury Management Policy Statement stating the policies and objectives of the treasury management activities.
  - Suitable Treasury Management Practices detailing how the Council will achieve these objectives and prescribing how it will control and manage these activities.
10. To ensure the Council delegates responsibility for the implementation and monitoring of its Treasury Management Policies and Practices to the Corporate Director of Resources and for the execution and administration of treasury management decisions to the Capital & Investments Manager.
11. To maintain a list of authorised signatories, including copies of the signatures, who can authorise treasury transactions.

### **CR11.3 Responsibilities of Senior Managers**

1. To ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Executive or full Council as appropriate, following consultation with the Corporate Director of Resources.

### **Background**

The Council administers charitable trust assets with a market value of approximately £2.3 million as at 1 April 2014.

The Trust is a separate legal entity from the Council and it is critical that adequate arrangements are made to safeguard assets and ensure that expenditure incurred relates to the Trust's objectives.

### **CR12.1 Objectives**

1. To ensure annual accounts are prepared which comply with the Accounting and Reporting by Charities Statement of Recommended Practice (SORP).
2. To provide annual returns to the Charity Commission within the required deadline.

### **CR12.2 Responsibilities of the Corporate Director of Resources**

1. To provide accounting and financial advice when requested.
2. To provide resources to undertake an "independent examination" if allowable under the Charities Act and requested by the administering Directorate.

### **CR12.3 Responsibilities of Senior Managers**

1. To arrange for all Trust Funds to be held, wherever possible, in the name of the Council. All officers acting as trustees by virtue of their official position shall deposit securities, etc. relating to the trust with the Corporate Director of Resources, unless the deed otherwise provides.
2. To arrange, where funds are held on behalf of third parties, for their secure administration, approved by the Corporate Director of Resources and to maintain written records of all transactions.
3. To ensure that Trust Funds are operated within any relevant legislation and the specific requirements for each Trust.
4. To prepare annual accounts in accordance with recommended accounting practice for submission to the Charity Commissioners.
5. To carry out annual reconciliations of trust fund bank accounts and submit these to the Chief Accountant.

## **CR13: Banking Arrangements**

### **Background**

The efficient operation of a bank account is an essential element of the Council's financial arrangements.

Bank accounts also represent an area where there is significant scope for fraudulent activity and it is essential that adequate controls exist.

### **CR13.1 Objectives**

1. To ensure that only bank accounts authorised by designated officers, are operated by the Council.
2. To ensure that only authorised entries are made in the Council's bank account.

### **CR13.2 Responsibilities of the Corporate Director of Resources**

1. To have sole responsibility for opening and closing bank accounts.
2. To have sole responsibility for the ordering, custody and issue of all cheques.
3. To nominate authorised signatories to the Council's bank accounts.
4. To ensure that each bank account is operated within the terms agreed with the Council's bankers.
5. To ensure that each bank account is reconciled to payments made and income received on a monthly basis and that the reconciliation is certified by the responsible officer.
6. To monitor the financial and service performance of the Bank contract on a regular basis.
7. To review contractual arrangements for banking every five years or more frequently if considered appropriate to give Value for Money.

### **CR13.3 Responsibilities of Senior Managers**

1. To ensure that only bank accounts opened and authorised by the Corporate Director of Resources, are operated by staff within their Directorates.
2. To ensure that each bank account is operated within the terms agreed with the Council's bankers and instructions issued by the Corporate Director of Resources.
3. To ensure that each bank account is reconciled to payments made and income received on a monthly basis and a copy provided to central finance within 5 working days of each period end.
4. To obtain and retain vouchers to support each payment from the accounts. Where appropriate, an official receipted VAT invoice must be obtained.
5. To obtain the approval for any direct debit originated on the Council's bank accounts.
6. To ensure that the accounts are never used to cash personal cheques or to make personal loans.
7. To ensure a list of Authorised Signatories is maintained and passed to the Chief Accountants Team.
8. To seek approval from the Head of Revenues before taking out Merchant ID's and ensure all Merchant ID's are banking standard compliant.
9. To provide to the Corporate Director of Resources a reconciliation of each account as at 31<sup>st</sup> March each year certified by the nominated officer.

## **CR14: Imprest Accounts**

### **Background**

The Council operates a number of petty cash imprest accounts to finance minor expenditure.

### **CR14.1 Objectives**

1. To ensure the minimum petty cash balances are held consistent with the effective operation of services.

### **CR14.2 Responsibilities of the Corporate Director of Resources**

1. To provide employees of the Council with cash or bank imprest accounts as appropriate to meet minor expenditure on behalf of the Council and to prescribe rules for operating these accounts.
2. To determine the petty cash limit and to maintain a record of all transactions and petty cash advances made.
3. To periodically review the arrangements for the safe custody and control of these advances.
4. To reimburse imprest holders as often as necessary to restore the imprests.
5. To issue Guidance Notes on the operation of petty cash imprests.

### **CR14.3 Responsibilities of Senior Managers**

1. To ensure that employees operating an imprest account: comply with guidance issued by the Corporate Director of Resources.
2. To ensure that all imprested cash is held securely.
3. To ensure petty cash is not utilised for subsistence payments.
4. To ensure that VAT is correctly accounted for in all petty cash transactions.
5. To submit quarterly reconciliations to the Operational Accountancy Team in Central Finance.

## **CR15 Intellectual Property**

### **Background**

Intellectual Property is a generic term that includes inventions, innovations, written documents and computer programs. As a general rule, if it is created by an employee in the course of their employment, it remains the property of the employer, not the employee. There are a number of Acts of Parliament in force that cover various different types of intellectual property.

Within the Council, many activities that give rise to the creation of intellectual property. These include: written documents, software developments, and business process innovations. This procedure seeks to establish the Council's rights over intellectual property created by its employees and prevent loss of rights over such property.

### **CR15.1 Key Objectives**

1. To protect the Council's ownership of any particular piece of intellectual property which creates value and over which the Council has rights of ownership.
2. To ensure that the Council's rights are protected if necessary by the invocation of relevant legislation.

### **CR15.2 Responsibilities of the Corporate Director of Resources / Monitoring Officer**

1. To ensure that the policies and procedures exist that, when implemented throughout the organisation, safeguard intellectual property assets, and do not contravene existing statute.
2. To ensure that adequate and reasonable safeguards exist to prevent the loss of Council's rights over intellectual property.
3. The Monitoring Officer to establish and maintain a log of substantial intellectual property assets.

### **CR15.3 Responsibilities of Senior Managers**

1. To ensure that all staff understand that any work carried out while on Council time, whether at home or on Council premises, written or otherwise, belongs to the Council.
2. To ensure checks and balances are effective in preventing infringement of copyright, designs and patent legislation. In particular:
  - Only software acquired legally and installed by the Council should be used on its computers.
  - Staff are aware of current relevant legislation.
  - During systems development, due regard is given to the issue of intellectual property rights.

## FA: FINANCIAL ADMINISTRATION

### FA1: Systems

#### **Background**

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

The Corporate Director of Resources has a professional responsibility to ensure that the Council's financial systems are sound and should therefore sign off any new developments or changes.

#### **FA1.1 Objectives**

1. Basic systems and controls are in place to ensure the integrity of data held on computer systems.
2. Performance of systems is communicated to the appropriate managers on an accurate, complete and timely basis.
3. Systems produce timely reports of management information which is usable by managers.
4. Operating systems and procedures are secure.
5. Computer systems are co-ordinated with manual procedures and operate efficiently alongside them.

#### **FA1.2 Responsibilities of the Corporate Director of Resources**

1. To make arrangements for the proper administration of the Council's financial affairs, including to:
  - Issue advice, guidance and procedures for officers and others acting on the Council's behalf.
  - Determine the accounting systems, form of accounts and supporting financial records.
  - Establish arrangements for audit of the Council's financial affairs.
  - Approve any new financial systems to be introduced.
  - Approve any changes to be made to existing financial systems.
  - Establish arrangements for access control and general security of the Council's corporate financial systems.

#### **FA1.3 Responsibilities of Senior Managers**

1. To ensure that accounting records are properly maintained and held securely.
2. To ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements agreed with the Corporate Director of Resources.
3. To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.
4. To incorporate appropriate controls to ensure that, where relevant:
  - 4.1 All input is genuine, complete, accurate, timely and not previously processed
  - 4.2 All processing is carried out in an accurate, complete and timely manner
  - 4.3 Output from the system is complete, accurate and timely.
5. To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.

6. To ensure there is a documented and tested Disaster Recovery Plan to allow information system processing to resume quickly in the event of an interruption.
7. To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building.
8. To ensure that systems are documented and staff trained in operations.
9. To consult with the Corporate Director of Resources before changing any existing system or introducing new systems and to ensure that the approval of the Corporate Director of Resources has been obtained before any such changes are implemented.
10. To supply the Corporate Director of Resources with an authorised user request form with appropriate authorisation limits for staff requiring access to the Council's corporate financial systems.
11. To establish a scheme of delegation identifying officers authorised to act upon the Senior Manager's behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.
12. To supply lists of authorised officers, with specimen signatures and delegated limits, to the Corporate Director of Resources.
13. To ensure that, where appropriate, computer systems are registered in accordance with data protection legislation and that staff are aware of their responsibilities under the legislation.
14. To ensure that relevant standards and guidelines for computer systems issued by the Senior Manager are observed.
15. To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.
16. To comply with the copyright, designs and patents legislation and, in particular, to ensure that:
  - 16.1 Only software legally acquired and installed by the Council is used on its computers
  - 16.2 Staff are aware of legislative provisions.



### Background

Income is 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.

### FA2.1 Objectives

1. All income due to the Council is identified and coded correctly, in accordance with Guidance issued by the Corporate Director of Resources.
2. All income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery.
3. All money received by an employee on behalf of the Council is paid in without delay to the Council's bank account, and properly recorded. The responsibility for cash collection should be separated from that:
  - for identifying the amount due
  - for reconciling the amount due to the amount received
4. Effective action is taken to pursue non-payment.
5. Formal approval for debt write-off is obtained
6. Appropriate write-off action is taken within defined timescales
7. Appropriate accounting adjustments are made following write off action
8. All appropriate income documents are retained and stored.
9. Money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.
10. This note is supplemented by the following detailed Financial Procedures:-
  - Procedures for Cash Collection Officers (P6)
  - Cash Handling and Security (P2)
  - Credit and Debit Card Income (P7)

### FA2.2 Responsibilities of the Corporate Director of Resources

1. To agree arrangements for the collection of all income due to the Council and to approve the procedures, systems and documentation for its collection.
2. To approve all receipt forms, books or tickets and similar items and be satisfied that proper arrangements exist for their control.
3. To agree the bad debt write-offs in accordance with the current procedure :
  - **Debt below Threshold (£20,000)**  
Senior Managers may write off debts with the written agreement of the Corporate Director of Resources. They must certify that the debts are irrecoverable and detail the measures taken so far to effect recovery or that the costs involved do not justify any further attempts to recover them.
  - **Debt above Threshold (£20,000)**  
Senior Managers may write off debts exceeding the threshold with the written agreement of the Corporate Director of Resources and the Chief Legal Officer. They must certify that the debts are either irrecoverable or that the costs involved do not justify any further attempts to recover them.
4. To ensure that appropriate accounting adjustments are made following write-off action within the time limits necessary for the reclamation of VAT bad debt relief (write-off and claim within 42 months of the debt falling due).

5. To ensure that official receipts are issued and to maintain other documentation for income collection.
6. To ensure that income is not used to cash personal cheques or make other payments.
7. To ensure that systems are in place to report areas of concern to Senior Managers on a regular basis.
8. To ensure that recovery procedures are in place, including legal action for debts unpaid within agreed timescales.
9. To advise Senior Managers on a monthly basis of the position regarding debts raised by/on behalf of their Departments.
10. To ensure, in consultation with Senior Managers, that adequate provision is made for potential bad debts arising from uncollected income. The level of provision should be reviewed annually as part of the closure of accounts.

### **FA2.3 Responsibilities of Senior Managers**

1. To review the scales of fees and charges for the services under their control. This is to be undertaken annually as part of the Budget setting procedure and at other times if necessary.
2. To keep a record of the charges set, and the dates when they are to apply.
3. To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
4. To reach agreement on debt recovery, including legal action where necessary, for debts that are not paid promptly.
5. To issue official receipts or to maintain other documentation for income collection.
6. To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded (including details of payment, name of payer and method of payment).
7. To obtain from official sources only and hold securely receipts, tickets and other records of income and to keep a signed record for each issue of controlled stationery.
8. To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling.
9. To ensure that income is paid fully and promptly into the appropriate Council bank account in the form in which it is received. Appropriate details should be recorded on to paying in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a regular basis.
10. To ensure Cash and Disbursement (C&D) returns are completed correctly, returned promptly and checked thoroughly.
11. To forward all relevant paperwork to the Corporate Director of Resources promptly, including checked C&D returns, banking slips, both copies of cancelled receipts, any subsidiary income records and completed receipt books.
12. To ensure income is not used to cash personal cheques or other payments.
13. To supply the Corporate Director of Resources with details relating to work done, goods supplied, services rendered or other amounts due, to enable the proper recording of sums due to the Council and to ensure accounts are processed promptly.
14. To use information on debt recovery provided by the Corporate Director of Resources to monitor recovery of income and flag up areas of concern. Senior Managers have a responsibility to assist the Corporate Director of Resources in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the Council's behalf.
15. To ensure that levels of cash held are within agreed limits.
16. To ensure that every transfer of money and controlled stationery between employees of the Council is recorded. The receiving officer must sign for the transfer and the transferor must retain a copy.

17. To ensure when a collecting officer leaves the Council or is no longer involved in cash collection, must arrange for a complete check to be carried out to ensure that all income has been receipted and banked, all unused receipts are intact and returned to Head Office, and any change float is repaid. A written record of this check shall be kept on a form supplied by the Corporate Director of Resources. The form must be signed by the collecting officer and the officer(s) carrying out the check. Where responsibility for collection is passed to another officer, the record shall also be signed by that officer as a receipt for the financial records, any cash in hand and any change float. The Corporate Director of Resources is to be informed of all arrangements made under this Instruction, without delay, and is to be supplied with a copy of the record.
18. To recommend to the Corporate Director of Resources all debts to be written off. Once raised, no bona fide debt may be cancelled, except by full payment or by its formal write-off. Any debt raised in error may be cancelled. A credit note to replace or amend a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.
19. To notify the Corporate Director of Resources of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Corporate Director of Resources and not later than 30 April.
20. To regularly compare income received against budget and reflect variations in budget monitoring reports, together with explanation of any significant variations.
21. To ensure that at least two employees are present when post is opened and that money received is properly identified and recorded.
22. To hold securely, receipts, tickets and other records of income for the year of account and the following six years.
23. To keep all income secure to safeguard against loss or theft, and to ensure the security of cash handling
24. To ensure that income is paid directly into the correct bank account in the form in which it is received. Appropriate details should be recorded on to paying in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a regular basis.

## **FA3: Ordering and Paying For Work Goods And Services**

### **Background**

Public money should be spent with demonstrable probity and in accordance with the Council's policies. Councils have a statutory duty to achieve best value 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 Procurement Procedures.

Every officer and member of the Council has a responsibility to declare 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 Council, in accordance with the Council's Procurement Procedures.

Official orders must be in a form approved by the Corporate Director of Resources. Official orders must be issued for all work, goods or services to be supplied to the Council, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases and the authorised use of the Council's purchase card. Any other exceptions must be agreed in advance with the Corporate Director of Resources.

Official orders must be raised or order information recorded on the Council's ordering system.

Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Council contracts.

### **FA3.1 Objectives**

1. All goods and services should be ordered only by appropriate persons and correctly recorded.
2. All goods and services should be ordered in accordance with the Council's Procurement Procedures.
3. Goods and services received should be checked to ensure they are in accordance with the order.
4. Goods and services should not be requested, authorised and receipted by the same officer to ensure separation of duties.
5. Goods receipting and payments should not be made unless goods have been received by the Council to the correct price, quantity and quality standards.
6. All payments should be made to the correct person, for the correct amount and properly recorded, regardless of the payment method.
7. All appropriate evidence of the transaction and payment documents should be retained and stored through scanned images on the purchasing system for the year of account and the following six years.
8. All expenditure should be accurately recorded against the appropriate budget with Tax coded correctly.
9. The effect of e-business/e-commerce and electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.
10. A formal order including the Council's relevant terms and conditions of contract must be placed through the finance system before a commitment is made to procure. Where access to the finance system is not available "out of hours", the request for goods/service may be made verbally or via email but an official order must be raised at the earliest opportunity and supporting document retained to evidence prior financial authorisation.
11. The Council does not accept liability for goods/services commissioned without following the procurement procedures.

### **FA3.2 Responsibilities of the Corporate Director of Resources**

1. To agree the form of official orders and associated terms and conditions.
2. To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.
3. To provide advice and guidance on making payments by the most economical means.
4. To issue and update Procurement Procedures.
5. To determine categories for ordering goods and services and issue thresholds for competition.

The current thresholds for projected expenditure on goods and services are as set out below :-

	Total Value	Authority	Competition
<b>LEVEL 1</b> One written quotation	Up to £10,000	Budget Holder	<ul style="list-style-type: none"> <li>▪ No competitive quotations required.</li> <li>▪ Must use local suppliers. If a good reason exist for not using local suppliers this should be documented and kept on file.</li> </ul>
<b>LEVEL 2</b> Three competitive quotes	£10,000 to £25,000	Budget Holder	<ul style="list-style-type: none"> <li>▪ Three organisations to be invited, at least two quotations to be received.</li> <li>▪ Must use local suppliers. If a good reason exist for not using local suppliers this should be documented and kept on file.</li> </ul>
<b>LEVEL 3</b>	£25,000 to £172,514 (EU threshold for Supplies & Services)	Service Head	<ul style="list-style-type: none"> <li>▪ PIF (Procurement Instruction Form) <b>must</b> be completed.</li> <li>▪ At least three tenders should be received.</li> <li>▪ Where possible supplier selected for quotation should include suppliers located within TH.</li> </ul>
	£25,000 to £4,322,012 (EU threshold for Works)	Service Head	<ul style="list-style-type: none"> <li>▪ PIF <b>must</b> be completed.</li> <li>▪ Selection of suppliers from: construction line database.</li> <li>▪ At least four tenders to be invited.</li> <li>▪ At least three tenders should be received.</li> <li>▪ Where possible, suppliers selected must include organisations located within TH.</li> </ul>
<b>LEVEL 4</b> EU Procedure	Over £172,514 (Supplies & Services)	Corporate Director	<ul style="list-style-type: none"> <li>▪ PIF <b>must</b> be completed.</li> <li>▪ Cabinet approval &amp; Tollgate process to be followed for contract above £250,000 – Supplies and Services; above £5million –Works.</li> <li>▪ Tender process to follow the requirements of the EU &amp; Public Contracts Regulations 2006.</li> </ul>
	Over £4,322,012 (Works)		

### **FA3.3 Responsibilities of Senior Managers**

1. To ensure that unique system generated official orders are used for all goods and services.
2. To ensure that verbal orders for work, goods or services are only placed exceptionally (i.e. in emergencies) and are confirmed with an official system generated order as soon as possible. Supporting documentation to evidence the financial authorisation should be attached to the order.
3. It is the responsibility of the senior managers to ensure that authorisation rights are assigned to the correct role and right grade appropriate to the business area/cost centre.
4. The authoriser of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or

tenders have been obtained if necessary. Best Value principles should underpin the Council's approach to procurement. Value for money should always be achieved.

5. To ensure that full training is received before any officer receives an authorised Council purchase card (P-card) and that only the authorised card holder uses the card for any purchases.
6. To ensure that P-card transactions are reviewed and approved in accordance with the P-card user agreement.
7. To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. This check should - where possible - be carried out by a different officer from the person who authorised the order. Appropriate entries should then be made in inventories or stores records.
8. To ensure that the Council's corporate financial systems are used for procurement of, and payment for, work, goods and services with exception of those areas that have a business specific e-ordering system in use and in agreement with the Corporate Director of Resources.
9. To ensure that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment, confirming:
  - receipt of goods or services
  - that the invoice has not previously been paid
  - that expenditure has been properly incurred, is legal and is within budget provision
  - that prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices
  - correct accounting treatment of tax
  - that the invoice is correctly coded
  - that discounts have been taken where available
  - that appropriate entries will be made in accounting records
10. To ensure that at least two authorised members of staff are involved in the ordering, receiving and payment process. A different officer from the officer who requested the order should review and authorise the order.
11. If the invoice is of greater value than the order raised and beyond the system tolerances, the invoice should be reviewed and authorised by the authorising officer upon confirmation of delivery of goods/service from the requesting officer and supporting documents retained.
12. To ensure that the department maintains and reviews periodically a list of staff approved to authorise invoices. Names of authorising officers together with specimen signatures and details of the limits of their authority shall be forwarded to the Corporate Director of Resources.
13. To encourage suppliers of goods and services to receive payment by Bacs. It is essential however, that payments made by direct debit have the prior approval of the Corporate Director of Resources.
14. To ensure that all undisputed invoices are settled within the agreed terms or 24 days of receipt the invoice.
15. To ensure that the department obtains best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality.
16. To utilise the purchasing procedures outlined in the Council's Procurement Manual in putting purchases, where appropriate, out to competitive quotation or tender, covering:
  - Authorised officers and the extent of their authority
  - Advertisement for tenders
  - Procedure for creating, maintaining and revising a standard list of contractors
  - Selection of tenderers
  - Compliance with UK and EU legislation and regulations procedures for the submission, receipt, opening and recording of tenders
  - The circumstances where financial or technical evaluation is necessary
  - Procedures for negotiation
  - Acceptance of tenders

- The form of contract documentation / cancellation clauses in the event of corruption or bribery
  - Contract records
17. To ensure that employees are aware of the Employees Code of Conduct.
  18. To ensure that loans, leasing or rental arrangements are not entered into without prior agreement from the Corporate Director of Resources. This is because of the potential impact on the Council's borrowing powers, to protect the authority against entering into unapproved credit arrangements and to ensure that value for money is being obtained.
  19. To ensure that all appropriate payment records are retained and stored. Where possible officers should utilise scanned images and electronic formats for the year of account and the following six years. Contract documentation should be retained for twelve years after completion of the contract.
  20. To comply with the Procurement Procedures issued by the Corporate Director of Resources.

## **FA4: Payments To Employees And Members**

### **Background**

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' contractual /pensionable status as appropriate.

It is also important that all payments are accurately and completely recorded and accounted for through a proper audit trail and that Members' Allowances are authorised in accordance with the scheme adopted by the Council, and that payments to the self-employed are treated correctly for the purposes of statutory deductions such as income tax.

### **FA4.1 Objectives**

1. Proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to the timely production of data relating to starters, leavers, permanent and temporary variations and enhancements to pay, including the production of timesheets or claims for staff with varying work patterns.
2. Frequent reconciliation of total payroll expenditure against an approved budget, net payroll expenditure against approved bank account(s), payments of statutory and non-statutory deductions to third parties (e.g. pension contributions), and annual year end statutory deductions compared to amounts paid to the Paymaster General.
3. All appropriate payroll and pension documents are retained and stored for the defined period in accordance with the document retention schedule, and in any case no less than a minimum of the previous six financial years plus the current financial year.
4. That all statutory and local regulations are complied with in terms of payments and deductions made through the payroll system (e.g. regulations prescribed by the HM Revenue and Customs, the National Insurance Contributions Office, the Local Government Pension Scheme, etc).

### **FA4.2 Responsibilities of the Corporate Director of Resources**

1. To arrange and control secure and reliable payment of salaries, pensions, compensation payments or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date.
2. To ensure that payments are made only upon receipt of duly completed and authorised data.
3. To make arrangements for payment of all travel and subsistence claims; financial loss allowance and all other types of payroll-related allowances to employees and Members.
4. To ensure that sufficient separation of responsibilities exists within the Finance Department to enable payments to be made securely through the payroll system.
5. To ensure that all payments accord with the duly authorised national/local rates and that retrospective pay awards are implemented in a timely manner following receipt of revised pay scales.
6. To record and make arrangements for the accurate and timely payment of PAYE, Income Tax, National Insurance, pension and all other statutory and non-statutory payroll deductions.
7. To provide advice to secure payment of salaries, pensions and all other related payroll payments by the most economical means.
8. To ensure that there are adequate arrangements for administering pension matters on a day-to-day basis.
9. To ensure the accurate and timely production of statutory returns to the HM Revenue and Customs, particularly in respect of the financial year-end and the declaration of employee taxable benefits.



10. To provide such advice as may be necessary to ensure that statutory regulations are followed relating to the taxable treatment of benefits-in-kind.

#### **FA4.3 Responsibilities of Senior Managers**

1. To ensure that all appointments are made in accordance with the Council's regulations and approved establishments, grades and scales of pay.
2. To ensure that adequate budget provision exists for:
  - all employee appointments
  - all permanent and temporary variations relating to employee appointments
  - all engagements of self-employed persons
3. To notify the Corporate Director of Resources of all appointments, terminations or variations that may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Corporate Director of Resources. In any event this data should be provided no later than one month after its authorisation.
4. To ensure that all actions affecting the retirement benefits of employees (e.g. early retirement due to ill health) comply with the requirements of the Council's pension scheme and other appropriate national/local regulations.
5. To ensure that adequate and effective systems and procedures are operated, so that:
  - payments are only authorised to bona fide employees and other payees
  - payments are only made where there is a justifiable entitlement
  - conditions of service and contracts of employment are correctly applied and updated where appropriate
  - employees' names and pay-related data listed on the personnel/payroll system are checked at regular intervals to verify accuracy and completeness.
6. To maintain an up-to-date list of the names of officers authorised to sign records affecting pay, together with a specimen signature for each authorised officer. The Corporate Director of Resources must be given an original copy of the list containing the specimen signatures.
7. To ensure that payroll transactions are processed only through the payroll system. Senior Managers should give careful consideration to the employment status of individuals employed on a self-employed, consultant or subcontract basis. The HM Revenue and Customs applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Corporate Director of Resources.
8. To ensure all appointments of consultants are subject to compliance with the Council's confidentiality agreement.
9. To certify travel and subsistence claims and other allowances. Certification is taken to mean:
  - for travel expenses, that journeys were authorised and expenses properly and necessarily incurred
  - for travel expenses, that allowances were properly payable by the Council and that cost-effective use of travel arrangements is achieved.
  - the employee was properly engaged on Council business and that claims reflect the actual number of hours/days worked
  - due consideration should be given to tax implications and that the Corporate Director of Resources is informed where appropriate.
10. To ensure that the Corporate Director of Resources is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.
11. To ensure that all appropriate payroll documents and supporting documentary evidence relating to payment requests are retained and stored for the year of account and the following six years.
12. To ensure that consultants paid gross are required to sign the self-employment indemnity form to safeguard the Council's tax position.

#### **FA4.4 Responsibilities of Members**

1. To submit claims for Members' travel and subsistence allowances on a monthly basis and, in any event, within one month of the financial year-end.
2. To ensure that claims for Members' travel and subsistence are properly incurred on Council business and that claims are made in accordance with the scheme adopted by the Council.

### **Background**

The Tax Authorities have extensive powers to fine organisations that do not correctly account for direct and indirect taxes.

The UK tax regime is extremely complex and it is critical that systems are operated which enable the tax implications of transactions to be identified and the Council to demonstrate to the tax authorities that tax has been correctly accounted for.

It should also be recognised that by failing to adopt tax efficient transaction structures the Council may be forfeiting real resources.

### **FA5.1 Objectives**

1. Budget managers are provided with relevant information on tax issues.
2. All taxable transactions are identified and correctly accounted for.
3. Adequate records are maintained to satisfy the Tax Authorities.
4. Tax returns are submitted to the appropriate authorities within the stipulated time-scale.

### **FA5.2 Responsibilities of the Corporate Director of Resources**

1. To complete all HM Revenue and Customs tax returns for the whole Council.
2. To complete a monthly VAT return.
3. To complete an annual VAT partial exemption calculation to the satisfaction of the VAT Inspectors.
4. To administer the construction industry tax deduction scheme in accordance with HM Revenue and Customs instructions.
5. To submit returns of taxable transactions in compliance with Section 17/18 Taxes Management Act 1970.
6. To provide tax advice on an ad-hoc basis to Directorates.
7. To provide an up to date tax reference manual for Directorate staff.
8. To advise Directorates of material changes in VAT legislation and rates.

### **FA5.3 Responsibilities of Senior Managers**

1. To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Revenue and Customs regulations.
2. To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary Construction Industry Tax Deduction requirements.
3. To ensure that all persons employed by the Council are added to the Council's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.
4. To follow the guidance on taxation issued by the Corporate Director of Resources.

### **Background**

Trading accounts have become important as local authorities have developed a more commercial culture. Under the CIPFA Service Reporting Code of Practice (SeRCOP), authorities are required to keep trading accounts for services provided on a basis other than straightforward recharge of cost.

SeRCOP requires disclosure of significant trading operations in the authority's financial performance reports and end of year final accounts. Where a Trading Account has sustained a deficit, disclosure requirements include reporting the remedial action and the result of any such action.

SeRCOP requires that when an internal trading account makes a profit or loss that would otherwise be borne by the HRA that an appropriate adjustment be made to the accounts.

### **FA6.1 Objectives**

1. To establish the accounting arrangements and operating parameters for Trading Accounts and Business Units.

### **FA6.2 Responsibilities of the Corporate Director of Resources**

1. To advise on the establishment, operation and accounting rules for trading accounts.

### **FA6.3 Responsibilities of Senior Managers**

1. To consult with the Corporate Director of Resources where a trading unit wishes to enter into a contract with a third party where the contract expiry date exceeds the remaining life of their existing arrangement within the Council. In general, such contracts should not be entered into unless they can be terminated within the main contract period without penalty.
2. To observe all statutory requirements in relation to trading services, including the maintenance of a separate trading account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged in accordance with SeRCOP.
3. To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Revenue and Customs regulations
4. To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary Construction Industry Tax Deduction requirements.
5. To ensure that all persons employed by the Council are added to the Council's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed and have signed the Council's indemnity regarding self-employed status or are employed by a recognised staff agency.
6. To follow the guidance on taxation issued by the Corporate Director of Resources.
7. To ensure that the same accounting principles are applied in relation to trading accounts as for other services or business units.
8. To ensure that each trading service prepares an annual business plan.

## **FA7: Internal Recharges**

### **Background**

Much of the flow of money across the Council originates from services provided by one department to another. This, in the majority of cases, stems from internal trading account services.

To facilitate proper controls and the management of the Council's budgets, transactions need to be raised and processed in an efficient and effective manner. This should ensure that purchasers are charged promptly and pay within a commercially acceptable time-scale, and that trading services invoice their customers in the knowledge that payment will be received within that stated time-scale. Where practicable these processes will be automated. The budget for core services e.g. admin buildings, payroll and legal will remain with the purchaser and the Corporate Director of Resources will stipulate corporate arrangements for managing these recharges.

For ad-hoc and project works the process follows similar principles to the ordering of and payment for goods and services.

To ensure that the process is operating in accordance with the framework, regular departmental monitoring of incoming and outgoing recharges needs to be carried out.

The Corporate Director of Resources will designate an appropriate officer to act as an arbitrator to resolve disputes that cannot be settled between purchaser and provider. This is to ensure that all disputes are resolved within a stated time-scale and will not adversely affect financial monitoring.

It is the responsibility of the purchaser to ensure that they have sufficient resources to pay for commissioned project and ad-hoc work. It is the responsibility of the provider before work commences to advise the purchaser if the work is not covered by the core support service budget and needs specific financing.

### **FA7.1 Objectives**

1. Recharges can only be raised by the provider
2. Recharges can only be accepted by the purchaser
3. Only the provider can make amendments to or cancel recharges
4. Disputes can be raised by the purchaser
5. Disputes can be referred for arbitration by either the purchaser or the provider
6. Set time-scales apply to raising, accepting and disputing recharges
7. Recharges or disputes not responded to within the set time-scales will be processed by the Corporate Director of Resources.

### **FA7.2 Responsibilities of the Corporate Director of Resources**

1. To provide standard templates for both journal and recharge entries on the corporate financial system.
2. To ensure that there is separation of duties between inputters and authorisers of entries.
3. To monitor the overall processing of recharges across the Council.
4. To accept or cancel recharges that are not dealt with in accordance with the time-scales laid down in the framework.
5. To arbitrate on disputed recharges where these cannot be satisfactorily resolved between departments.
6. To lay down clear service standards.

### **FA7.3 Responsibilities of Senior Managers**

1. To raise and/or process recharges in accordance with the time-scales laid down in the framework.
2. To notify and/or respond to disputed recharges in accordance with the time-scales laid down in the framework.

### **Background**

Ring-fenced and targeted grants remain an important feature of funding both from central government and other bodies. This may be for on-going services, such as Housing Benefits Subsidy, as well as one-off funding for specific projects, such as lottery funding.

Given the number of grants available, the Council needs to monitor and co-ordinate its response. Equally it needs to analyse what is being received corporately to help target effort in maximising grant income.

Keeping accurate information is also helpful for managing income efficiently. This includes making sure the income is coded correctly as soon as possible on receipt to ensure effective monitoring within departments. Advance notice of expected income would also help the Treasury officers invest money to best possible effect.

Managing and correctly coding the expenditure associated with grant income is also vitally important to maximise income and minimise the risk of claims being qualified.

### **FA8.1 Objectives**

1. Development and maintenance of a list of expected grant income showing amounts expected, when these are expected, where it should be coded to and the responsible officer.
2. Monthly review of expected income against amounts received.
3. Review of amounts involved with the risk assessment programme and appropriate action taken.
4. Recording of associated expenditure clearly maintained against the grant income.
5. Agreement of actual expenditure reconciled to corporate financial systems before claims or returns agreed.
6. Incorporation of gross grant income and expenditure within the annual budget.

### **FA8.2 Responsibilities of the Corporate Director of Resources**

1. To maintain a corporate list of expected grants in liaison with External Auditors and Senior Managers.
2. To include the volume and quantity of grants within the risk assessment and management arrangements.
3. To establish accounting codes on the corporate financial system as required by Senior Managers.
4. To invest the money received to best advantage.
5. To investigate ways of maximising grant income.
6. To build in any agreed financial implications (e.g. match funding) into the budget strategy.
7. To review supporting documentation for claims and returns before submission to External Auditors in order to secure best practice.
8. To verify and sign all government grant claims for authority and for bodies for whom we are the accounting body.

### **FA8.3 Responsibilities of Senior Managers**

1. To maintain a departmental list of expected grant expenditure and income, and update the Corporate Director of Resources when necessary in order that the corporate grants list can be maintained.
2. To ensure that income and expenditure associated with each grant is separately recorded on the corporate financial system.

3. To credit income received through the corporate bank accounts to the pre-agreed accounting codes within 7-10 working days.
4. To ensure that all claims and returns associated with each grant are fully supported when submitted to External Auditors for certification. This includes providing details of grant terms and conditions to Corporate Finance.
5. To ensure that any other expenditure associated with the grant (e.g. matching funding) is contained within the agreed departmental budget.
6. To ensure that all claims for funds and the returns required by funding bodies and External Audit are made by the specified dates and that claims are received by the Corporate Director of Resources at least 7 days in advance of the specified dates with a clearly identified audit trail in a format specified by the funding body.



### **Background**

Journals are used to correct the coding of income, expenditure or balance sheet transactions. Amounts should be coded according to their classification, in line with accounting best practice and not where the budget is held. This allows the 'total cost' of services to be analysed correctly.

A large number of journal entries on particular codes may indicate that transactions are not being coded correctly at source and can therefore be an indicator of quality.

### **FA9.1 Objectives**

1. Journals can only be generated within agreed levels of delegation and security.
2. Only authorised inputters and authorisers can generate journal entries.
3. An authorised list of inputters and authorisers is maintained by the Corporate Director of Resources on the corporate finance system to verify compliance.
4. There is a separation of duties between inputters and authorisers of journals.
5. The corporate financial system will only allow 'balanced' journals to be accepted.

### **FA9.2 Responsibilities of the Corporate Director of Resources**

1. To provide a template for journal entries on the corporate financial system.
2. To ensure there is separation of duties between inputters and authorisers of entries.
3. To maintain the delegated list of inputters and authorisers, as agreed by Senior Managers, on the corporate financial system.
4. To review the volumes and value of journals on a quarterly basis.
5. To approve any budget journals that impact on more than one department.

### **FA9.3 Responsibilities of Senior Managers**

1. To provide the Corporate Director of Resources with updated lists of officers delegated to input and authorise journals.
2. To seek approval from the Corporate Director of Resources prior to any budget journal affecting another department.
3. To ensure supporting documents for journals are uploaded to the financial system.

## **FA10: Record of Corporate Directors Actions**

### **Background**

Financial Regulations provide that Senior Managers have discretion to approve the following actions without obtaining Executive approval:-

- Approve Virements with a value of up to £250,000
- Adoption of a Capital Estimate with a value of up to £250,000
- Waiving Financial Regulations on an item with an assessed value of £250,000
- Approve a capital overspend of up to £250,000.
- Settle Uninsured Claims of up to £250,000.

However, all exercises of Directors Actions, which involve sums in excess of £100,000, must have the prior approval of the Mayor and be the subject of a noting report to the next available Cabinet.

### **FA10.1 Objectives**

1. To provide a written record of the exercise of discretions by Corporate Directors.
2. To ensure there is an audit trail for all such exercises.
3. To provide a reasonable explanation for the exercise.
4. To ensure all actions have obtained the appropriate authorisation.

### **FA10.2 Responsibilities of the Corporate Director of Resources**

1. To update the thresholds for the exercise of discretions under Financial Regulation B9.
2. To provide a noting report to the next available Cabinet for all exercises of Directors Actions which involve sums in excess of £100,000.

### **FA10.3 Responsibilities of Senior Managers**

1. To notify the Corporate Director of Resources of all Corporate Directors Actions in excess of £100,000.

## EA: EXTERNAL ARRANGEMENTS

### EA1: Partnerships

#### Background

The Responsibility for maintaining financial administration and proper stewardship extend to partnerships and other structures for service delivery.

A partnership is formed when the Council works with one or more organisations to achieve better outcomes for the local community, and for the purpose of these Financial Procedures are defined as "A co-operative fellowship between two or more independent parties (one of which is the Council) which is designed to secure some shared or mutual operational benefits. Examples of Partnerships include arrangements entered into under the Local Strategic Partnership, Sure Start, and the use of Health Act Section 31 flexibilities, including pooled budgets.

The main reasons for entering into a partnership are:

- To provide new and better ways of achieving desired outcomes
- The potential for accessing new resources
- The desire to find new ways to share risk

A Partner is defined as either:

- An organisation (private or public) undertaking, part funding, providing resources in kind e.g. Premises, IT systems, or staff or participating as a beneficiary in a project
- Or
- A body whose nature or status give it a right or obligation to support the project.

Partners participate in projects by:

- Acting as a project deliverer or sponsor, solely or in concert with others
- Acting as a project funder or part funder
- Providing non-cash resources e.g. Use of premises, staffing expertise, administrative support or IT systems. It is important that a value is placed on contributions in kind in order to determine whether the partnership represents best value.
- Being the beneficiary group of the activity undertaken in a project.

Partners have common responsibilities:

- To be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation.
- To act in good faith at all times and in the best interests of the partnership's aims and objectives.
- To be open about any conflict of interests that might arise.
- To encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors.
- To hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature.
- To act wherever possible as ambassadors for the project.
- The Council must reconcile the broad aims of partnership working, and the duty of prudent and efficient management of the Council's resources.

#### EA1.1 Objectives

1 The objectives for the Council are:-

1.1 All new partnerships should be reported as required by the partnership scheme of delegation, as if they were a contract. All partnerships must adhere to local government and other statutes and to financial regulations and standing orders. The value of the partnership for this purpose is

the sum of the council's contribution over the life of the partnership (whether capital or revenue) and the value of any contributions in kind e.g. Premises, staffing, I.T. systems etc.

- 1.2 All partnerships should have a written agreement between the partners covering the following points:-
- The obligations and potential liabilities of the council should be clear in each case.
  - The purpose of the partnership and the benefits that are expected to derive from it for the individual partners and for the local community.
  - The names of the partner organisations.
  - The governance arrangements for the partnership – i.e. who can make decisions on behalf of the partnership, under what authority, and with what terms of reference.
  - A named partner organisation to be responsible for managing the finances and keeping the accounts of the partnership
  - The financial regulations that will apply (usually those of the organisation that will manage the finances and keep the accounts).
  - A clear statement of the purpose of the partnership, including the target client group, the services to be provided to the client group and which partner is to provide which services.
- 1.3 Agreed service targets and responsibilities consistent with the Council's performance framework and statutory duties.
- 1.4 A partnership scheme of delegation.
- 1.5 The responsibility of each partner for providing information to the partnership (including financial and accounting information) and the format and frequency with which the information will be provided. This to include regular financial monitoring, financial planning and budgeting, financial reporting and an annual statement of accounts.
- 1.6 The contribution that each partner will make both in cash and in kind.
- 1.7 Arrangements for dealing with financial surpluses or deficits and how they will be divided between the partners.
- 1.8 Arrangements for any carry forward of a surplus or deficit between financial years.
- 1.9 Arrangements for varying the level of contribution both in cash and in kind. These should include an annual review of the effect of inflation on contributions.
- 1.10 Identification of risks, financial or otherwise, related to the partnership and how they will be allocated between partners.
- 1.11 Insurance arrangements.
- 1.12 A statement on the treatment of VAT and any other tax implications of the partnership.
- 1.13 Responsibility for internal audit, and the appointment of an external auditor.
- 1.14 The process for reviewing the performance of the partnership and evaluating it against agreed objectives.
- 1.15 The duration of the partnership and the agreed end date or review date.
- 1.16 The implications of any partner terminating their involvement before the agreed end or review date.
- 1.17 Where income is being raised by charges there should be a charges policy and this must be consistent with the authority's fees and charges strategy and statutory duties.
- 1.18 Partnerships must be justified to members by demonstrating that the partnership will deliver 'added value' compared with the council's option of delivering the service alone.
- 1.19 Partnerships will often be negotiated, rather than formal tenders sought. Value for money, however, still needs to be demonstrated.

### **EA1.2 Responsibilities of the Corporate Director of Resources**

1. To advise on controls that will ensure that resources are not wasted.
2. To advise on the key elements of funding a project. They include:

- A scheme appraisal, including a financial appraisal of partners if necessary, for financial viability in both the current and future years
- Risk appraisal and management
- Resourcing, including taxation issues
- Audit, security and control requirements
- Carry-forward arrangements
- To ensure that the accounting arrangements are satisfactory.

### **EA1.3 Responsibilities of Senior Managers**

1. To maintain a register of all partnerships entered into with external bodies in accordance with procedures specified by the Corporate Director of Resources.
2. To ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared for the Corporate Director of Resources.
3. To ensure that such agreements and arrangements do not impact adversely upon the services provided by the Council.
4. To ensure that all agreements and arrangements are properly documented and that advice is sought from the Head of Legal Services where appropriate.
5. To ensure that financial monitoring on the whole partnership is available in the format and frequency specified by the Corporate Director of Resources – including any financial risks to the Council arising from the actions or spending of other members of the partnership.
6. To provide appropriate information to the Corporate Director of Resources to enable a note to be entered into the Council's Statement of Accounts concerning material items and to comply with the SeRCOP guidance on accounting for partnership arrangements. Where full consolidation into the Council's group accounts is required, financial information (including balance sheet and income & expenditure statement) to be provided to Corporate Finance within six weeks at year-end.
7. To agree accounting procedures and practices with Corporate Director of Resources.

# Appendix B:

## Detailed Financial Procedures

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## P1: Hospitality

<b>Main Users:</b>	All officers
<b>Financial Procedure:</b>	CR6

### General Principles

1. Any offer of any gift or hospitality must be treated with caution. All staff represent the council and it is essential to avoid any suggestion that the gift/hospitality might be perceived by anyone to have influenced any decision made or any services provided.
2. Gifts and hospitality should generally be refused and **always** refused if there is any suspicion that it may be an attempt to influence any decision or any service provided.
3. All gifts/hospitality offered must be properly recorded. This is especially important if the offer was made by a supplier, any potential employer or anyone else who could have a motive to influence you.
4. Hospitality books should be periodically reviewed by the Head of Service and the review evidenced by a signature.
5. Hospitalitys include drinks, meals and entertainment, sporting events, overnight accommodation, travel and holidays. Corporate or public organisations may offer this to employees. Hospitalitys can also include:
  - a) gifts – can be money, vouchers, travel, holidays, entertainment hospitality, property
  - b) benefits – similar to gifts and can be a new job or promotion, preferential treatment or access to confidential information
  - c) bribes – gifts to win favours; undue reward offered to someone in public office to influence their behaviour in that office.

### Detailed Guidance

1. Hospitality books are held in the Head of Service's office and on other Council premises as appropriate (e.g. Schools).
2. Books must be hard backed and bound so that pages cannot be easily removed or lost.
3. Hospitality books should record: -
  - a) officer's name
  - b) date
  - c) donor's name
  - d) whether the offer was accepted
  - e) sign off by senior manager
4. Any gift/hospitality offered must be reported to your line manager and entered into a hospitality book **even if the offer has not been accepted.**
5. If refusing a gift or hospitality is likely to offend (e.g. a gift from a foreign delegation), consider accepting but donating the gift to a charity (e.g. the Mayor's charity) and inform the donor **in writing** that you have done so. Any gift dealt with in this way must still be recorded in the hospitality book.

## **P2: Cash Handling and Security**

<b>Main Users:</b>	All officers handling official and unofficial funds, including residents' cash and valuables.
<b>Financial Procedure:</b>	CR7

### **General Principles**

1. Cash is always attractive and vulnerable to theft. Cash holdings must be kept to the practical minimum and never in excess of the insurance limit for the particular establishment. The Insurance Section can advise on the limit.
2. Risk assessments must be carried out regularly to check if risks have changed and always when procedures or staff have changed.
3. Where larger sums of money have to be held, a safe may be essential. For smaller sums, a locked cash box in a locked drawer or cupboard may be acceptable. The Insurance Section can advise on the need for a safe or otherwise.
4. Cash must always have a full management trail – cash to be banked must be banked intact and never used to cash personal cheques, provide a petty cash float or for any other purpose.

### **General Principles – Care Homes Only**

5. Due to the vulnerability of certain clients residing in care homes, special care must be taken with their cash and property as detailed opposite.

### **Detailed Guidance**

1. Keys and/or combinations must be strictly controlled and kept secure. Loss of any keys must be reported to the Insurance Section immediately.
2. Combinations should be changed on a regular basis and immediately when a member of staff leaves.
3. Cash changing hands should be counted carefully and signed for by both officers.
4. The amount of cash collected from any activity (e.g. library fines, adult education enrolment, car boot sale, etc) must be counted carefully by at least two staff and the amount recorded and signed for by all present.

### **Detailed Guidance – Care Homes Only**

5. Staff must not get involved in a client's general financial affairs, except to the extent which the Home Care Organiser or Social Services Manager may authorise. If staff find that a client is not paying their bills for services, or is not completing application forms for Housing Benefit etc., they must inform the Home Care Organiser or Social Services Manager.
6. Cheques received from charities, third parties etc. must be made payable either to the client, the London Borough of Tower Hamlets (LBTH), or to the hospital concerned, never to an individual member of staff. Applications for assistance should clearly note the name of the client and LBTH.
7. Cheques drawn on the Council's account in favour of a client, such as a refund of savings, should be made payable to that client and not to any other person or organisation without the written consent of either the client, or the client's family if the client cannot provide the necessary authority. Staff must not make cheques payable in their name unless there is clear authority from court (appointee and receivership cases). Staff must not make loans to clients, either from Council funds or their own money, unless specific authority and the necessary prior approvals are obtained.
8. Staff should not leave their money or that of a client unattended. Staff must obtain receipts whenever possible for items of shopping purchased for a client, and, at the earliest possibility, should give these to the client with any change.



9. Staff should use some approved form of receipt book whenever receiving money from a confused client. Two staff members should be present at any time property or financial assets are obtained from the clients. Staff should never accept loans or gratuities from clients.
10. If staff find any sum of money in a confused client's home/room, they should contact the Home Care Organiser or Social Services Manager immediately. If the client does not have the necessary capacity to handle the money, it should be considered to be deposited into the Council's bank account and setting up a special account for the client.
11. Staff must handle clients' money with great care, and keep it separate from their own money. Staff must not, under any circumstances, use their own personal bank account to handle money or cheques for a client.
12. No staff, unless specifically authorised to do so by the court of law, may act as a Receiver or an Appointee, or be a signatory to a client's bank account.
13. Staff should not cash cheques, giros or any form of money order for clients, unless specifically authorised by the client in writing to do so. If the client is not capable of giving this consent, a doctor's letter should be obtained and the DSS approached and asked to make payments direct to the Council.
14. Staff must not, under any circumstances, obtain money from a client's bank, giro or building society account by use of an automatic cash dispenser. When the Directorate obtains pension direct from the DSS, the money should be banked intact and credited to the client's personal account. A small petty cash imprest can be set up for the client's personal needs, and the Council should pay all bills.
15. Staff receiving property from a client for safekeeping should have a witness present, if possible, when the property is received. An inventory in triplicate should be made of the property; the compiler, the witness and the client should sign it, if capable. The top copy should be given to the client, the second copy retained on the case file and the third retained by the compiler. As soon as possible, the details of the property should be entered in the Directorate's or the Home's property register, and the property placed in a secure place, such as a safe, or property cabinet.
16. The subsequent return of the property to the client or to a third party must be evidenced in writing by the signature of the recipient and the date of the transaction. If the transfer is made by post, it should be evidenced by letters, including one acknowledging receipt of the goods. Letters should be sent by recorded delivery.
17. Staff who have custody of clients' keys are reminded that keys must be carried on their person or retained in a key cabinet or safe. Keys must not be left unattended or in desk drawers.
18. If staff receive a client's property from a third party e.g. Hospital or the Police, they must always ensure that they fully check what they sign for. Staff should never use terms such as gold or silver when describing items, they should refer to them as yellow metal or white metal. Similarly, red stone should be used rather than ruby and so on.

## **P3: Inventories**

<b>Main Users:</b>	Managers responsible for establishment and/or other LBTH property and assets.
<b>Financial Procedure:</b>	CR8

### **General Principles**

1. The Corporate Director of Resources issues blank inventory forms on which officers responsible for furniture, fittings, equipment, plant and machinery must maintain records of each item which exceeds £1000 in value, together with portable and attractive items of any value.
2. All items should be checked at least annually to verify existence, location and condition. The inventory should be updated at each check.
3. In addition to the entries in the inventory, portable and attractive items should be security marked as belonging to the council.
4. Warranties, invoices and other paperwork should be kept securely as confirmation of make, model, serial number and guarantees.
5. No claim under the council's insurance policies will be accepted unless the stolen /lost /damaged item was recorded in an inventory if appropriate.
6. Inventories need not include furniture, fridges and microwaves at Mulberry Place, as these are the responsibility of Facilities Management.

### **Detailed Guidance**

1. Inventory managers must compile inventories and keep them updated using the appropriate form (Appendix A). Items to be included on the inventory list:-
  - a) all council-owned and leased/hired portable and attractive items with make, model and serial number
  - b) all council-owned and leased/hired computer hardware with make, model and serial number
  - c) all other council-owned or leased/hired property with a replacement value of over £1000
  - d) all hired/leased property should be marked as such on the Inventory form
2. The details to be included on the inventory are as follows:-
  - a) Directorate/ Building/ Section/ Location/ Floor/ Room Number or Name
  - b) name of person(s) carrying out the Inventory and signature(s)
  - c) description/make/model number and serial number (if applicable)
3. Inventory managers must carry out an annual inventory check. It is also strongly recommended that a full inventory check is made when an officer in charge changes and the assets signed for by both the officer leaving and the officer taking over. Inventories should show: -
  - a) all movement of items when they occur, to ensure that they are up to date
  - b) annual checks (which must be complete Inventories, not just a check that items on the initial Inventory are still present)
  - c) the person carrying out the Inventory check is to date the appropriate column and sign for each item when checked
  - d) any discrepancies must be investigated once the form is completed, the officer is to sign it and send copies to relevant officers
4. The Officer in Charge is to arrange for all council-owned items under his/her control to be suitably marked as Council property. Leased/hired items are not to be marked. Primary marking is to be made with indelible pens and/or inscription, as a deterrent. Secondary marking is to be made with ultra violet pens as a means of detection. Ultra violet pens and lamps can be obtained from the Purchasing Section at Mulberry Place. Property is to be marked "L.B.T.H." followed by the postcode.

5. Inventories should be updated promptly on receipt or disposal of any relevant asset. All items transferred out are to be entered on the Transfer/Disposal Form (Appendix B). All receipts (new purchases and transfers) are to be entered on the receipt form (Appendix C).
6. The process for the disposal of obsolete items is explained in Note 4 of this Annex. These additional notes relate specifically to the disposal of inventory items. Disposal should only take place after exploring the possibility and cost of repair, alternative uses or the transfer of the item elsewhere in the Council.
7. Items should be listed on the Transfer/Disposal Form and stored in a dry and accessible place for inspection by a senior officer who should sign off the Form agreeing to the disposal.
8. Condemned items must not be sold, given away or destroyed until they have been inspected and the disposal formally approved.
9. The Cleansing Section will collect and dispose of condemned items if required and a charge will be made for the service. Where condemned items may have a resale or scrap value, the Purchasing Section will advise (see Note 4 of this Annex).
10. Where stocks of materials are held, stocktaking must be carried out on at least an annual basis in a format approved by the Corporate Director of Resources (Appendix D). Stocktaking must also be carried out when responsibility for the stocks is transferred from one officer to another and both officers should sign to confirm the actual stocks in hand and any discrepancies.

## **P4: Disposal of Property and Obsolete Assets**

<b>Main Users:</b>	All budget managers with responsibility for equipment and other assets.
<b>Financial Procedure:</b>	CR10

### **General Principles**

1. No property will be declared surplus until the Council is satisfied there is no appropriate current or future operational use for the building by the Council.
2. There will be a general presumption that disposals will be on a long leasehold basis, however, each case needs to be considered on its merits with benefits and costs identified. The Service Head, Corporate Property and Capital Delivery will make a clear recommendation on the basis and method of sale as part of any Executive report.
3. The overriding factor for all decisions in relation to the disposal of properties will be securing best consideration reasonable obtainable, as required by section 123 of the Local Government Act 1972.

### **Detailed Guidance**

1. Authority
  - 1.1 Declaring property surplus to operational requirements is an executive function and, subject to any delegations the Executive may agree, can only be exercised by the Executive. Any report to the Executive will provide a recommendation from the Service Head, Corporate Property and Capital Delivery, about the proposed method of sale and whether the sale should be freehold or long leasehold.
  - 1.2 The report will normally request that all further matters relating to the sale be delegated to chief officers. In rare cases, it may be considered appropriate that offers be reported back to the Executive for final approval. This will be for the Executive to determine, based on the advice of officers and the need to secure best consideration.
  - 1.3 In all dealings with property matters it is essential that the highest levels of probity and confidentiality are maintained to ensure that best consideration is achieved under the Council's statutory duty.
  - 1.4 Members have a both a fiduciary duty (see definitions) and statutory duty under S.123 of the Local Government Act 1972 to the residents of the borough to secure the best consideration that can reasonably be obtained.
2. Identification of surplus property
  - 2.1 Property will be identified as being potentially surplus to the Council's requirements by either a service department no longer requiring it for operational use, through a process of property review or as being identified as being under used or unused.
  - 2.2 The fact that an individual service department no longer needs a property does not in itself make the property surplus. Departments must advise the Service Head, Corporate Property and Capital Delivery about potentially surplus property who will then consult service departments about whether the property could meet their current or future service needs.
  - 2.3 Before any recommendation is made to the Executive, to declare property surplus to operational requirements, the issue must be considered at the Asset Management and Capital Strategy Working Group (AMCSWG) and the Asset Management and Capital Strategy Board (AMCSB).
  - 2.4 It is ultimately for the Executive to declare a property as being surplus to requirements, based on consideration of a report containing the professional advice of officers. Any such decision will be subject to the normal rules in relation to key decisions.

### 3. Deciding on the method of disposal

3.1 The Service Head, Corporate Property and Capital Delivery, shall determine the most appropriate method of sale. This will be a matter of professional judgement based on the type and location of the property and the prevailing property market.

3.2 The general presumption is that the method of sale will be via informal tender, requiring the open invitation of bids, unless the Service Head, Corporate Property and Capital Delivery considers that an alternative method of disposal would be appropriate. Exceptions to this method of sale are where it involves a special purchaser [see definitions] and examples are:

- a) Sale to a sitting tenant;
- b) Sale to an adjoining owner or sale of a part-interest in a property where amalgamation of interests could enable substantial "marriage value" to be realised;
- c) Sale to a public body (e.g. a Registered Provider) at less than market value where other benefits are offered to the Council, provided that such sale is within the General Disposal Consent (England) 2003, or receives the Secretary of State's consent. (see paragraph 7 below) and subject to European legislative requirements relating to State Aid.

These examples are given on the basis that the Service Head, Corporate Property and Capital Delivery considers that sale to a special purchaser would produce a higher figure or, alternatively, a service department feels that non-financial considerations that fall within the Council's "well-being" powers justify a sale [see definition]. In all such cases where the value of the property to be disposed of is over £50,000, a valuation must be obtained for officers to consider. In general this will be provided by external consultants.

3.3 The methods of disposal that may be used are:

- a. Sale in the open market by:
  - i. informal tender;
  - ii. formal tender; or
  - iii. auction.
- b. Sale to a special purchaser, via direct negotiation, subject to statutory powers.

### 4. Tenure – leasehold or freehold sale

4.1 Whether to sell freehold or via long leasehold (in excess of 25 years) needs to be considered on a case-by-case basis. However, the council has considerable land interests across what is a dense borough. There will therefore be a general preference to dispose of land via long leasehold.

4.2 As part of the report to the Executive recommending a property being declared surplus, the Service Head, Corporate Property and Capital Delivery, will recommend whether the disposal should be on a long leasehold or freehold basis. This will include an assessment of the impact on value of the respective methods.

4.3 Examples where a freehold sale may be considered appropriate are:

- a. Where the level of capital receipt, over and above a long leasehold disposal, exceeds the perceived benefit of a long leasehold disposal (i.e. so that a leasehold disposal could not be reasonably justified).
- b. For commercial transactions, where a developer or funder's reasonable requirements require a freehold transfer to facilitate a sale or regeneration.
- c. Where it is necessary to sell a freehold to release additional value from a transaction (e.g. marriage value through bringing sites into single ownership).

This list is not exhaustive and other circumstances could apply.

4.4 Because of the potential effect on value the Council needs to ensure that each case is considered on its merits.

4.5 The overriding factor in deciding whether a site will be sold as a freehold or long leasehold will be the requirement to secure best consideration

## 5. Planning Briefs and Advice Notes

- 5.1 Prior to sale, the Service Head, Corporate Property and Capital Delivery will consider what level of certainty about planning is required to maximise value. Greater planning certainty will both crystallise value and will increase Council's chances of achieving a quicker, unconditional sale. Planning certainty can be achieved through obtaining planning permission (outline or full), preparing a planning brief or a planning advice note.
- 5.2 At a site specific level, Planning briefs provide a valuable vehicle to establish clear principles for the future development of a site, to shape both the form and nature of uses
- 5.3 A Planning Brief in particular for large sites which ideally has been the subject of public consultation and adoption as Council policy by the Executive provides a guide to a potential developer, officers and the appropriate Development Committee, of the Council's expectations for the future use of a site.
- 5.4 For smaller sites a Planning Advice notice may be appropriate. Save for transactions under £50,000 in value, or sales to a special purchaser, no property will be valued or marketed without such an Advice Note as minimum.
- 5.5 All marketing information relating to disposals (except those under statutory powers) will include the relevant Planning Advice Note.
- 5.6 It is acknowledged however that no such documents can fetter the discretion of the development control process in determining a subsequent planning application. Officers will ensure that clear boundaries will be maintained to ensure that the Council exercising its disposal powers as landowner does not fetter its duties as Local Planning Authority.

## 6. Sales process

- 6.1 When property is sold in the open market, the Council will ensure that the property is widely and openly marketed. It will also ensure the highest levels of probity and confidentiality during the sales process. The Service Head, Corporate Property & Capital Delivery, or the Head of Asset Management, will determine whether or not to appoint an agent to carry out the marketing.
- 6.2 When a sale in the open market is undertaken, the following process will be followed to ensure the Council's interests are protected.
  - a. All offers are to be submitted in a prescribed form as set out in the marketing particulars.
  - b. Offers will be submitted by a fixed time and date
  - c. Failure to meet any of the precondition or processes required by the Council may invalidate an offer.
  - d. Offers will be returned to the Council's Service Head, Corporate Property and Capital Delivery who will ensure they are kept securely.
  - e. Offers will be opened by the Service Head, Corporate Property and Capital Delivery, or a nominated deputy, in the presence of at least two other officers, which shall include another senior manager alongside legal representation. Offers will be recorded in a tender book, signed by all parties at the tender opening and the tender book will be kept securely within legal services. All tenders will be signed, dated and timed with envelopes being retained.
  - f. Evaluation of offers will be undertaken by officers who will consider the financial standing of bidders, the level of offer, the bidders' track record and any other relevant information.
  - g. Following evaluation, officers will rank the offers in accordance of acceptability and produce a recommendation report.
  - h. In most cases, following receipt and evaluation of initial bids, it will be appropriate to ask bidders to submit a 'best and final offer' before officers produce the recommendation report.
  - i. Subject to the relevant Executive decision and delegation, it will be for the Corporate Director, Development & Renewal, to determine how to proceed based on the recommendation report.

- j. Any discussions or negotiations with bidders are to be formally written up and notes placed on the file. Any negotiations for a land transaction above a capital sum of £250,000 would involve two members of staff, one of whom should be the Service Head, Corporate Property and Capital Delivery, or his/her named representative. Within three working days of the meeting, a file note recording the discussions should be placed on the relevant file.
  - k. Generally, pre-contract enquiries and a standard form of lease/transfer will be made available to bidders as part of the marketing process. Bidders will be required to exchange contracts within a prescribed number of days, which will be set out in the marketing particulars, from the date of being provided with a contract. If exchange does not occur within the prescribed timescale, the offer may be deemed to be withdrawn and the Council may accept an offer from the second ranked bidder.
- 6.3 It some cases, it may be appropriate for a Council-appointed agent to receive and/or assess the bids received, and offer a view (recommendation report). It will be for the Service Head, Corporate Property & Capital Delivery to determine whether or not to appoint agents for those purposes.
7. Transactions at less than market value
- 7.1 Approval must be obtained from the Executive to disposals which are proposed to be less than the unrestricted market value as defined by the General Disposal Consent (England) 2003 and/or where State Aid issues may arise. It will be for the Corporate Director, Development & Renewal, to determine whether the Executive should be recommended to accept a disposal at less than the unrestricted market value. The report shall make the level of undervalue explicit and the report to the Executive will need to set out the well-being benefits to be derived and provide a statement that the wellbeing "value" matches or exceeds the value foregone.
- 7.2 The Council has powers derived from the Housing Act 1985 to dispose of land to Registered Providers at less than market value or under the terms of the Local Government Act 1972: General Disposal Consent (England) 2003. Other than these generally consented powers, the Council has to seek the consent of the Secretary of State to sell its assets at less than best consideration.
- 7.3 The Council must be able to demonstrate that it has acted reasonably in agreeing a sale at less than market value; that there was an appropriate decision making process and that regard has been had the Council's statutory and fiduciary obligations. Decisions must be robust and defensible and the monetary or benefit assessment of impacts will require detailed individual assessment in every case.
8. Other Offers
- 8.1 Any offer which, on the evidence available, is considered to be incomplete, insubstantial or in any other way defective, mischievous or frivolous shall be rejected by the Service Head, Corporate Property and Capital Delivery after consultation with the Service Head – Legal Services.
- 8.2 Late Offers – Guidance from the Local Government Ombudsman recognises the difficulties facing Councils if a higher offer is received by the Council after the deadline for submission of bids or after another offer has been accepted subject to contract. This is particularly important in light of the obligation on officers to secure best consideration. Such difficulties will be less likely to occur if Councils ensure that the marketing material makes the deadline for bids clear and that exchange of contracts takes place quickly after the decision has been made as to whom to sell the property to. The decision to accept a late offer will be one for the Corporate Director, Development & Renewal, after consultation the Service Head – Legal Services and upon receipt of advice from the Service Head, Corporate Property & Capital Delivery.
- 8.3 The overriding factor in deciding whether or not to accept a late or otherwise non-compliant bid will be the requirement to secure best consideration

## 9. Reporting of offers

- 9.1 In most cases, the Executive decision to dispose of a site will delegate all matters relating to the sale to chief officers. However, the Executive may also exercise their right to not delegate authority. In such a case, when reporting back to the Executive on the offers received, in order to maintain the highest levels of probity, offers shall be anonymised. This is considered necessary until contracts are exchanged to ensure that no spoiling bids are received at a later stage in the process which could result in delaying the sale process. Anonymising offers also protects Members and officers from accusations of collusion. When there is no longer public interest in maintaining confidentiality, details may be disclosed. The Monitoring Officer shall advise in such matters.
- 9.2 Property disposals will generally be reported in the open part of the agenda to ensure transparency and openness for the public, except where doing so may jeopardise the council's ability to secure best consideration.

## **Definitions**

Auction	An auction quickly concludes completion and identifies the successful bidder who will sign a binding contract at the sale. It is particularly suitable for properties for which there is likely to be keen competition from a wide market of potential cash purchasers, or for properties of an unusual nature but for which there is likely to be a ready market. However, it is often inappropriate for properties where the majority of purchasers will prefer to submit offers subject to contract and to minimise the risk of abortive costs, such as development land, housing sites, etc.
Fiduciary duty	Fiduciary duty has been described as a duty to act in "a fairly business-like manner with reasonable skill and caution" The relevant principles established from case law can be summarised as follows: a) Local authorities are under a special duty in the exercise of all their powers to consider the financial consequences for the rate and Council tax payers. This duty is analogous to the fiduciary duty owed by a person in the position of trustee. (b) In considering the financial consequences of a decision, an authority is required to conduct a balancing exercise between the interests of those who will benefit from the proposed measure and the cost to rate and Council tax payers. (c) Failure to have proper regard to their fiduciary duty renders a local authority decision liable to challenge on the grounds of illegality. (d) The fact that an authority may have an electoral mandate for their decision is irrelevant to the question of whether the act is ultra vires
Formal Tender	This method of disposal is appropriate for disposals in the open market particularly the disposal of development sites and is in most cases both effective and workable. It would normally necessitate the use of Standard Conditions of Sale together with Special Conditions upon which the bid would be made, with special preaddressed envelopes bearing the closing date for submission of bids. A formal tender creates contractual certainty as, at the final stage, if an offer is accepted it constitutes a binding contract.
Market Value	The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.



**Informal Tender** This is a flexible method of securing offers of interest in property since it does not bind either party until completion of negotiations. Property is openly marketed and all offers have to be submitted by a fixed closing date. It does not preclude the purchaser or vendor from seeking to renegotiate more advantageous terms even when the sale is at a fairly advanced stage to take account of any changes in circumstances. Any risks inherent in this can be partly overcome by stipulating time limits for exchanging contracts. This method allows the Council to view a number of competing proposals on a site where the Council has no fixed policy as to exactly what is required or wanted and where consideration can be given to detail to a number of options without contractual obligations to the parties involved.

**Special purchaser** A purchaser to whom a particular asset has special value because of advantages arising from its ownership that would not be available to general purchasers in the market.

**Well-being powers** The Council will need to meet its obligations in relations to the disposal of assets under Local Government Act 1972 and the General Disposal Consent (England) 2003 disposal of land for less than the best consideration that can reasonably be obtained ("the Consent").

Under the Consent a local authority has to discretion to sell at an "undervalue" of up to £2,000,000. Undervalue is defined as "the difference between the unrestricted value of the interest to be disposed of and the consideration accepted"

Where an undervalue of less than £2,000,000 exists an authority can dispose at less than market value in pursuance of its "well-being" powers. The full definition from the Consent is:

(a) the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any persons resident or present in its area;

- i) the promotion or improvement of economic well-being;
- ii) the promotion or improvement of social well-being;
- iii) the promotion or improvement of environmental well-being; and

(b) the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (two million pounds)".

These are often referred to as the Council's "well-being powers"

## P5: Petty Cash Imprests

<b>Main Users:</b>	All officers holding imprest accounts (including temporary imprests).
<b>Financial Procedure:</b>	CR14

### General Principles

1. Petty cash imprests are provided by the Corporate Director of Resources to meet small items of day to day expenditure where the use of a purchase card is inappropriate.
2. Setting up an imprest
  - 2.1 A petty cash imprest should only be set up where authorised by the Corporate Director of Resources and where there is a justified need for one.
  - 2.2 Funds to set up the petty cash imprest should only be issued to the authorised value.
  - 2.3 Access to the imprest should be restricted to a limited number of authorised employees.
  - 2.4 The imprest holder should be an authorised signatory and have the authority to replenish a petty cash float. The imprest holder should have a designated deputy, who is also an authorised signatory.
  - 2.5 Petty cash imprests should be held in accordance with insurance requirements.
  - 2.6 The imprest holder is responsible for the total imprest, including the safe custody of cash, cheques, vouchers and debit cards.
  - 2.7 All new accounts, modifications to existing accounts (e.g. an increase / reduction to the imprest amount or a change of imprest holder) or the closure of an account must be notified to Corporate Finance (Operational Accountancy Team).
  - 2.8 When responsibility for an imprest account is transferred from one officer to another a full reconciliation should be carried out and a claim submitted. Both officers should sign to confirm the cash, bank balance, any vouchers etc which have been transferred.
  - 2.9 An imprest should always be repaid when it ceases to be needed. When an imprest is repaid there should be sufficient documentation (e.g. receipts, etc.) to confirm that the money has been repaid. The bank account should be closed.
3. Payments from the imprest
  - 3.1 Reimbursements from the account are to be made in accordance with the following rules:-
    - a) Reimbursement is only to be made out on official vouchers signed by the officer incurring the expenditure and certified by an officer authorised to certify payments from the account.
    - b) Appropriate receipts, including VAT receipts where applicable, must be attached to vouchers. Vouchers will **not** be reimbursed if the amounts have been amended in any way
    - c) Reimbursement from petty cash should only be made to the value of receipts provided and in accordance with the financial limits set out below
    - d) The limit of any one payment shall be £100 in cash or by cheque. Any payments in excess of this limit shall only be made with the *prior* approval of the relevant Business Finance Partner for each directorate
    - e) The encashment of personal cheques and the advancing of personal loans from the account are strictly forbidden.
    - f) No sub-floats shall be issued from the imprest account without informing the Director of Resources (Payments Section).
    - g) Reimbursement cheques are encashable only at the bank branch where the Director of Resources has made a specific arrangement for that purpose and the payee may be required to attend the Bank personally to encash the cheque.

4. Reimbursement of petty cash imprests
  - 4.1 The Imprest Holder will, at regular intervals not exceeding one month, balance and submit claims for reimbursement. A full working week must be allowed for reimbursement.
  - 4.2 An electronic request (AP3 form) should be submitted to the Central Payments Team to replenish the imprest, and be appropriately authorised. The imprest holder should retain a copy of the AP3 form and attach the relevant vouchers for reconciliation and inspection purposes.
  - 4.3 Replenishment of the imprest should be equal to the value of receipts reimbursed since the last replenishment.
  - 4.4 Requests to replenish the imprest should be processed promptly by the Central Payments Team.
5. Reconciliation of the petty cash account
  - 5.1 The imprest holder shall ensure that the account is not overdrawn and shall reconcile the bank balance on a regular basis. This will normally be monthly but may be bi-monthly or quarterly with the agreement of the Corporate Director of Resources.
  - 5.2 Any discrepancies in the value of the imprest must be reported to the Operational Accountancy Team and corrected immediately.
  - 5.3 Details of the reconciliations of the imprest should be formally recorded by the imprest holder, initialled and checked by an independent employee and should be retained for audit purposes. Details of the reconciliation should be forwarded to the Operational Accountancy Team each month, or as required.
  - 5.4 The Operational Accountancy Team shall undertake random periodic checks to confirm that regular reconciliations are being carried out, that the value of the float is correct and that the petty cash account is used only for eligible expenditure.
  - 5.5 The total value of the organisations' petty cash imprests should be reconciled annually to the organisation's balance sheet and central records.

### **Detailed Guidance**

1. Petty Cash imprests should only be used to reimburse approved minor expenditure.
2. Setting up an imprest
  - 2.1 The Operational Accountancy Team will keep a record of all petty cash imprests showing the name and address of the imprest account, the value of the imprest, the names of the imprest holders and bank account details.
3. Payments from the imprest
  - 3.1 A petty cash voucher and supporting receipts, detailing the expenditure, should be completed to support any monies issued from the imprest.
  - 3.2 All petty cash receipts should be attached to the petty cash voucher, and maintained and stored by the imprest holder. Imprest limits should be adhered to and paperwork should be available for inspection. All payment records should be retained for a period of seven years.
  - 3.3 The following items of expenditure shall not be paid from petty cash:
    - a) Car allowances
    - b) Taxable subsistence
    - c) Purchase of postage stamps
    - d) Stationery
    - e) Purchase of items of furniture or equipment
    - f) Staff travel & accommodation

There are established procedures to deal with all of these.
  - 3.4 The petty cash account should not be used to circumvent normal procedures for procurement and payment of invoices.

#### 4. Reimbursement of petty cash imprests

- 4.1 It is recommended that the imprest holder keeps a record of petty cash payments as they are made with a "running total". This will prevent errors arising from mislaid vouchers and will ensure that records are maintained up to date. These can then be transferred to form AP3 when a claim is due.
- 4.2 Claims for reimbursement should be submitted to the Central Payments Team no later than one month after the expenditure has been incurred.
- 4.3 Petty Cash expenditure is recorded and claimed by Imprest Holders on form AP3 (Appendix A), which is divided into two payment vouchers, each allowing for the details of **separate items of expenditure** to be entered. Form AP3 is used for both manual and on-line claims.
- 4.4 The AP3 should be completed as follows: -
- a) the balance brought forward is the sum in hand from the previous period
  - b) cash received into the account (i.e. reimbursements received) is entered as a receipt
  - c) payment dates are the actual dates that the cash was paid out
  - d) voucher numbers should be consecutive through the financial year
  - e) details should include the description of the item plus the cheque number if appropriate
  - f) the total amount is the gross amount including VAT (the net amount and VAT are entered separately elsewhere on the AP3)
- 4.5 Where a voucher is for more than one item, a **separate line must be used for each item** in order that the correct expenditure code can be entered against it.
- 4.6 The imprest holder is responsible for calculating the VAT element and entering it on the AP3 form.
- 4.7 The Central Payments Team will check the AP3 form has been certified by an authorised signatory and that the individual amounts on the AP3 form reconcile to the amount claimed.
- #### 5. Reconciliation of the petty cash account
- 5.1 The imprest holder should ensure that bank statements are received and reconciled on a regular basis which will usually be monthly.

## **P6: Guidance for Cash Collection Officers**

<b>Main Users:</b>	Staff responsible for collecting cash.
<b>Financial Procedure:</b>	FA2

### **General Principles**

1. An official receipt or ticket must be issued for all income, as and when received, and receipts must be dated with the date of receipt.
2. The receipt number and officer's number must be noted on the back of all cheques received.
3. **Third party cheques are not acceptable** in payment of any charge or debt due to the Council (except that cheques payable to residents of adult homes may be accepted, after endorsement, in payment of maintenance contributions).
4. There is no register for remittances received by the general post. It is necessary, however, to have a full management trail for postal remittances where post is registered or recorded. Collecting officers shall sign this register and mark against each entry the receipt number issued. Receipts for all postal remittances must be issued on the same day as the payment is received.
5. Income must be banked at such intervals as required by your Finance Manager. Income must be banked intact – cash collected may not be used to cash personal cheques, to meet any item of expenditure or withheld from banking to provide a change float.
6. Large sums should not be kept overnight and the Insurance Section can advise on insurance limits for different establishments with varying security. If necessary, additional security pick-ups can be arranged via the main Cash Office.
7. Paying in books containing the pink copies should be retained as proof of banking.
8. Nil returns are required for any period in which no collections have been made.
9. Subsidiary income records may require additional returns and, in such cases, separate instructions will be issued
10. Financial stationery, including supplies of C&D returns, paying in books, receipt books and tickets are available from Facilities Management unless advised to the contrary.
11. With the exception of Recovery Inspectors (internal bailiffs), officers may not bank remittances at the main Cash Office. This is because remittances have already been receipted and must not be receipted for a second time. Officers, therefore, should arrange for security pick-ups or to bank remittances themselves at a convenient bank.

### **Detailed Guidance**

1. Receipts are to be issued in accordance with the following: -
  - a) receipts must be issued in numerical sequence
  - b) carbon paper must be correctly placed before writing the receipt
  - c) receipts must be written black or blue ink and never in pencil or red ink
  - d) the method of payment must be indicated on the receipt
  - e) no alteration is permitted on the date or the amount of receipts
  - f) if a receipt is spoilt, the original and all copies must be marked 'cancelled' and both the top and posting copy, where applicable, attached to the relevant Cash and Disbursement (C&D) return
  - g) cash must be banked promptly and intact
  - h) receipt books must be held securely in a metal cabinet or safe and access to them strictly controlled
  - i) completed receipt books must be returned to the Director of Resources, via Directorate Finance Sections.
2. Distribution of the copies of receipts is as follows:
  - a) **Top copy** to payee (if cancelled, retained in the book)
  - b) **Counterfoil** – retained in receipt book

- c) **Posting copy** – to Directorate Finance Section attached to the appropriate C&D return (unless instructed otherwise)
3. Banking:
- a) Paying in slips may be used at any bank, although some banks may make a charge. Contact the Cashiers Office to arrange for free banking at a convenient bank
  - b) Paying in slips must be completed in triplicate, signed and dated
  - c) Each cheque must be listed individually on the reverse of the paying in slip, including receipt number, name of drawer and the amount of the cheque. The total number of cheques must be entered in the appropriate box on the front of the cheque
  - d) The officer's number must be entered on the front of the paying in slip and on the reverse of the white copy
  - e) The total of the banking shall be entered on the paying in slip. No £ or p signs should be entered, no dots and dashes may be used and two digits must be used for pence (e.g. 09 not 9)
  - f) The bank will stamp all three copies and retain the top copy. The yellow copy should be attached to the appropriate C&D return and the pink copy retained as proof of deposit
4. Cash sent to the bank via security carrier should be dealt with as follows:
- a) total collections, together with two copies of the paying in slip (white and yellow) for each credit should be sealed in the numbered security bags provided
  - b) the cash etc. for each credit deposited in a security bag must be bagged separately with the paying in slip attached
  - c) the address of the bank should be written in the space provided on the bag – **no reference to amounts should appear on the bag**
  - d) the receipt for the sealed bag, issued by the security carrier, must be retained and filed in date order
  - e) the number of the security carrier receipt must be written on the third copy of the paying in slip (or each third copy when there is more than one credit in a sealed bag)
  - f) the yellow copy of the paying in slip will be returned via the Operational Accountancy Team and should be attached to the relevant C&D return.
5. C&D returns must list receipts consecutively but where receipts are pre-printed with the amount of the charge, or where there is provision for costing the receipt counterfoils (i.e. where there are several receipts to a page), then the first and last numbers and the total amount collected is sufficient. The date of issue must be entered for all receipts and tickets.
6. The Cash and Disbursement spreadsheet must be completed (including nil returns) and sent by e-mail to the Operational Accountancy Team on a weekly or monthly basis, as required.
7. At the same time as the e-mail submission a hard copy of the Cash and Disbursement spreadsheet must be "signed-off" by the cash officer and sent, with all supporting documentation (receipts, voided/cancelled giros etc), to the Operational Accountancy Team, 3<sup>rd</sup> Floor Mulberry Place.
8. Each cash officer should maintain a record of all cash and disbursement transactions locally
9. The following records must accompany the C&D returns to the Operational Accountancy Team:
- a) posting copies of all receipts issued
  - b) top copy and posting copy of any cancelled receipts
  - c) first (yellow) counterfoil of the paying in slip
  - d) any relevant subsidiary income records
10. The Operational Accountancy Team will reconcile the Cash and Disbursement spreadsheet with the supporting documentation (receipts, voided/cancelled giros etc) before submitting to Agresso. Discrepancies will be referred back to the relevant cash officer. The Operational Accountancy Team will also carry out regular and end of year reconciliations of banking's and disbursements

## P7: Credit and Debit Card Income

<b>Main Users:</b>	Any officer dealing with credit and debit card payments received in person, via telephone or post.
<b>Financial Procedure:</b>	FA2

### General Principles

1. Credit and debit cards are an excellent source of income. They allow payment for goods and services to be made before they are supplied, which improves the Council's cash flow. Although payments can 'bounce' (e.g. if card details are given or keyed incorrectly), once authorised by the Payment Service Provider, the payment is guaranteed. Card payments also reduce costly and time-consuming cash handling, banking and debt recovery, and the payments are almost impossible to steal.
2. Credit and/or debit cards are now accepted for most payments. When credit cards are used to pay for invoiced services (e.g. Housing Rents, Council Tax or Business Rates), the council adds a handling charge to reimburse charges made to the council by the card issuer. **No charge is made for any debit card payment.**
3. Payment for certain services with a transferable cash value (e.g. electricity cards and temporary street trading vouchers) must be purchased by cash or debit card – **cheques and credit cards are not accepted for these items.**

### Detailed Guidance

1. Special care should be taken in getting the entire card and cardholder details precisely correct as any error is likely to prevent the payment being processed. Where card payments are taken over the telephone, the details are to be keyed into the terminal whilst the caller is on the telephone to enable checks to be made on the information keyed should authorisation be refused.
2. A specially designed receipt book is used to provide receipts for card payments. These receipts are separate from the Collection and Deposit process. Each receipt has three copies and these operate on the same basis as receipts used for cash income.
3. Any forms displaying the card details must be locked away when not in use. Only officers who need it should have access to the safe or storage area. All card details are to be kept secure for three years and then shredded or disposed of as confidential waste.

## **P8: Delays in the Payment of Invoices and Court Proceedings**

<b>Main Users:</b>	Staff responsible for purchasing and officers nominated to deal with Court proceedings.
<b>Financial Procedure:</b>	FA3

### **General Principles**

1. C

### **Detailed Guidance**

1. C



<b>Number</b>	<b>Title</b>	<b>Main Users</b>	<b>Financial Procedure</b>
<b>8</b>	<b>Delays in the payment of invoices and Court proceedings</b>	<b>Staff responsible for purchasing and officers nominated to deal with Court proceedings</b>	<b>FA3</b>

	<b>General principles</b>		<b>Detailed guidance</b>
1	All Directorates/ Corporate Departments must nominate an officer to be responsible for dealing with Court Proceedings. The name, telephone number and e-mail address of the nominated officer must be passed to the Chief Legal Officer (CLO), who must also be notified immediately of any changes.	1	The Corporate Director or Service Head may consider recording the receipt of the notification of Court Proceedings and supporting papers in a diary to ensure a response is made in time to the CLO.
2	The nominated officer acts as the point of contact for Legal Services and is also responsible for all payments made following Court Proceedings, to avoid payments being duplicated.	2	The CLO must be informed within fourteen days of the council's receipt of notification of Court Proceedings, whether the money is owed by the council, or that there are queries concerning price or work invoiced for, and the need for the council to put in a defence.
3	The CLO will send a fax or e-mail to the Corporate Director notifying them of the receipt of notification of Court Proceedings. The Corporate Director, will, in turn, notify the nominated officer in their Directorate. In addition, Legal Services will telephone the Directorate's nominated officer, notifying them of the receipt of the Court Proceedings and that the relevant papers are being forwarded.	3	When a Directorate cannot supply full answers, they must send through to Legal Services, details of all of the unresolved queries etc. which they have with the contractor and the reasons why invoices have not been paid (e.g. faulty works, incorrect works, incorrect details, wrong priority code, invoice not received, etc). On receipt of this information, Legal Services will enter a standard defence and will require an affidavit at a later stage from the Directorate giving the reasons why the payment has not been made.
4	The CLO will forward by internal post, to the nominated officer, copies of all relevant papers that support the Court Proceedings. The nominated officer must acknowledge receipt of the papers immediately they are received.	4	If payments are being progressed by the Directorate, it is essential that the nominated officer informs Legal Services in order that payments are not duplicated, i.e. paid in response to Court Proceedings and also paid on the Creditors' Payments system.
5	Legal Services must inform the Directorate of the outcome of the Court Proceedings.	5	Staff must be instructed that if a query is found when checking an invoice or as a result of a post inspection and the problem will affect the payment of the invoice, the matter must be raised formally, in writing, with the contractor. A weekly return, supported by the relevant correspondence, should be passed to the appropriate Corporate Director, detailing incorrect charging by the contractor.
6	following these procedures carefully, the	6	Normally, contractors are obliged to submit

	Council is able to take any necessary action against contractors and Legal Services will be able to contest contractors' claims as necessary.		invoices to the Council in a prescribed way. All accounts will be sent to the Corporate Director by first class mail or by hand, addressed to the Directorate Officers notified to the contractor. Contractors are required to submit a monthly statement of accounts rendered, together with any further information requested by the Corporate Director or his/her representative.
		7	Contractors should be requested to attach a delivery note to all batches of invoices they submit. The note, which should schedule all the invoices, should preferably be in duplicate, and should be checked and signed by the officer who receives the invoices. One copy of the schedule should subsequently be returned to the contractor and the other retained in the Directorate.
		8	All invoices should be individually date stamped with the date that the invoice is received.

## **P10: Financial Procedures for Voluntary Organisations in Receipt of Grant Aid**

<b>Main Users:</b>	Officers in relevant Directorates responsible for grants
<b>Financial Procedure:</b>	None

### **General Principles**

1. This guidance issued to Council officers represents the minimum standard required from Voluntary Organisations receiving Grant Aid.
2. All organisations should have a bank account. This must be in the full name of the organisation, as should any subsidiary bank, building society or savings accounts. The setting up of all such accounts must be authorised by the Management Committee and this authorisation should be recorded in the organisation's minutes.
3. All money should be banked as frequently as the Management Committee considers necessary. Any overdraft facility that is negotiated must be reported to the Management Committee.
4. A copy of all bank statements should be sent directly by the Bank to the Chairperson or some other person who is independent of the Treasurer. This is to ensure that more than one person has access to bank account information.
5. All direct debits, standing order authorities and other agreements should be authorised by the Management Committee. Any agreements for the lease or hire of an item or facility must have the prior authority of the Management Committee.
6. The organisation should have adequate insurance cover appropriate to the nature of its activities and its assets. Fidelity Guarantee insurance should be considered in appropriate cases.
7. An inventory should be maintained, a copy of which should be held by the Treasurer or the Chairperson.
8. The Management Committee of each organisation should set down in writing what it considers to be the necessary financial controls for that organisation.
9. Each organisation receiving funding from the Council should produce an annual report of its activities. In addition it should keep statistics on attendances, activities etc.

### **Detailed Guidance**

1. All money received should be banked intact. All such banking must indicate the respective amounts of cash and cheques, which comprise the banking. The cheques should be detailed on the stub retained in the paying-in book.
2. All cheques drawn by the organisation should require two signatures. These will usually be those of the Treasurer, plus the Chairman or the Secretary. Cheques should never be pre-signed.
3. The organisation must maintain adequate accounting records. In smaller organisations, a cashbook in which all receipts and payments are recorded is acceptable. In larger organisations, income and expenditure records must be maintained (i.e. not just receipts and payments but constant monitoring of debtors, creditors etc).
4. All income should be recorded in a sequentially numbered duplicate or counterfoil receipt book.
5. There should be written evidence to support all transactions. Paid invoices, vouchers and copies or counterfoils of receipts should be kept for a period of at least two years following the production of the audited accounts for the year to which they relate.
6. The cashbook and the other accounting records of the organisation must be kept up to date. The cash book should be reconciled with the bank account at frequent intervals.
7. All organisations must produce an annual set of accounts detailing their income and expenditure for the year, and their assets and liabilities at the year-end. These accounts should be audited by an independent person, and should include a statement signed by that person stating that they show a true and fair view. Larger organisations that receive grants from the Council should have their accounts audited by a suitably qualified person.

8. Where an organisation employs staff, the appropriate salary and wage records must be maintained, including those required by the Inland Revenue. The appointment of staff, together with details of the relevant salary and wage scales, should be recorded in the organisation's Management Committee Minutes. All pay awards should be similarly recorded.
9. The financial records and all other relevant records of such organisations must be open to inspection upon request by the Council's officers. Officers and Members may visit all organisations that receive funding.

**INVENTORY**

Directorate /Section	Location (Building/ Floor/ Room)	Description	Make	Model	Serial No.	Officer Name	Signature	Date	Officer Name	Signature	Date	Notes (e.g. date of Transfer/Disposal or Receipt Form)

**TRANSFER/ DISPOSAL FORM**

Directorate /Section	Location (Building/ Floor/ Room)	Description	Make	Model	Serial No.	Officer Name	Signature	Date	Transfer (T) or Disposal (D)?	Reason for Transfer/ Disposal	Senior Officer Approval *	Signature	Inventory Updated?

\* Only required to record inspection of condemned items.







## Appendix C:

# Glossary & Abbreviations

<b>Term</b>	<b>Definition</b>
<b>ACOP</b>	Accounting Code of Practice published by the Chartered Institute of Public Finance setting out the policies and practices to be adopted in the operation of the Council's accounts.
<b>Accrual</b>	Accounting procedure to charge expenditure to the year it relates to rather than the year it is paid. Correspondingly it enables income to be credited to the year income is earned rather than when the cash is received.
<b>Asset Management Plan (AMP)</b>	Document detailing the strategy for the Councils property portfolio.
<b>Balances</b>	Amounts carried forward from one financial year to another.
<b>Balance Sheet Codes</b>	Cost centres used for expenditure and income not directly chargeable to revenue or capital. Contain all balances carried forward at year-end.
<b>Approved Budget</b>	The Council's spending plans for a financial year. The revenue budget, when approved by full Council and after deduction of Revenue Support Grant and redistributed Business Rates, determines the Council Tax for the year. The capital budget represents the approved amount of capital expenditure for a year. Budget can refer to the total budget or to a service or part of a service.
<b>Budgetary Control</b>	Comparison of actual expenditure and income against approved budgets during the year and the taking of action to resolve any variations, which arise.
<b>Budget Head</b>	The lowest level of expenditure or income at which budgets are monitored. Generally this will be a line in the budget book although for departmental purposes these budgets will be broken down on the financial accounting system (JDE One World) and monitoring undertaken at this lower level.
<b>Capital Charges</b>	Charges in respect of depreciation and interest made to revenue accounts in respect of their utilisation of assets.
<b>Capital Expenditure</b>	The acquisition and/or construction of a fixed asset that increases the value or extends the useful life of the asset as defined in IAS16, Property, Plant and Equipment.

<b>Term</b>	<b>Definition</b>
<b>Capital Programme</b>	A document that sets out the Council's capital expenditure plans for the current year and subsequent two years.
<b>Capital Receipts</b>	The net proceeds arising from the sale of land, buildings and other fixed assets.
<b>Capital Resources</b>	Amounts available to finance capital expenditure. Includes borrowing, capital receipts, capital grants and revenue.
<b>Cash Limit</b>	Budget set at a fixed level with no scope for subsequent increases to compensate for price or volume increases.
<b>Charges</b>	Income raised from the users of services (external or internal). These may be statutory (set by government) or discretionary (set within the Council).
<b>CMT (Corporate Management Team)</b>	Group comprising all Corporate Directors, which determines authority-wide policies and practices, discusses corporate issues and makes recommendations to members where appropriate.
<b>Code of Practice</b>	The Code of Practice on Local Authority Accounting in the UK. This outlines the accounting regulatory framework for Councils. The "Code" replaced the Statement of Recommended Practice for Local Authority Accounting (SORP).
<b>Commitment</b>	Agreement to incur expenditure.
<b>Contingency</b>	Sum set aside within an approved budget but not assigned for a specific purpose.
<b>Contingent Liability</b>	Defined in IAS37 "Provisions, Contingent Liabilities and Contingent Assets" as: "a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the entity."
<b>Deferred Charge</b>	Capital expenditure which does not increase the stock of assets available to the Council.
<b>De Minimis</b>	A level specified by the Council below which normal accounting procedures do not apply.
<b>DCLG</b>	The Department for Communities and Local Government
<b>DMT (Departmental Management Team)</b>	Corporate Directors and Service Heads within Directorates.
<b>Estimate</b>	Projected expenditure or income.

<b>Term</b>	<b>Definition</b>
<b>FMG</b>	Finance Managers Group – Directorate and Corporate Finance Business Partners which develops and agrees financial practices across the Council and considers and resolves financial issues.
<b>Income</b>	Revenue income received by the Council.
<b>Original Estimate</b>	Budget approved at the time of fixing the Council Tax each year.
<b>Overspending</b>	The amount of actual expenditure at the end of a year or contract which is greater than the approved budget or actual income which is less than the approved budget.
<b>Performance Plan</b>	Document which establishes and explains overall priorities and objectives, current performance, and proposals for further improvement.
<b>Provision</b>	According to IAS37, "Provisions, Contingent Liabilities and Contingent Assets", a <i>provision</i> is a liability that is of uncertain timing or amount, to be settled by the transfer of economic benefits.
<b>Reserves</b>	Amounts set aside for specific purposes to meet future expenditure which do not qualify as Provisions.
<b>Revenue Budget</b>	Approved amount of revenue expenditure.
<b>Revenue Expenditure</b>	Expenditure met from the Consolidated Revenue Account. This will include capital charges and any capital expenditure not met from capital resources.
<b>Revised Estimate</b>	The approved amendment of an Original Estimate during the financial year.
<b>Scheme of Delegation</b>	The issues that Council Members determine can be undertaken by officers.
<b>Service</b>	A separate function undertaken by the Council. Normally the first summary level in the Budget Book.
<b>SeRCOP</b>	SeRCOP establishes proper practices with regard to consistent financial reporting for services. It is an official CIPFA statement – all local authorities in the United Kingdom are expected to adopt its mandatory requirements and detailed recommendations.
<b>Slippage</b>	Expenditure on a capital scheme delayed from one financial year into the next but which does not affect the total cost of the scheme.

Term	Definition
<b>SORP</b>	Statements of Recommended Practice (SORPs) are recommendations on accounting practices for specialised industries or sectors. They supplement accounting standards and other legal and regulatory requirements in the light of the special factors prevailing or transactions undertaken in a particular industry or sector. The SORP for Local Authorities is produced by the Chartered Institute for Public Finance and Accountancy (CIPFA), and agreed with the Accounting Standards Board (ASB).
<b>Supplementary Estimate</b>	Approved addition to a previously agreed budget.
<b>Target Adjustment</b>	Target adjustments are a form of virement that involve transferring budgets between Directorates, or between a Directorate budget and a Corporate budget.
<b>Underspending</b>	The amount of actual expenditure at the end of a year or contract which is less than the approved budget or actual income which is above the approved budget. This represents amounts that will not be incurred or received and should be distinguished from Slippage (see above).
<b>Virement</b>	The approved transfer of budget from one head of account to another.

# Record of Corporate Directors Action



Authorised by: Procurement/Legal Services  
Version: 2 Issue date: February 2014

Financial Regulations (FA10) provide that Senior Managers have discretion to approve the following actions without obtaining Cabinet approval:-

1. Approve Virements with a value of up to £250,000
2. Adoption of a Capital Estimate with a value of up to £250,000
3. Waiving Financial Regulations (including the Procurement Rules) on an item with an assessed value of £250,000
4. Approve a capital overspend of up to £250,000.
5. Settle Uninsured Claims of up to £250,000.

All exercises of Directors' Actions, which involve sums in excess of £100,000 must have the approval of the Mayor and be reported to the next available Cabinet through a noting report.

Where the action involves waiving the Procurement Procedures (item 3), the Corporate Director after liaison with the Head of Corporate Procurement and Legal Services may agree to the waiver **ONLY** if justification falls under the exceptions listed in clause 12.1 of the procurement procedures

Where the action involves Capital spend i.e. point 2 and 4, the Appendix A attached **MUST** be completed.

It is the responsibility of Corporate Directors **to return** to legal services RCDAs fully completed, approved and signed by **ALL** appropriate officers.

**Under the Greater Government Transparency Agenda, the Council has made a commitment to publish all contracts above £25,000. All RCDAs above £25,000 will require a Contract number and will be published through the London Contract Register.**

## Section A: Information

<b>Directorate:</b>		<b>Service Area</b>	
<b>Originating Officer Name:</b>			
<b>Originating Officer Signature:</b>		<b>Date:</b>	
Approve Virements with a value of up to £250,000			<input type="checkbox"/>
Adoption of a Capital Estimate with a value of up to £250,000 ( <a href="#">Complete Appendix A</a> )			<input type="checkbox"/>
Approve a capital overspend of up to £250,000. ( <a href="#">Complete Appendix A</a> )			<input type="checkbox"/>
Settle Uninsured Claims of up to £250,000.			<input type="checkbox"/>
Waiving Financial Regulations on an item with an assessed value of £250,000			<input type="checkbox"/>
<b>Is there an existing Contract?</b>	<input type="checkbox"/> <b>Yes</b>	<b>Contract Number:</b>	
	<input type="checkbox"/> <b>No.</b>	<b>End Date for existing contract:</b>	
<b>Has this service been subject of any RCDA before?</b>	<input type="checkbox"/> <b>Yes</b>	<b>Please provide RCDA number:</b>	
	<input type="checkbox"/> <b>No.</b> Once RCDA is fully approved contact procurement for a contract number to be assigned.		
<b>Organisation Name:</b>			
<b>Total Value:</b>		<b>Length of contract:</b>	

**Section B: Summary and Justification for Action**

**Section C: Comments & Signatures**

**Comments of the Service Head**

**Name:**

**Signature:**

**Date:**

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**Comments of the Directorate Finance Manager**

**Name:**

Where the RCDA is above £100,000, please confirm date of Noting Report to Cabinet

**Signature:**

**Date:**

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**Comments of the Responsible Procurement Officer (Applicable where waiver of Procurement Procedures)**

**Name:**

**Signature:**

**Date:**

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**Comments of the Chief Legal Officer**

**Name:**

**Signature:**

**Date:**

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**Comments of the Originating Director**

Where the RCDA is above £100,000, please confirm that the action has been agreed with the Mayor

**No**

**Yes**

**Name:**

**Signature:** (Signature of Originating Director or, in his/her absence, the appropriate Head Of Service)

**Date:**

**Capital Estimate Budget Profile**

Please profile the capital estimate being adopted, with 'Year 1' being the current financial year.

Year 1				Year 2	Year 3	Total Capital Estimate
Quarter 1	Quarter 2	Quarter 3	Quarter 4	Full Year	Full Year	
£	£	£	£	£	£	£

**Capital Estimate Funding Source**

Please detail the funding of the capital estimate.

	Funding Type (Grant, Section S106, RCCO etc.)	Additional Information (Section 106 PA Number, or Name of External Grant)	Amount £
Funding 1			
Funding 2			
Funding 3			
Funding 4			
<b>TOTAL</b>			

**Capital Estimate Funding Profile**

Please profile the funding source of the capital estimate, with 'Year 1' being the current financial year.

	Year 1	Year 2	Year 3	Amount
	£	£	£	£
Funding 1				
Funding 2				
Funding 3				
Funding 4				
<b>TOTAL</b>				