



SOUTH KESTEVEN DISTRICT COUNCIL

**FINANCIAL REGULATIONS
GUIDANCE NOTES**

OCTOBER 2007

GUIDANCE NOTES CONTENTS

		Page
Section 1	Financial Management	
	Financial Management Standards	1
	Managing Expenditure	3
	Treatment of Year-End Balances	6
	Accounting Policies	8
	Accounting Records and Returns	10
	The Annual Statement of Accounts	12
Section 2	Financial Planning	
	Performance Plans	14
	Budgeting	16
	Revenue Budget Preparation, Monitoring and Control	17
	Budgets and Medium-Term Planning	20
	Resource Allocation	23
	Capital Programmes	24
	Maintenance of Reserves	27
Section 3	Risk Management and Control of Resources	
	Risk Management	28
	Internal Controls	31
	Audit Requirements	33
	External Audit	36
	Preventing Fraud and Corruption	38
	Assets	41
	Asset Disposal	45
	Intellectual Property	48
	Leasing	49
	Treasury Management	51
	Staffing	55
Section 4	Financial Systems and Procedures	
	General	57
	Income	60
	Ordering and Paying for Work, Goods and Services	63
South Kesteven District Council	Payments to Employees and Members	70
Finance Guidance Notes	Taxation	73
May 2007	Trading Accounts and Business Units	75
Section 5	External Arrangements	

SECTION 1: FINANCIAL MANAGEMENT

FINANCIAL MANAGEMENT STANDARDS

Why is this important?

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

Key Controls

- 1.02 The key controls and control objectives for financial management standards are:
- a) their promotion throughout the authority;
 - b) a monitoring system to review compliance with financial standards, and regular comparisons of performance indicators and benchmark standards that are reported to the Cabinet and Council.

Responsibilities of the S151 Officer

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

Responsibilities of Corporate Heads and Service Managers

- 1.08 To promote the financial management standards, set by the S151 Officer, in their services and to monitor adherence to the standards and practices, liaising as necessary with the S151 Officer.

- 1.09 To promote sound financial practices in relation to the standards, performance and development of staff in their service area.

MANAGING EXPENDITURE

Scheme of Virement

Why is this important?

- 1.10 The scheme of virement is intended to enable the Cabinet, Strategic Directors, Corporate Heads and Service Managers and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the Council, and therefore to optimise the use of resources.

Key Controls

- 1.11 Key controls for the scheme of virement are:

- a) It is administered by the S151 Officer within guidelines set by the Council. Any variation from this scheme requires the approval of the Council;
- b) The overall budget is agreed by the Cabinet and approved by the Council. Corporate Directors and Service Managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement; that is switching resources between approved estimates or heads of expenditure. For the purposes of this scheme, a budget head is considered to be a line in the approved estimates report, or, as a minimum, at an equivalent level to the standards service subdivision as defined by CIPFA's Service Expenditure Analysis;
- c) Virement does not create additional overall budget liability. Corporate Heads/Service Managers are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Corporate Heads/Service Managers must plan to fund such commitments from within their own budgets.

Responsibilities of the S151 Officer

- 1.12 To prepare jointly with Corporate Heads/Service Managers a report to the Cabinet where virements are in excess of those agreed within the policy framework.

Responsibilities of Service Managers

- 1.13 Virements may occur within specified cost centres and across the following headings – employees, premises, transport and supplies & services. The virement can be used to support one-off expenditure items within the current financial year. It cannot be used to support expenditure that will be an on-going financial commitment for the service area.
- 1.14 Service managers may vire any individual amount up to and including the limit specified in Appendix A (within the specified cost centre and headings). The appropriate virement request form (Appendix D) must be completed and sent to the Service Manager, Finance and Risk Management for approval.
- 1.15 The Service Manager Finance and Risk Management will ensure the corporate accountancy system is updated to reflect the requested virement.

Responsibilities of Corporate Heads

- 1.16 Virement requests within the specified range (Appendix A) shall be authorised jointly by the service manager, appropriate Corporate Head and S151 Officer subject to the conditions in paragraphs below. The appropriate virement request form (Appendix E) must be completed and sent to the Service Manager, Finance and Risk Management.
- 1.17 The appropriate Service Manager/Corporate Head jointly with the S151 Officer and in agreement with the appropriate Cabinet member shall be able to transfer budgets within the agreed range (Appendix A) for any budget head subject to the conditions in paragraphs below. The appropriate virement request form (Appendix F) must be completed and sent to the Service Manager, Finance and Risk Management.
- 1.18 Amounts greater than the agreed limit (Appendix A) require the approval of the Cabinet, following a joint report by the S151 Officer and the Corporate Head, which must specify the proposed expenditure and the source of funding, and must explain the implications in the current financial year.
- 1.19 The prior approval of the Cabinet is required for any virement, of whatever amount, where it is proposed to vire between budgets of different Cabinet members.
- 1.20 Virement that is likely to impact on the level of service activity of another Corporate Head should be implemented only after agreement with the relevant Corporate Head.
- 1.21 In addition to the above, a virement shall only be approved providing that:

- The future revenue burden of the service will not be increased materially;
- Expenditure has not been deferred to a later year;
- The proposal is not to engage staff or enter into a contractual commitment which will add an ongoing cost beyond the year in which the virement has taken place;
- The proposed revenue budget receiving the benefit of the virement is not contrary to existing policy (for example the contrary to prioritisation of services)
- No virement relating to a specific financial year should be made after 31 March in that year.

1.22 Where an approved budget is a lump sum budget or contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that:

- a) the amount is used in accordance with the purposes for which it has been established;
- b) the Cabinet has approved the basis and the terms, including financial limits, on which it will be allocated. Individual allocations in excess of the financial limits should be reported to the Cabinet.

Supplementary Estimates

1.23 Corporate Heads/Service Managers wishing to incur revenue expenditure not covered in their revenue estimates and for which virement is not available, shall apply to the Council and the Corporate Head of Finance and Resources shall report on each application with particular reference to the future financial implications.

1.24 A supplementary estimate need not be sought for expenditure of £1000 or less.

External Funding

1.25 Preparation for potential bids for external funding undertaken by officers of the Council require the necessary member approval prior to any bid being submitted to the proposed funding body. The approval process will be determined by the financial amount of the bid and whether it is within the Council's budgetary and policy framework.

Emergency Payments

- 1.26 In an emergency the Chief Executive or Corporate Head Finance and Resources may authorise expenditure of up to the agreed level (Appendix A) not covered by revenue estimates in accordance with the Emergency Plan. Each such item shall be reported to the next meetings of the Cabinet and Council. Any payments above the agreed level (Appendix A) in an emergency may be made in consultation with the Leader and relevant Cabinet member.

TREATMENT OF YEAR-END BALANCES

Why is this important?

- 1.27 On occasions the level of expenditure or income differs from that expected. This can lead to under or over spends against budget. Sometimes if slippage occurs this will impact on the next year's budget process.
- 1.28 The rules below cover arrangements for the transfer of resources between accounting years, ie carry-forward. For the purposes of this scheme, a budget heading is a line in the estimates report, or, as a minimum, at an equivalent level to the standard service subdivision as defined by CIPFA in its Service Expenditure Analysis.

Key Controls

- 1.29 Appropriate accounting procedures are in operation to identify the nature of spend against the budgets.

Responsibilities of the S151 Officer

- 1.30 To administer the scheme if carry-forwards within the financial framework.
- 1.31 To report all overspending and underspending on service estimates to Cabinet and the Council.
- 1.32 To advise on the appropriate treatment of unders/overs as part of the financial framework.
- 1.33 All trading activity surpluses in excess of their reserve balance are retained for the benefit of the Authority.

Responsibilities of Corporate Heads and Service Managers

- 1.34 Budget overspending should not occur if effective budget monitoring and the flexibility within budget management with the use of virements have been adopted. Early notification of potential under/over spends should take place.

ACCOUNTING POLICIES

Why is this important?

- 1.35 The S151 Officer is responsible for the preparation of the authority's statement of accounts, in accordance with proper practices as set out in the format required by the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC) for each financial year ending 31 March.

Key Controls

- 1.36 The key controls for accounting policies are:
- a) systems of internal control are in place that ensure that financial transactions are lawful;
 - b) suitable accounting policies are selected and applied consistently;
 - c) proper accounting records are maintained;
 - d) financial statements are prepared which present fairly the financial position of the authority and its expenditure and income.

Responsibilities of the S151 Officer

- 1.37 To select suitable accounting policies and to ensure that they are applied consistently. The accounting policies are set out in the statement of accounts, which is prepared at 31 March each year, and covers such items as:
- separate accounts for capital and revenue transactions;
 - the basis on which debtors and creditors at year end are included in the accounts;
 - details on substantial provisions and reserves;
 - fixed assets;
 - depreciation;
 - capital charges;
 - work in progress;
 - stocks and stores;
 - deferred charges;
 - accounting for value added tax;
 - government grants;
 - leasing;
 - pensions.

Responsibilities of Corporate Heads and Service Managers

- 1.38 To adhere to the accounting policies and guidelines set by the S151 Officer.

ACCOUNTING RECORDS AND RETURNS

Why is this important?

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

Key Controls

- 1.40 The key controls for accounting records and returns are:
- a) all Cabinet members, finance staff and cost centre managers operate within the required accounting standards and timetables;
 - b) all the authority's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis;
 - c) procedures are in place to enable accounting records to be reconstituted in the event of systems failure;
 - d) reconciliation procedures are carried out to ensure transactions are correctly recorded;
 - e) prime documents are retained in accordance with legislative and other requirements.

Responsibilities of the S151 Officer

- 1.41 To determine the accounting procedures and records for the authority. Where these are maintained outside the finance department, the S151 Officer should consult the Service Managers concerned.
- 1.42 To arrange for the compilation of all accounts and accounting records under his or her direction.
- 1.43 To comply with the following principles when allocating accounting duties:
- a) separating the duties providing information about sums due to or from the authority and calculating, checking and recording these sums from the duty of collecting or disbursing them;
 - b) employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.

- 1.44 To make proper arrangements for the audit of the authority's accounts in accordance with the Accounts and Audit (amended) (England) Regulations 2006.
- 1.45 To ensure that all claims for funds including grants are made by the due date.
- 1.46 To prepare and publish the audited accounts of the authority for each financial year, in accordance with the statutory timetable and with the requirement for the Council to approve the statement of accounts before 30 June.
- 1.47 To administer the authority's arrangements for under and overspendings to be carried forward to the following financial year.
- 1.48 To ensure the proper retention of financial documents in accordance with the requirements set out in the authority's document retention schedule attached at Annex 2

Responsibilities of Corporate Heads and Service Managers

- 1.49 To consult and obtain the approval of the S151 Officer before making any changes to accounting records and procedures.
- 1.50 To comply with the principles outlined in paragraph 1.44
- 1.51 To maintain adequate records to provide an audit trail leading from the source of income/expenditure through to the accounting statements.
- 1.52 To supply information required to enable the statement of accounts to be completed in accordance with guidelines issued by the S151 Officer.

THE ANNUAL STATEMENT OF ACCOUNTS

Why is this important?

- 1.53 The authority has a statutory responsibility to prepare its own accounts to present fairly its operations during the year. The Council is responsible for approving the statutory annual statement of accounts.

Key Controls

- 1.54 The key controls for the annual statement of accounts are:
- a) the authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs. In this authority, that officer is the S151 Officer;
 - b) The authority's statement of accounts must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (the SORP) (CIPFA/LASAAC).

Responsibilities of the Council

- 1.55 The Council are required under the Accounts and Audit Regulations (Amended) (England) 2006 to approve the Statement of Accounts by 30 June following the end of the financial year.
- 1.56 In accordance with the Statement of Auditing Standard (SAS) 610, if after the Statement of Accounts are Initially approved, a misstatement is discovered (not just material, but ALL misstatements, other than those which are clearly trifling) it is a requirement that Council agreed any amendments to the previously approved Statement of Accounts.

Responsibilities of the Leader of the Council

- 1.57 Following approval of the Statement of Accounts by Council, they must be signed and dated by the Leader of the Council at the meeting at which the approval is given.

Responsibilities of the S151 Officer

- 1.58 To select suitable accounting policies and to apply them consistently.
- 1.59 To make judgements and estimates that are reasonable and prudent.
- 1.60 To comply with the SORP.

- 1.61 To draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.
- 1.62 The Statement of Accounts must be signed and dated by the S151 Officer prior to being submitted to the Governance and Audit Committee for approval in order to certify that these present fairly the financial position of the authority at the end of the year to which the accounts relate.
- 1.63 The S151 Officer must ensure that the Statement of Accounts are published as soon as reasonably possible after the conclusion of audit and, in any event, by 31 September following the end of the financial year.

Responsibilities of Corporate Heads and Service Managers

- 1.64 To comply with accounting guidance provided by the S151 Officer and to supply the S151 Officer with information when requested.

SECTION 2: FINANCIAL PLANNING

PERFORMANCE PLANS

Why is this important?

2.01 Each local authority has a statutory responsibility to publish various performance plans, including best value performance plans, crime reduction strategies, etc. The purpose of performance plans and associated service plans is to explain overall priorities for further improvements. The authority is required to publish annually the best value performance plan (BVPP), which summarises its performance and position in relation to best value. The BVPP is a key element in the authority's programme of engaging with the public. External audit is required to report on whether the authority has complied with statutory requirements in respect of the preparation and publication of the BVPP.

Key Controls

2.02 The key controls for performance plans are:

- a) to ensure that all relevant plans are produced and that they are consistent;
- b) to produce plans in accordance with statutory requirements;
- c) to meet the timetables set;
- d) to ensure that all performance information is accurate, complete and up to date;
- e) to provide improvement targets which are meaningful, realistic and challenging.

Responsibilities of the S151 Officer

- 2.03 To advise and supply the financial information that needs to be included in performance plans in accordance with statutory requirements and agreed timetables.
- 2.04 To contribute to the development of corporate and service targets and objectives and performance information.
- 2.05 To ensure that systems are in place to measure activity and collect accurate financial information for use as performance indicators.
- 2.06 To ensure that financial performance information is monitored sufficiently frequently enough to allow corrective action to be taken if targets are not likely to be met.

Responsibilities of Corporate Heads and Service Managers

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

BUDGETING

Format of the Budget

Why is this important?

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

Key Controls

- 2.10 The key controls for the budget format are:

- a) the format complies with all legal requirements
- b) the format complies with CIPFA's Best Value Accounting – Code of Practice
- c) the format reflects the accountabilities of service delivery

Responsibilities of the S151 Officer

- 2.11 To advise the Cabinet on the format of the budget that is approved by the Council

Responsibilities of Corporate Heads and Service Managers

- 2.12 To comply with accounting guidance provided by the S151 Officer.

REVENUE BUDGET PREPARATION, MONITORING AND CONTROL

Why is this important?

- 2.13 Budget management ensures that once the budget has been approved by the Council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the authority to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.
- 2.14 By continuously identifying and explaining variances against budgetary targets, the authority can identify changes in trends and resource requirements at the earliest opportunity. The authority itself operates within an annual cash limit, approved when setting the overall budget. To ensure that the authority in total does not overspend, each service is required to manage its own expenditure within the cash-limited budget allocated to it.
- 2.15 For the purpose of budgetary control by managers, a budget will normally be the planned income and expenditure for a service area or cost centre. However, budgetary control may take place at a more detailed level if this is required by the Corporate Heads' and Service Managers' scheme of delegation.

Key Controls

- 2.16 The key controls for managing and controlling the revenue budget are:
- a) service managers are responsible for income and expenditure;
 - b) there is a nominated service manager for each cost centre heading;
 - c) service managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities;
 - d) service managers follow an approved certification process for all expenditure;
 - e) income and expenditure are properly recorded and accounted for;
 - f) performance levels/levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget.

Responsibilities of the S151 Officer

- 2.17 To establish an appropriate framework of budgetary management and control that ensures that:

- budget management is exercised within annual cash limits unless the Council agrees otherwise;
- each Corporate Head and Service Manager has available timely information on receipts and payments on each budget which is sufficiently details to enable managers to fulfil their budgetary responsibilities;
- expenditure is committed only against an approved budget head;
- all officers responsible for committing expenditure comply with relevant guidance, and the financial regulations;
- each cost centre has a single named manager, determined by the relevant Corporate Head and Service Manager. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making process that commits expenditure;
- significant variances from approved budgets are investigated and reported.

2.18 To administer the authority's scheme of virement.

2.19 To submit reports to the Cabinet and to the Council, in consultation with the relevant Corporate Head/Service Manager, where a Corporate Head/Service Manager is unable to balance expenditure and resources within existing approved budgets under his or her control.

2.20 To prepare and submit reports to management board, cabinet on the authority's projected income and expenditure compared with the budget on a regular basis.

Responsibilities of Corporate Heads and Service Managers

2.21 To maintain budgetary control within their service area, and to ensure that all income and expenditure are properly recorded and accounted for.

2.22 To ensure that an accountable cost centre manager is identified for each item of income and expenditure under the control of the Corporate Head/Service Manager (grouped together in a series of cost centres). As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.

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

- 2.24 To ensure that a monitoring process is in place to review performance levels and levels of service.
- 2.25 To prepare and submit to the Cabinet reports on the service's projected expenditure compared with its budget, in a format agreed with the S151 Officer.
- 2.26 To ensure prior approval by the Council or Cabinet (as appropriate) 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 authority's services.
- 2.27 To ensure compliance with the scheme of virement.
- 2.28 To agree with the relevant Corporate Head/Service Manager where it appears that a budget proposal, including a virement proposal, may impact materially on another service area or Corporate Head/Service Manager's level of service activity.

BUDGETS AND MEDIUM TERM PLANNING

Why is this important?

- 2.29 The authority is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. The budget is the financial expression of the authority's plans and policies.
- 2.30 Reports on new proposals should explain the full financial implications, following consultation with the S151 Officer. Unless the Council or Cabinet has agreed otherwise, Corporate Heads/Service Managers must plan to contain the financial implications of such proposals within their budgetary limits.
- 2.31 The revenue budget must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of the Council. Budgets (spending plans) are needed so that the authority can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for an authority to budget for a deficit.
- 2.32 Medium-term planning (or a three to five year planning system) involved a planning cycle in which managers develop their own plans. As each year passes, another future year will be added to the medium-term plan. This ensures that the authority is always preparing for events in advance.

Key Controls

- 2.33 The key controls for budgets and medium-term planning are:
- a) specific budget approval for all expenditure;
 - b) cost centre managers are consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the Cabinet for their budgets and the level of service to be delivered;
 - c) a monitoring process is in place to review regularly the effectiveness and operation of budget preparation and to ensure that any corrective action is taken.

Responsibilities of the S151 Officer

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

- 2.35 To determine the detailed form of revenue estimates and the methods for their preparation, consistent with the budget approved by the Council, and after consultation with the Cabinet and Corporate Heads/Service Managers.
- 2.36 To prepare and submit reports to the Cabinet on the aggregate spending plans of department and the resources available to fund them, identifying, where appropriate, the implications for the level of Council tax to be levied.
- 2.37 To advise on the medium-term implications of spending decisions.
- 2.38 To encourage the best use of resources and value for money by working with Corporate Heads/Service Managers to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or saving options, and in developing financial aspects of service planning.
- 2.39 To advise the Council on Cabinet proposals in accordance with his or her responsibilities under Section 151 of the Local Government Act 1972.

Responsibilities of Corporate Heads and Service Managers

- 2.40 To prepare estimates of income and expenditure, in consultation with the S151 Officer, to be submitted to the Cabinet. Income estimates should include a formal review of fees and charges.
- 2.41 To prepare budgets that are consistent with any relevant cash limits, with the authority's annual budget cycle and with guidelines issued by the Cabinet. The format should be prescribed by the S151 Officer in accordance with the Council's general directions.
- 2.42 To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.
- 2.43 In consultation with the Corporate Head Finance and Resources and in accordance with the laid-down guidance and timetable, to prepare detailed revenue and capital budgets for consideration by the appropriate committee.
- 2.44 When drawing up draft budget requirements, to have regard for:
- spending patterns and pressures revealed through the budget monitoring process;
 - legal requirements;
 - policy requirements as defined by the Council in the approved policy framework;
 - initiatives already under way.

RESOURCE ALLOCATION

Why is this important?

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

Key Controls

- 2.46 The key controls for resource allocation are:

- a) resources are acquired in accordance with the law and using an approved authorisation process;
- b) resources are used only for the purpose intended, to achieve the approved policies and objectives, and are properly accounted for;
- c) resources are securely held for use when required;
- d) resources are used with the minimum level of waste, inefficiency or loss for other reasons.

Responsibilities of the S151 Officer

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

- 2.48 To assist in the allocation of resources to budget managers.

Responsibilities of Corporate Heads and Service Managers

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

- 2.50 To identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.

CAPITAL PROGRAMMES

Why is this important?

- 2.51 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the authority, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs.
- 2.52 The Government places strict controls on the financing capacity of the authority. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.
- 2.53 The Local Government Act 2003 requires local authorities to comply with CIPFA's Prudential Code for Capital Finance in Local Authorities, "the Prudential Code". The key objectives of the prudential code are to provide a framework that supports the authority's strategic plans, option appraisals and asset management strategies, and ensures that the capital investment plans of the authority are affordable, prudent and sustainable.
- 2.54 The Prudential system is based around a range of indicators relating to external debt, capital expenditure plans and treasury management. These indicators are required to be set each year (and if applicable revised) by Council for the forthcoming year and the subsequent two years.
- 2.55 The setting of the Prudential indicators should be considered alongside the authority's Treasury Management Strategy and annual report on treasury management activities.

Key Controls

- 2.56 The key controls for capital programming are:
- a) the approved project guidelines are adopted for all projects;
 - b) specific approval by the Council for the programme of capital expenditure;
 - c) a scheme and estimate, including project appraisal, progress targets and associated revenue expenditure is prepared for each capital project, for approval by the Cabinet;
 - d) approval of the Cabinet where capital schemes are financed from the revenue budget, up to a specified amount, and subject to the approval of the Council, where the expenditure exceeds this amount;
 - e) proposals for improvements and alterations to building must be approved by the appropriate Service Manager and Assets & Facilities

Manager in consultation with the Corporate Head Finance & Resources.

- f) Authorisation for capital spend for individual schemes within the overall budget approved by the Council must be submitted to the Cabinet Portfolio Holder for approval (for example, minor works), or under other arrangements approved by the Council;
- g) the development and implementation of asset management plans;
- h) accountability for each proposal is accepted by a named manager;
- i) monitoring of progress in conjunction with expenditure and comparison with approved budget
- j) Project managers regularly review the risk associated with their projects;
- k) Monitoring of the capital programme, with regard to the monitoring of funding, progress, variations, amendments, etc is the responsibility of the S151 Officer delegated to the Capital Asset Management Group;

Responsibilities of the Section 151 Officer

- 2.57 To prepare capital estimates jointly with Corporate Heads/Service Managers and the Head of Paid Service and to report them to the Cabinet for recommendation to Council. The Cabinet will make recommendations on the capital estimates and on any associated financing requirements to the Council. Cabinet member approval is required where a Corporate Head/Service Manager propose to bid for or exercise additional borrowing approval not anticipated in the capital programme. This is because the extra borrowing may create future commitments to financing costs.
- 2.58 To prepare and submit reports to the Cabinet on the project income, expenditure and resources compared with the approved estimates.
- 2.59 To issue guidance concerning capital schemes and controls, for example, on project appraisal techniques. The definition of 'capital' will be determined by the S151 Officer, having regard to government regulations and accounting requirements.
- 2.60 To obtain authorisation from the Cabinet for individual schemes where the estimated expenditure exceeds the capital programme provision by more than a specified amount.
- 2.61 To establish procedures to monitor performance against all forward looking prudential indicators. Where it is likely that a prudential indicator will be breached, to submit a report to Cabinet.

Responsibilities of Corporate Heads and Service Managers

- 2.62 To comply with guidance concerning capital schemes and controls issued by the S151 Officer.
- 2.63 To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by the S151 Officer and as agreed by Cabinet.
- 2.64 To prepare regular reports reviewing the capital programme provisions for their services. They should also prepare a quarterly return of estimated final costs of schemes in the approved capital programme for submission to the S151 Officer.
- 2.65 To ensure that adequate records are maintained for all capital contracts.
- 2.66 To proceed with projects only when there is adequate provision in the capital programme and with the agreement of the S151 Officer, where required.
- 2.67 To prepare and submit reports, jointly with the S151 Officer, to the Cabinet, of any variation in contract costs greater than the approved limits.
- 2.68 To prepare and submit reports, jointly with the S151 Officer, to the Cabinet, on completion of all contracts where the final expenditure exceeds the approved contract sum by more than the specified amount.
- 2.69 To ensure that credit arrangements, such as leasing arrangements, are not entered into without the prior approval of the S151 Officer and, if applicable, approval of the scheme through the capital programme.
- 2.70 To consult with the S151 Officer and to seek Cabinet approval where the Corporate Head/Service Manager proposes to bid for additional funding to be issued by government departments or other funding sources to support expenditure that has not been included in the current year's capital programme.

MAINTENANCE OF RESERVES

Why is this important?

- 2.71 The local authority must decide the level of general reserves it wishes to maintain before it can decide the level of Council tax. Reserves are maintained as a matter of prudence. They enable the authority to provide for unexpected events and therefore 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.

Key Controls

- 2.72 The key controls for the maintenance of reserves are:

- a) To maintain reserves in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASACC) and agreed accounting policies.
- b) For each reserve established, the purpose, usage and basis of transactions should be clearly identified.
- c) Authorisation and expenditure from reserves by the appropriate Corporate Head/Service Head in consultation with the S151 Officer.

Responsibilities of the S151 Officer

- 2.73 To advise the Cabinet and/or the Council on prudent levels of reserves for the authority, and to take account of the advice of the external auditor in this matter.
- 2.74 At the time the budget is considered and the Council tax set, prepare a report on the robustness of the budget estimates and the adequacy of financial reserves.

Responsibilities of Corporate Heads and Service Managers

- 2.75 To ensure that resources are used only for the purposes for which they were intended.

SECTION 3: RISK MANAGEMENT AND CONTROL OF RESOURCES

RISK MANAGEMENT

Why is this important?

- 3.01 All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure the continued financial and organisational well-being of the organisation. In essence it is, therefore, an integral part of good business practice. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending the action the organisation needs to take to control these risks effectively.
- 3.02 It is the overall responsibility of the Cabinet to approve the authority's risk management strategy, and to promote a culture of risk management awareness throughout the authority.

Key Controls

- 3.03 The key controls for risk management are:
- a) procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the authority;
 - b) a monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis;
 - c) managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives;
 - d) provision is made for losses that might result from the risks that remain;
 - e) procedures are in place to investigate claims within required timescales;
 - f) acceptable levels of risk are determined and insured against where appropriate;
 - g) the authority has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

Responsibilities of the S151 Officer

- 3.04 To prepare and promote the authority's risk management policy statement.
- 3.05 To develop risk management controls in conjunction with other Corporate Heads/Service Managers
- 3.06 To include all appropriate employees of the authority in a suitable fidelity guarantee insurance
- 3.07 To effect corporate insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with other officers, where necessary.
- 3.08 To promote risk awareness training for members and officers.

Responsibilities of Corporate Heads and Service Managers

- 3.09 To notify the S151 Officer immediately of any loss, liability or damage that may lead to a claim against the authority, together with any information or explanation required by the S151 Officer or the authority's insurers.
- 3.10 To take responsibility for risk management, having regard to advice from the S151 Officer and other specialist officers (eg risk management, crime prevention, fire prevention, health and safety).
- 3.11 To ensure that there are regular reviews of risk within their service areas.
- 3.12 To notify the S151 Officer promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.
- 3.13 To consult the S151 Officer and the Service Manager Legal Services on the terms of any indemnity that the authority is requested to give.
- 3.14 To ensure that employees, or anyone covered by the authority's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

INTERNAL CONTROLS

Why is this important?

- 3.15 The authority is complex and beyond the direct control of individuals. It therefore requires internal controls to manage and monitor progress towards strategic objectives.
- 3.16 The authority has statutory obligations, and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.
- 3.17 The authority 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 manage these risks.
- 3.18 The system of internal controls is established in order to provide measurable achievement of:
- efficient and effective operations;
 - reliable financial information and reporting;
 - compliance with laws and regulations;
 - risk management.

Key Controls

- 3.19 The key controls and control objectives for internal control systems are:
- a) key controls should be reviewed on a regular basis and the authority should make a formal statement annually to the effect that it is satisfied that the systems of internal control are operating effectively;
 - b) managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities;
 - c) financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems;
 - d) an effective internal audit function that is properly resourced. It should operate in accordance with the principles contained in the Auditing Practices Board's auditing guideline Guidance for Internal Auditors, CIPFA's Code of Practice for Internal Audit in Local

Government in the United Kingdom and with any other statutory obligations and regulations.

Responsibilities of the Chief Executive

- 3.20 To ensure that the authority has in place an adequate and effective system of internal control which is reviewed and reported on annually within the Statement of Internal Control.

Responsibilities of the S151 Officer

- 3.21 To assist the authority to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

Responsibilities of Corporate Heads and Service Managers

- 3.22 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.
- 3.23 To review existing controls in the light of changes affecting the authority and to establish and implement new ones in line with guidance from the S151 Officer. Corporate Heads and Service Managers should also be responsible for removing controls that are unnecessary or not cost or risk effective – for example, because of duplication.
- 3.24 To ensure staff have a clear understanding of the consequences of lack of control.

AUDIT REQUIREMENTS

Internal Audit

Why is this important?

- 3.25 The requirement for an internal audit function for local authorities is implied by Section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit Regulations (Amended) (England) 2006 regulation 6, more specifically require that a “relevant body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control. Bodies should review the effectiveness of their system of internal audit once a year and the findings of the review should be considered by a committee of the body, or the body as a whole, as part of the consideration of the system of internal control referred to in regulation 4.”
- 3.26 Regulation 4 specifically states that the “relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of the body’s functions and which includes risk management arrangements. The relevant body shall conduct a review at least once in a year of the effectiveness of its system of internal control and shall publish a statement on internal control. The findings of the review of the system of internal control should be considered by a committee of the body or by members of the body meeting as a whole.”
- 3.27 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 as a contribution to the proper, economic, efficient and effective use of resources.

Key Controls

- 3.28 The key controls for internal audit are:
- a) that it is independent in its planning and operation;
 - b) the head of internal audit has direct access to the Head of Paid Service, all levels of management and directly to elected members;
 - c) the internal auditor comply with 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.

Responsibilities of the S151 Officer

3.29 To ensure that internal auditors have the authority to:

- access authority premises at reasonable times;
- access all assets, records, documents, correspondence and controls systems;
- receive any information and explanation considered necessary concerning any matter under consideration;
- require any employee of the authority to account for cash, stores or any other authority asset under his or her control;
- access records belonging to third parties, such as contractors, when required; and
- directly access the Head of Paid Service, the Cabinet, Standards and Governance & Audit Committees.

3.30 To approve the strategic plan and annual audit plans prepared by the internal auditors, which takes account of the characteristics and relative risks of the activities involved.

3.31 To ensure that effective procedures are in place to investigate promptly any fraud or irregularity.

Responsibilities of Corporate Heads and Service Managers

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

3.33 To ensure that auditors are provided with any information and explanations that they seek in the course of their work.

3.34 To consider and respond promptly to recommendations in audit reports.

3.35 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.

3.36 To notify the S151 Officer immediately of any suspected fraud, theft, irregularity, or improper use or misappropriation of the authority's property or resources. Pending investigation and reporting, the Corporate Head should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

- 3.37 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 internal auditor prior to implementation.

EXTERNAL AUDIT

Why is this important?

- 3.38 The Local Government Finance Act 1982 set up the Audit Commission, which is responsible for appointing external auditors to each local authority in England and Wales. The external auditor has rights of access to all documents and information necessary for audit purposes.
- 3.39 The basic duties of the external auditor are defined in the Audit Commission Act 1998 and the Local Government Act 1999. In particular, Section 4 of the 1998 Act requires the Audit Commission to prepare a code of audit practice, which external auditors follow when carrying out their duties. The code of audit practice sets out the auditors' objectives to review and report upon:
- the financial aspects of the audited body's corporate governance arrangements;
 - the audited body's financial statements;
 - aspects of the audited body's arrangements to manage its performance, including the preparation and publication of specified performance information and compliance in respect of the preparation and publication of the BVPP;
 - Comprehensive Performance Assessment (CPA) involving the compilation of a corporate assessment, performance data, audit, inspection and other service assessments.
- 3.40 The authority's accounts are scrutinised by external auditors, who must be satisfied that the statement of accounts 'presents fairly' the financial position of the authority and its income and expenditure for the year in questions and complies with the legal requirements.

Key Controls

- 3.41 External auditors are appointed by the Audit Commission normally for a minimum period of five years. The Audit Commission prepares a code of audit practice, which external auditors follow when carrying out their audits.

Responsibilities of the S151 Officer

- 3.42 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.

3.43 To ensure there is effective liaison between external and internal audit.

3.44 To work with the external auditors and advise the Council, the Cabinet, Management Board and Service managers on their responsibilities in relation to external audit.

Responsibilities of Corporate Heads and Service Managers

3.45 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.

3.46 To ensure that all records and systems are up to date and available for inspection.

PREVENTING FRAUD AND CORRUPTION

Why is this important?

- 3.47 The authority will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the authority.
- 3.48 The authority'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 practices.
- 3.49 The authority also expects that individuals and organisations (eg suppliers, contractors, service providers) with whom it comes into contact will act towards the authority with integrity and without thought or actions involving fraud and corruption.

Key Controls

- 3.50 The key controls regarding the prevention of financial irregularities are that:
- a) the authority has an effective anti-fraud and anti-corruption policy and maintains a culture that will not tolerate fraud or corruption;
 - b) all members and staff act with integrity and lead by example;
 - c) Management Board and service managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the authority or who are corrupt;
 - d) High standards of conduct are promoted amongst members by the Standards and Governance & Audit Committees;
 - e) The maintenance of a register in which any hospitality or gifts accepted must be recorded;
 - f) Whistle blowing procedures are in place and operate effectively;
 - g) Legislation including the Public Interest Disclosure Act 1998 is adhered to.

Public Accountability Requirement

- 3.51 The acceptance of gifts and/or hospitality by employees must be treated with caution.
- 3.52 There is a delicate balance between acceptance or refusal of hospitality or tokens of goodwill on certain occasions. On each occasion a judgement must be made between causing offence by refusal and risking improper conduct by acceptance. The receipt of minor articles, often by way of trade advertisement, which will be used on the Council's business, for example diaries, calendars, officer requisites, etc which are customarily

- distributed at Christmas, and occasionally at other times, will not be regarded as acceptance of a gift. Each employee is personally responsible for the initial decision concerning the propriety of the hospitality or gifts. If there is any doubt they should be refused and employees should seek advice from a more senior member of management.
- 3.53 Offers of hospitality and invitations to social occasions from those who do or seek business with the Council or have an interest in its decisions should similarly be treated with caution. They should be accepted only where the scale of hospitality is of modest standard. Again, it is the duty of the employee concerned to be satisfied that personal integrity is not put at risk.
- 3.54 An officer must not receive or give or offer any gift or bribe or personal inducements in connection with the Council's business.
- 3.55 The above requirement shall not apply in respect of any gift or reward received by an officer acting for or on behalf of the Council in connection with a Chairman's or other Civic Ceremony or event, or in respect of any other instance as may be specifically approved by the Council.
- 3.56 An officer must not use Council property, assets, or materials for other than the purposes of the Council without the permission of the Chief Executive or the appropriate Corporate Head or Service Manager.
- 3.57 All staff are required to inform the Corporate Head Corporate & Customer Services in writing before undertaking any outside employment.
- 3.58 All staff are prohibited from submitting planning or building regulation applications or grant applications and from carrying out work in connection with such applications, which are not their own or those of a close relative. Plans submitted on this basis must be clearly identified by the Officer's name and relationship to the applicant. Under no circumstances should an employee prepare or submit plans for a relative who is acting or who is intending to act as an agent for other applicants or intended applicants for planning permission, building control or grant applications.

Responsibilities of the S151 Officer

- 3.59 To develop and maintain an anti-fraud and anti-corruption policy.
- 3.60 To maintain adequate and effective internal control arrangements.

- 3.61 To ensure that all suspected irregularities are reported to the internal auditor, the Head of Paid Service, the Monitoring Officer, the Cabinet and the Standards and Governance & Audit Committees.

Responsibilities of Corporate Heads and Service Managers

- 3.62 To ensure that all suspected irregularities are reported to the S151 Officer, Head of Paid Service, Monitoring Officer or the internal auditor.
- 3.63 To instigate the authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- 3.64 To ensure that where financial impropriety is discovered, the S151 Officer is informed, and where sufficient evidence exists to believe that a criminal offence may have been committed, the police are called in to determine with the Crown Prosecution Service whether any prosecution will take place.
- 3.65 To encourage their staff to regularly review declarations (annually as a minimum) recorded in the register of officers' interests maintained by the Monitoring Officer.

ASSETS

Security

Why is this important?

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

Key Controls

- 3.67 The key controls for the security of resources such as land, buildings, fixed plant machinery, equipment, software and information are:
- a) resources are used only for the purposes of the authority and are properly accounted for;
 - b) resources are available for use when required;
 - c) resources no longer required are disposed of in accordance with the law and the regulations of the authority so as to maximise benefits;
 - d) an asset register is maintained for the authority, assets are recorded when they are acquired by the authority and this record is updated as changes occur with respect to the location and condition of the asset;
 - e) all staff are aware of their responsibilities with regard to safeguarding the authority's assets and information, including the requirements of the Data Protection Act and software copyright legislation;
 - f) all staff are aware of their responsibilities with regard to safeguarding the security of the authority's computer systems, including maintaining restricted access to the information held on them and compliance with the authority's data protection and e-mail security policies and codes of practice.

Responsibilities of the S151 Officer

- 3.68 To ensure that an asset register is maintained in accordance with good practice for all fixed assets with a value in excess of the agreed capital threshold (appendix A). The function of the asset register is to provide the authority with information about fixed assets so that they are:
- safeguarded;
 - used efficiently and effectively;

- adequately maintained.
- 3.69 To receive the information required for accounting, costing and financial records from each Corporate Head/Service Manager.
- 3.70 To ensure that assets are valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC).

Responsibilities of Corporate Heads and Service Managers

- 3.71 The Service Manager Assets and Facilities shall maintain a property database in a form approved by the S151 Officer for all properties, plant and machinery and moveable assets currently owned or used by the authority. Any use of property by a department or establishment other than for direct service delivery should be supported by documentation identifying terms, responsibilities and duration of use.
- 3.72 To ensure that lessees and other prospective occupiers of Council land are not allowed to take possession of or enter the land until a lease or agreement, in a form approved by the Service Manager Assets and Facilities in consultation with the S151 Officer and Monitoring Officer, has been established as appropriate.
- 3.73 To ensure the proper security of all buildings and other assets under their control.
- 3.74 To pass title deeds to the Monitoring Officer who is responsible for custody of all title deeds.
- 3.75 To ensure that no authority asset is subject to personal use by an employee without proper authority.
- 3.76 To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the authority.
- 3.77 To ensure that the service areas maintain a register of moveable assets in accordance with arrangements defined by the S151 Officer.
- 3.78 To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.
- 3.79 To consult the S151 Officer in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

- 3.80 To ensure cash holdings on premises are kept to a minimum and all limits shall be agreed with the S151 Officer and shall not be exceeded without his/her express permission.
- 3.81 To ensure that keys to safes and similar receptacles are carried on the persons of those responsible at all times; loss of any such keys must be reported to the S151 Officer as soon as possible.
- 3.82 To record all disposal or part exchange of assets that should normally be by competitive tender or public auction, unless, following consultation with the S151 Officer, the Cabinet agrees otherwise.
- 3.83 To arrange for the valuation of assets for accounting purposes to meet requirements specified by the S151 Officer.
- 3.84 To ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the authority in some way.

Inventories

- 3.85 To maintain inventories and record an adequate description of furniture, fittings, equipment, plant and machinery above the agreed threshold. (Appendix A)
- 3.86 Each inventory shall show all major items of furniture, plant or equipment supplied to the premises, the location of each item and its ultimate disposal.
- 3.87 Corporate Heads/Service Managers shall ensure that inventories of portable assets are set up and maintained in a form approved by the S151 Officer.
- 3.88 To carry out an annual check of all items on the inventory in order to verify location, review, and condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, cameras and video recorders should be identified with security markings as belonging to the authority.
- 3.89 To make sure that property is only used in the course of the authority's business, unless the Corporate Heads/Service Manager concerned has given permission otherwise.

- 3.90 Equipment should be disposed of by competitive tender, public auction or such other method as agreed by the S151 Officer.
- 3.91 Inventories are to be checked at regular intervals to ensure that:
- new items are entered on inventories
 - inventory items are present
 - any deficiencies are either accounted for or investigated without delay
 - redundant inventory items are disposed of in accordance with the procedures for Asset Disposal set out below.

Stocks and Stores

- 3.92 To make arrangements for the care and custody of stocks and stores in the service area.
- 3.93 To ensure stocks are maintained at reasonable levels and are subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion.
- 3.94 To investigate and remove from the authority's records (ie write off) discrepancies as necessary with the S151 Officer's approval.
- 3.95 To authorise or write off disposal of redundant stocks and equipment in consultation with the S151 Officer. Procedures for disposal of such stocks and equipment should be by competitive quotations or auction, or such other method as agreed by the S151 Officer.

ASSET DISPOSAL

Why is this important?

- 3.96 It would be uneconomic and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and the regulations of the authority.

Key Controls

- 3.97 Assets for disposal are identified and are disposed of at the most appropriate time, and only when it is in the best interests of the authority, and best price is obtained, bearing in mind other factors, such as environmental issues. For items of significant value, disposal should be by competitive tender or public auction.
- 3.98 Procedures protect staff involved in the disposal from accusations of personal gain.

Responsibilities of the S151 Officer

- 3.99 To issue guidance representing best practice for disposal of assets.
- 3.100 To ensure appropriate accounting entries are made to remove the value of disposed assets from the authority's records and to include the sale proceeds if appropriate.

Responsibilities of Corporate Heads and Service Managers

- 3.101 To seek advice from the procurement officer on the disposal of surplus or obsolete materials, stores or equipment.
- 3.102 Where land or buildings are surplus to requirements, a recommendation for sale should be the subject of a joint report by the Corporate Head/ Service Manager and the S151 Officer. Where this is the case the following procedures will apply; unless otherwise determined:-

If after considering a report from the appropriate Corporate Head and Service Manager declaring that a property is no longer required the following procedures will apply:

- alternative Council uses for the property will be considered by Cabinet. If no alternative Council use is recommended the Cabinet will deal with the disposal of the property. Where there are policy or resource issues

of major significance to the Council, Council approval for the disposal should be obtained before disposal proceedings are commenced;

- the Service Manager Assets and Facilities Management will apply for any relevant planning permissions(s) and will obtain a valuation of the property;
- unless specifically agreed by the Council or approved under delegated powers to officers, all disposals by the Council of interests in the property shall be by way of open tender subject to contract;
- where disposal is by open tender the Service Manager Assets and Facilities Management will advertise the property in question and seek competitive tenders reserving the right not to accept the highest or any bid. One advert at least must be in a local paper circulating within the District and in such other publications as the Manager considers necessary. The closing date for receipt of tenders should be not less than two weeks after the latest publication date.

3.103 Where in pursuance of Constitution and Contract Procedure Rules, invitation to tender is required, every such notice of such invitation shall state that no tender will be received except in a plain sealed envelope or package bearing a tender label giving only the tender title and opening date. The tender label and franking must not identify the name of the tenderer and that the envelope so marked shall be submitted to the Chief Executive before the time and date specified in the invitation to tender as being the last time and date for receipt of tenders.

- The Chief Executive or nominated representative upon receipt of tender shall indicate on the envelope the date and time of its receipt by him/her;
- Tenders shall remain the custody of the Chief Executive or nominated representative until the appointed time for their opening;
- No tender received after the date and time indicated for the receipt of tenders shall be considered;
- Tenders received for a property sale shall be opened in accordance with the "Tender Opening" procedure contained within the Contract Procedure Rules.
- The Chief Executive or nominated representative at the time the tenders are opened will record in a book kept for the purpose;
 - the description of the property to be sold;
 - the name of each person or on whose behalf a tender was submitted;
 - the date and time of receipt of each tender as recorded on the enveloped
 - the amount of each tender;
 - the date and time of the opening of the tenders;

- the names of all persons present at the opening of all the tenders.
 - the Chief Executive shall have authority to accept the highest tender if it is equal to or above the Valuer's valuation. If no tender is accepted, or other than the highest is considered to be acceptable, then no tender can be accepted until a full report has been submitted to the Council by the Chief Executive with an appraisal by the Corporate Head Finance and Resources.
- 3.104 To ensure that income received for the disposal of an asset is properly banked and coded.

INTELLECTUAL PROPERTY

Why is this important?

- 3.105 Intellectual property is a generic term that includes inventions and writing. If these are created by the employee during the course of employment, then, as a general rule, they belong to the employer, not the employee. Various Acts of Parliament cover different types of intellectual property.
- 3.106 Certain activities undertaken with the authority may give rise to items that may be patentable, for example, software development.

Key Controls

- 3.107 In the event that the authority decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with the authority's approved intellectual property procedures.

Responsibilities of the S151 Officer

- 3.108 To develop and disseminate good practice through the authority's intellectual property procedures.

Responsibilities of Corporate Heads and Service Managers

- 3.109 To ensure that controls are in place to ensure that staff do not carry out private work in Council time and that staff are aware of an employer's risk with regard to intellectual property.

LEASING

Why is this important?

3.110 There are two types of leases:

- Operating Lease – a type of lease usually for computer or office equipment or furniture, etc. This lease is similar to renting and the expenditure comes from the revenue account, the lease does not normally fall under the Government's capital control system. Ownership of the asset must remain with the lessor for a lease to be of this type.
- Finance Lease – a type of lease usually of land, or land and buildings which is treated in the Government's capital control system as a credit arrangement as if it was similar to borrowing.

Key Controls

3.111 The key controls for leasing are:

- a) following consultation with the Corporate Head/Service Manager, the S151 Officer must approve and sign off all leases;
- b) conditions of the lease are understood and complied with and the responsibilities of the authority are clearly understood;
- c) leases are entered into only to meet the priorities approved in the policy framework approved by the Council;
- d) lease agreements are given due consideration prior to entering into long-term agreements and that future capital and revenue budgets reflect these requirements.

Responsibilities of the S151 Officer

3.112 To authorise and sign off any lease agreements, and to keep a log of all leases entered into along with relevant details.

3.113 To ensure that the requirements of the lease are considered prior to entering into the agreements and that future capital and revenue budgets reflect these requirements.

3.114 To ensure that audit requirements are met.

Responsibilities of Corporate Heads/Service Managers

3.115 To submit all lease agreements to the S151 Officer for approval prior to entering into any arrangements.

3.116 To ensure that all lease agreements are duly completed and signed off by the S151 Officer.

TREASURY MANAGEMENT

Why is this important?

- 3.117 Many millions of pounds pass through the authority's books each year. This led to the establishment of codes of practice. These aim to provide assurances that the authority's money is properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of the authority's capital sum.
- 3.118 The treasury management service is an important part of the overall financial management of the authority's affairs. The authority's treasury activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management). The Council adopted the Code of Practice on Treasury Management on 23 June 2004. The Council approves an annual Treasury Management Strategy in line with the code of practice.
- 3.119 The Constitution requires an annual strategy to be reported to the Council outlining the expected treasury activity for the forthcoming three years.

Key Controls

- 3.120 That the authority's borrowings and investments comply with the CIPFA Code of Practice on Treasury Management and with the authority's treasury policy statement.

Responsibilities of the S151 Officer – Treasury Management and Banking

- 3.121 To arrange the borrowing and investments of the authority in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the authority's treasury management policy statement and strategy.
- 3.122 To report regularly on treasury management activities to the Cabinet.
- 3.123 To operate bank accounts as are considered necessary – opening or closing any bank account shall required the approval of the S151 Officer.
- 3.124 Control of the authority's bank and Giro accounts shall be operated by the Corporate Head Finance and Resources except that the accounts shall not be moved from one bank to another without the consent of the Council.
- 3.125 Cheques drawn upon the authority's main banking accounts shall bear the facsimile signature of the Corporate Head Finance and Resources, or be

signed in manuscript by officers authorised by him/her. They shall also sign all alterations and amendments to cheques.

- 3.126 Where payments are to be transmitted electronically, the Corporate Head Finance and Resources shall approve the necessary arrangements to safeguard the authority against potential loss.
- 3.127 All cheques and other forms of operating the authority's accounts shall be ordered by the Corporate Head Finance and Resources, who shall ensure their safe custody at all times.
- 3.128 Cheques and electronic payments over the agreed value (Appendix A) must be countersigned by one authorised signatory (in addition to the facsimile signature on the cheque).
- 3.129 No cheques are to be cancelled except by persons authorised.
- 3.130 Instructions for stopping any form of payment shall be notified to the Bank in writing and all preliminary telephone instructions in this connection shall be confirmed in writing immediately afterwards by the S151 Officer.
- 3.131 No replacement cheques or payments shall be issued until the Bank confirm that a stop has been placed on the original cheque or electronic payment.

Responsibilities of Service Manager Finance and Risk Management – Treasury Management and Banking

- 3.132 To follow the instructions on banking issued by the S151 Officer.

Responsibilities of S151 Officer – Investments and Borrowing

- 3.133 To ensure that all investments of money are made in the name of the authority or in the name of nominees approved by the Council.
- 3.134 To ensure that all securities that are the property of the authority or its nominees and the title deeds of all property in the authority's ownership are held in the custody of the appropriate Service Manager.
- 3.135 To effect all borrowings in the name of the authority.
- 3.136 To act as the authority's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the authority.

Responsibilities of Service Manager Finance and Risk Management – Investments and Borrowings

- 3.137 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 necessary approval, following consultation with the S151 Officer.

Responsibilities of Service Manager Finance and Risk Management – Trust Funds and Funds Held for Third Parties

- 3.138 To arrange for all trust funds to be held, wherever possible, in the name of the authority. All officers acting as trustees by virtue of their official position shall deposit securities, etc relating to the trust with the S151 Officer, unless the deed otherwise provides.
- 3.139 To arrange, where funds are held on behalf of third parties, for their secure administration approved by the S151 Officer, and to maintain written records of all transactions.
- 3.140 To ensure that trust funds are operated within any relevant legislation and the specific requirements of each trust.

Responsibilities of the S151 Officer – Imprest Accounts

- 3.141 To provide employees of the authority with cash or bank imprest accounts to meet minor expenditure on behalf of the authority and to prescribe rules for operating these accounts. Minor items of expenditure should not exceed the prescribed amount except in exceptional circumstances.
- 3.142 To determine the petty cash limit and individual purchaser limit and to maintain a record of all transactions and petty cash advances made, and periodically to review the arrangements for the safe custody and control of these advances.
- 3.143 To reimburse imprest holders as often as necessary to restore the imprests, but normally not more than monthly.

Responsibilities of Corporate Heads/Service Managers – Imprest Accounts

- 3.144 To ensure that employees operating an imprest account:
- Obtain and retain vouchers to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained;
 - Make adequate arrangements for the safe custody of the account;
 - Produce upon demand by the S151 Officer cash and all vouchers to the total value of the imprest account;

- Record transactions promptly;
- Reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder;
- Provide the S151 Officer with a certificate of the value of the account held at 31 March each year;
- Ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made;
- On leaving the authority's employment or otherwise ceasing to be entitled to hold an imprest advance, an employee shall account to the S151 Officer for the amount advanced to him or her or hand it over to the new officer responsible for it, notifying the S151 Officer of this change.

STAFFING

Why is this important?

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

Key Controls

3.146 The key controls for staffing are:

- a) an appropriate staffing strategy and policy exists, in which staffing requirements and budget allocation are matched;
- b) procedures are in place for forecasting staffing requirements and cost;
- c) controls are implemented that ensure that staff time is used efficiently and to the benefit of the authority;
- d) checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy;
- e) appointments shall only be made in accordance with recognised need and statutory requirements.
- f) Early termination of employment shall only be made in accordance with the authority's approved policies, procedures and statutory requirements.

Responsibilities of the S151 Officer

- 3.147 To ensure that budget provision exists for all existing and new employees.
- 3.148 To act as an advisor to the Service Manager Human Resources on areas such as National Insurance and pension contributions, as appropriate.
- 3.149 To make arrangements for the assessment and payment of all pay and emoluments due to employees of the authority. He/she shall approve the forms of records used in all services of the authority.
- 3.150 The Corporate Head Finance and Resources shall be authorised to implement all nationally agreed pay awards, except in so far as such awards require a discretion to be exercised by the authority, and following advice from the Service Manager Human Resources.
- 3.151 The Corporate Head Finance and Resources shall hold all National Insurance and taxation records for employees.
- 3.152 The Corporate Head Finance and Resources shall be authorised to write off any overpayment of salaries, wages or pension which occurs as a result of the death of an employee or pensioner during the period covered by the payment.

Responsibilities of Corporate Heads and Service Managers:

- 3.153 To produce an annual staffing budget for their service area.
- 3.154 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).
- 3.155 To ensure that a robust business case is prepared to support staff requisitions and any early termination of employment.
- 3.156 To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.
- 3.157 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.
- 3.158 To ensure that the S151 Officer is immediately informed if the staffing budget is likely to be materially over or underspent.
- 3.159 Corporate Heads and Service Managers will keep a record of details of absence for the employees under their control.
- 3.160 To carry out regular employee performance and development reviews.
- 3.161 To notify the S151 Officer and the Service Manager Human Resources within seven days of all appointments, dismissals, resignations, transfers, retirements, changes in rates of pay, etc of all employees other than normal increments or national pay awards.
- 3.162 Service Manager Human Resources to notify Exchequer Services on behalf of S151 Officer of annual pay settlement and any changes arising out of job evaluation.
- 3.163 To ensure that appropriate time keeping arrangements are in place and monitored.

Responsibilities of Service Manager Human Resources

- 3.163 To act as advisor on strategic human resources and employment law advice to service managers.

SECTION 4: FINANCIAL SYSTEMS AND PROCEDURES

GENERAL

Why is this important?

- 4.01 Service Areas have many systems and procedures relating to the control of the authority's assets, including purchasing, costing and management systems. Service Areas are increasingly reliant on computers for their financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.
- 4.02 The S151 Officer has a professional responsibility to ensure that the authority's financial systems are sound and should therefore be notified of any new developments or changes.

Key Controls

- 4.03 The key controls for systems and procedures are:
- a) basic data exists to enable the authority's objectives, targets, budgets and plans to be formulated;
 - b) performance is communicated to the appropriate managers on an accurate, complete and timely basis;
 - c) early warning is provided of deviations from target, plans and budgets that require management attention;
 - d) operating systems and procedures are secure.

Responsibilities of the S151 Officer

- 4.04 To make arrangements for the proper administration of the authority's financial affairs, including to:
- issue advice, guidance and procedures for officers and others acting on the authority's behalf;
 - determine the accounting systems, form of accounts and supporting financial records;
 - establish arrangements for audit of the authority's financial affairs;
 - approve any new financial systems to be introduced
 - approve any changes to be made to existing financial systems.

Responsibilities of Corporate Heads and Service Managers

- 4.05 To ensure that accounting records are properly maintained and held securely.
- 4.06 To ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the S151 Officer.
- 4.07 To ensure that a complete audit trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.
- 4.08 To incorporate appropriate controls to ensure that, where relevant:
- all input is genuine, complete, accurate, timely and not previously processed;
 - all processing is carried out in an accurate, complete and timely manner;
 - output from the system is complete, accurate and timely.
- 4.09 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.
- 4.10 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.
- 4.11 To ensure that systems are documented and staff trained in operations.
- 4.12 To consult with the S151 Officer before changing any existing system or introducing new systems.
- 4.13 To establish a scheme of delegation identifying officers authorised to act upon the Service Manager's behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.
- 4.14 To supply lists of authorised officers, with specimen signatures and delegated limits, to the S151 Officer, together with any subsequent variations.
- 4.15 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.
- 4.16 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.

- 4.17 To ensure that relevant standards and guidelines for computer systems issued by Information Technology are observed.
- 4.18 To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.
- 4.19 To comply with the copyright, designs, licences and patents legislation and, in particular, to ensure that:
- only software legally acquired and installed by the authority is used on its computers;
 - staff are aware of legislative provisions
 - in developing systems, due regard is given to the issue of intellectual property rights.

INCOME

Why is this important?

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

Key Controls

- 4.21 The key controls for income are

- a) all income due to the authority is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed;
- b) all income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery;
- c) all money received by an employee on behalf of the authority is paid without delay to the S151 Officer or, as he or she directs, to the authority's bank or National Giro account, and properly recorded. The responsibility for cash collection should be separated from that:
 - for identifying the amount due
 - for reconciling the amount due to the amount received
- d) effective action is taken to pursue non-payment within defined timescales;
- e) formal approval for debt write-off is obtained;
- f) appropriate write-off action is taken within defined timescales;
- g) appropriate accounting adjustments are made following write-off action;
- h) all appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule;
- i) money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.

Responsibilities of the S151 Officer

- 4.22 To agree arrangements for the collection of all income due to the authority and to approve the procedures, systems and documentation for its collection.
- 4.23 To order and supply to departments all receipt forms, books or tickets and similar items and to satisfy himself or herself regarding the arrangements for their control.

- 4.24 To agree the write-off of bad debts up to an approved limit as detailed in Appendix A in each case and to refer larger sums to the Cabinet.
- 4.25 To approve all debts to be written off in consultation with the relevant Service Manager and to keep a record of all sums written off up to the approved limit as detailed in Appendix A and to adhere to the requirements of the Accounts and Audit Regulations (amended) (England) 2006.
- 4.26 To obtain the approval of the Cabinet in consultation with the relevant Service Manager for writing off debts in excess of the approved limit as detailed in Appendix A.
- 4.27 To ensure that appropriate accounting adjustment are made following write-off action.

Responsibilities of Corporate Heads and Service Managers

- 4.28 To establish a charging policy for the supply of goods or services, including the appropriate charging of VAT. The policy should be fundamentally reviewed every three years and include indicative increases for the following two years (at least) in line with inflation. This review should be undertaken in line with corporate policies and advice from the Corporate Head Finance and Resources.
- 4.29 To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- 4.30 To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.
- 4.31 To issue official receipts or to maintain other documentation for income collection.
- 4.32 To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded
- 4.33 To hold securely receipts, tickets and other records of income for the appropriate period.
- 4.34 To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling.
- 4.35 To ensure that income is paid fully and promptly into the appropriate authority 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.
- 4.36 To ensure income is not used to cash personal cheques or other payments.

- 4.37 To supply the S151 Officer with details relating to work done, goods supplied, services rendered or other amounts due, to enable the S151 Officer to record correctly the sums due to the authority and to ensure accounts are sent out promptly. To do this Service Managers should use established performance management systems to monitor recovery of income and flag up areas of concern to the S151 Officer. Service Managers have a responsibility to assist the S151 Officer in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the authority's behalf. Only up to approved levels of cash can be held on the premises.
- 4.38 To keep a record of every transfer of money between employees of the authority. The receiving officer must sign for the transfer and the transferor must retain a copy.
- 4.39 To recommend to the S151 Officer all debts to be written off and to keep a record of all sums written off up to the approved limit. Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.
- 4.40 To obtain the approval of the Cabinet where required.
- 4.41 To notify the S151 Officer of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the S151 Officer and not later than the end of the first full working week in April.

ORDERING AND PAYING FOR WORK, GOODS AND SERVICES

Why is this important?

- 4.42 Public money should be spent with demonstrable probity and in accordance with the authority's policies. Authorities have a statutory duty to achieve best value in part through economy and efficiency. The authority's procedures should help to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the authority's standing orders relating to tenders and contracts.

General

- 4.43 Every officer and member of the authority 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 authority, in accordance with appropriate code of conduct.
- 4.44 Official orders must be in a form approved by the S151 Officer. Official orders must be issued for all work, goods or services to be supplied to the authority, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions specified by the S151 Officer.
- 4.45 Verbal orders shall only be given in cases of emergency and these shall always be confirmed by an official order not later than the next working day.
- 4.46 Apart from petty cash, the normal method of payment from the authority shall be by cheque or other instrument or approved method, drawn on the authority's bank account or National Giro account by the S151 Officer. The use of direct debit shall require the prior agreement of the S151 Officer.
- 4.47 Each order must conform to the guidelines approved by the Council. Standard terms and conditions must not be varied without the prior approval of the S151 Officer.
- 4.48 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of authority contracts.
- 4.49 All invoices, accounts and certificates due for payment shall be in the name of South Kesteven District Council, except where the Authority is acting as paymaster for an authorised agent of the Council.
- 4.50 Invoice should be paid within 30 days, or other agreed period, to comply with the national Best Value Performance Indicator requirement.

- 4.51 Use of the Council's credit card facility does not remove the need for the rules and controls to be followed.

Key Controls

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

- a) all goods and services are ordered only by appropriate persons and are correctly recorded;
- b) all goods and services shall be ordered in accordance with the authority's Contract Procedure Rules unless they are purchased from sources within the authority;
- c) goods and services received are checked to ensure they are in accordance with the order. Goods should not be received by the person who placed the order;
- d) payments are not made unless goods have been received by the authority to the correct price, quantity and quality standards;
- e) all payments are made to the correct persons, for the correct amount and are properly recorded, regardless of the payment method;
- f) all appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention schedule;
- g) all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected;
- h) in addition, the effect of e-business/commerce and electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically;
- i) orders may only be made provided that monies are available in the approved budgets;
- j) an order shall not be issued for a value less than the specified value solely as a means of avoiding compliance with the provisions of the authority's Contract Procedure Rules.

Responsibilities of the S151 Officer

- 4.53 To ensure that all the authority's financial systems and procedures are sound and properly administered.
- 4.54 To approve any changes to existing financial systems and to approve any new systems before they are introduced.
- 4.55 To approve the form of official orders and associated terms and conditions.
- 4.56 To make payments from the authority's funds on the Corporate Heads' or Service Managers' authorisation that the expenditure has been duly incurred in accordance with the financial regulations.

- 4.57 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.
- 4.58 To make payments to contractors on the certificate of the appropriate Corporate Head or Service Manager, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- 4.59 To provide advice and encouragement on making payments by the most economical means.
- 4.60 To ensure that a budgetary control system is established that enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that they can be taken into account in budget monitoring.

Responsibilities of Corporate Heads and Service Managers

- 4.61 To ensure that the Authority's official electronic order (e-procurement) system is used for all goods and services.
- 4.62 To ensure that official orders are used for all goods and services, in a form approved by the S151 Officer other than the exceptions specified above in section 4.43.
- 4.63 Orders shall not be given otherwise than above except in cases of urgency, and such orders shall be confirmed as soon as possible by means of written orders unless any variation from these arrangements has been agreed with the S151 Officer.
- 4.64 In no circumstances must the issue of an official order be delayed until the account covering such orders has been received. Orders shall specify the nature and quantity of the services or goods required and any relevant contract or agreed prices.
- 4.65 To ensure that orders are only used for goods and services provided to the service area. Individuals must not use official orders to obtain goods and services for their private use.
- 4.66 To notify the S151 Officer of those staff authorised to initiate official orders, and the financial limit that applies before an order is referred back to him via the e-procurement system.
- 4.67 The S151 Officer shall be notified of the officers authorised to sign the summary of orders raised, together with specimen signatures. The authoriser of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary.

Best value principles should underpin the authority's approach to procurement. Value for money should always be achieved.

- 4.68 Corporate Heads and Service Managers must ensure that adequate security is maintained over ordering procedures. Where circumstance prevent the use of the official orders, periodic records should be set up, eg gas, electricity, water, rates, specialist services, telephones.
- 4.69 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 on the finance system and inventories/stock records.
- 4.70 All invoices for payment should be sent directly to Exchequer Services for payment. Where invoices cannot be processed directly by Exchequer Services, a different officer from the person who authorised the order, and in every case, a different officer from the person checking a written invoice, should authorise the invoice.
- 4.71 As soon as possible after 31 March in each year Corporate Heads and Service Managers shall furnish the Corporate Head Finance and Resources with a complete list of all known outstanding accounts, debts and liabilities in such form and in accordance with such timescales as the Corporate Head Finance and Resources requires.
- 4.72 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, with regard to the best practice guidelines issued by the S151 Officer, which are in line with best value principles and contained in the authority's Contract Procedure Rules.
- 4.73 To follow purchasing procedures established by the Contract Procedure Rules, where appropriate put purchases out to competitive quotation or tender. These will comply with standing orders relating to tenders and contact (Contract Procedure Rules) and will cover:
- authorised officers and the extent of their authority;
 - advertisement of tenders;
 - procedure for creating, maintaining and revising a standard list of contactors;
 - selections 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
- 4.74 To ensure that employees are aware of the authority's code of conduct for officers.
- 4.75 To ensure that loans, leasing or rental arrangements are not entered into without prior agreement from the S151 Officer. This is because of the potential impact on the authority's borrowing powers, to protect the authority against entering into unapproved credit arrangements and to ensure that value for money is being obtained.
- 4.76 To notify the S151 Officer of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the S151 Officer and, in any case, not later than the end of the first full working week in April.
- 4.77 With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the S151 Officer the systems and procedures to be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of subcontractors' tax status.
- 4.78 To notify the S151 Officer immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.

Responsibilities of the Service Manager Finance and Risk Management

- 4.79 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 and services;
 - that the invoice has not previously been paid
 - that expenditure has been properly incurred and is within budget provision;
 - that prices and arithmetic are correct and accord with quotations, 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 are made in accounting records;
 - where payments are made in advance the goods, works or services are subsequently received;
 - the account has not previously been passed for payment.

- 4.80 Appropriate amounts are charged to the correct accountancy code or codes as agreed with the Corporate Head Finance and Resources, details of any value added tax are extracted and shown separately on each invoice and any amounts due to be paid to sub-contractors in the constructions industry (as defined in the Finance (No2) Act 1975 or other legislation in the behalf) are shown in the manner indicated by the Corporate Head Finance and Resources.
- 4.81 The arithmetical accuracy of each invoice shall be checked except to the extent that a system of selective checking is in use in accordance with a scheme approved by the Corporate Head Finance and Resources.
- 4.82 To ensure that payments are not made on a photocopies or faxed invoice, statement or other document other than the formal invoice. Any instances of theses being rendered should be reported to Internal Audit.
- 4.83 To encourage suppliers of goods and services to receive payment by the most economical means for the authority. It is essential, however, that payments made by direct debit have the prior approval of the Corporate Head Finance and Resources.
- 4.84 To ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the document retention schedule attached as Annex 2.

Credit Card

- 4.85 The Council's credit card may used for purchases where immediate payment is required, ie when using internet purchasing facilities.
- 4.86 Credit card transactions must be recorded on a credit card form, which is controlled stationery available from Exchequer Services and an official order raised via the e-procurement system. When using the credit card, the supplier should be recorded as South Kesteven District Council.
- 4.87 The credit card details must be kept secure at all times.

Contracts for Building Constructions or Engineering Works

(To be read in conjunction with the Contract Procedure Rules.)

- 4.88 Where contracts provide for payment to be made by instalments, the Service Manager Assets and Facilities arranges for the keeping of a contract register or registers to show the state of account on each contract between the Authority and the contractor, together with any payments and the related professional fees.
- 4.89 Payments to contractors on account of contract shall be made only on a certificate issued by the Service Manager Assets and Facilities or Repairs and Improvements Manager (or private architect, engineer, consultant

- where engaged by the Authority) or by their deputy or other employee nominated by them in writing for the purpose.
- 4.90 Subject to the provisions of the contract in each case every extra variation shall, unless otherwise evidenced to his/her satisfaction, be authorised in writing by the Service Manager Assets and Facilities or the Repairs and Improvements Manager (or private architect, engineer, consultant) or by their deputy or other employees nominated by them in writing for the purpose.
- 4.91 Any such extra or variation which is estimated to increase the cost of the contract by more than the limits set out in these procedures shall be reported to Cabinet as soon as practicable.
- 4.92 Claims from contractors in respect of matters not clearly within the terms of any existing contract shall be referred to the Chief Executive for consideration of the authority's legal liability and, where necessary, to the Corporate Head Finance and Resources for financial consideration before a settlement is reached.
- 4.93 Where completion of a contract is delayed past the completion date, it shall be the duty of the service manager concerned to take appropriate action in respect of any claim for liquidated damages and to report his/her action to Cabinet.

PAYMENTS TO EMPLOYEES AND MEMBERS

Why is this important?

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

Key Controls

- 4.95 The key controls for payments to employees and members are:
- a) proper authorisation procedures are in place and that there is adherence to corporate timetables in relations to:
 - starters
 - leavers
 - variations
 - enhancementsand that payments are made on the basis of timesheets or claims;
 - b) frequent reconciliation of payroll expenditure against approved budget and bank account;
 - c) all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule;
 - d) that HM Revenue and Customs regulations are complied with;
 - e) that National Insurance regulations are complied with.

Responsibilities of the S151 Officer

- 4.96 To arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date.
- 4.97 To record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions.
- 4.98 To make arrangements for payment of all travel and subsistence claims or financial loss allowance.
- 4.99 To make arrangements for paying members travel or other allowances upon receiving the prescribed form, duly completed and authorised.
- 4.100 To provide advice and encouragement to secure payment of salaries and wages by the most economical means.

- 4.101 To ensure that there are adequate arrangements for administering superannuation matters on a day to day basis.

Responsibilities of Service Manager Human Resources

- 4.102 To ensure appointments are made in accordance with the regulations of the authority and approved grades and scales of pay.

Responsibilities of Service Manager Finance and Risk Management

- 4.103 To ensure that adequate and effective systems and procedures are operated, so that:

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

Responsibilities of Corporate Heads and Service Managers

- 4.104 To ensure that adequate budget provision is available for all employee related payments.
- 4.105 To notify the S151 Officer of all appointments, terminations or variations which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the S151 Officer.
- 4.106 To send an up to date list of names of officers authorised to sign records to the Service Manager Finance and Risk Management together with specimen signatures. Exchequer Services should have signatures of personnel officers and officers authorised to sign timesheets and claims.
- 4.107 To ensure that payroll transactions are processed only through the payroll system. Service Managers should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. HM Revenue and Customs applies a tight definition for employee status, and in cases of doubt, advice should be sought from the S151 Officer.
- 4.108 To certify travel and subsistence claims and other allowances. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred and that allowances are properly payable by the authority, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications and that the S151 Officer is informed where appropriate.

Travel and subsistence claims should not be submitted for payment when they are below the de-minis level stated in Appendix A.

- 4.109 To ensure that the S151 Officer is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.
- 4.110 To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.

Responsibilities of Members

- 4.111 To submit claims for members' travel and subsistence allowances on a monthly basis and, in any event, within one month of the year end.

TAXATION

Why is this important?

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

Key Controls

4.113 The key controls for taxation are:

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

Responsibilities of the S151 Officer

- 4.114 To complete all HM Revenue and Customs returns regarding PAYE
- 4.115 To complete a monthly return of VAT inputs and outputs to HM Revenue and Customs.
- 4.116 To provide details to HM Revenue and Customs regarding the construction industry tax scheme.
- 4.117 To maintain up-to-date guidance for authority employees on taxation issues in the accounting and tax manual.

Responsibilities of Corporate Heads and Service Managers

- 4.118 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.
- 4.119 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax requirements.
- 4.120 To ensure that all persons employed by the authority are added to the authority's payroll and tax deducted from all payments, except where the

individuals are bona fide self-employed or are employed by a recognised staff agency.

- 4.121 To follow the guidance on taxation issued by the S151 Officer in the authority's accounting and tax manual and VAT manual.

TRADING ACCOUNTS AND BUSINESS UNITS

Why is this important?

- 4.122 Trading accounts and business units have become more important as local authorities have developed a more commercial culture. Under best value, authorities are required to keep trading accounts for services provided on a basis other than straightforward recharge of cost. They are also required to disclose the results of significant trading operations in the BVPP.

Responsibilities of the S151 Officer

- 4.123 To advise on the establishment and operation of trading accounts and business units.

Responsibilities of Corporate Heads and Service Managers

- 4.124 To consult with the S151 Officer where a business unit wishes to enter into a contract with a third party where the contract expiry date exceeds the remaining life of their main contract with the authority. In general, such contracts should not be entered into unless they can be terminated within the main contract period without penalty.
- 4.125 To observe all statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged, and to produce an annual report in support of the final accounts.
- 4.126 To ensure that the same accounting principles are applied in relation to trading accounts as for other services or business units.
- 4.127 To ensure that each business unit prepares an annual business plan.

SECTION 5: EXTERNAL ARRANGEMENTS

PARTNERSHIPS

Why is this important?

- 5.01 Partnerships are likely to play a key role in delivering community strategies and in helping to promote and improve the well-being of the area. Local authorities are working in partnership with others – public agencies, private companies, community groups and voluntary organisations. Local authorities still deliver some services, but their distinctive leadership role is to bring together the contributions of the various stakeholders. They therefore need to deliver a shared visions of services based on user wishes.
- 5.02 Local authorities will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations. Local authorities will be measure by what they achieve in partnership with others.

General

- 5.03 The main reasons for entering into a partnership are:

- the desire to find new ways to share risk;
- the ability to access new resources;
- to provide new and better ways of delivering services;
- to forge new relationships.

- 5.04 A partner is defined as either;

- an organisation (private or public) undertaking, part funding 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.

- 5.05 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;
- being the beneficiary group of the activity undertaken in a project;
- being the fundholder.

5.06 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;
- 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.

Key Controls

5.07 The key controls for authority partners are:

- a) if appropriate, to be aware of their responsibilities under the authority's financial regulations and the code of practice on tenders and contracts;
- b) to ensure that risk management processes are in place to identify and assess all known risks;
- c) to ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise;
- d) to agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences;
- e) to communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.

Responsibilities of the S151 Officer

5.08 To advise on effective controls that will ensure that resources are not wasted.

5.09 To advise on the key elements of funding a project. They include:

- a scheme appraisal for financial viability in both current and future years;
- risk appraisal and management;

- resourcing, including taxation issues;
- audit, security and controls requirements;
- carry-forward arrangements.

5.10 To ensure that the accounting arrangements are satisfactory.

Responsibilities of Corporate Heads and Service Managers

- 5.11 To maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the S151 Officer.
- 5.12 To ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared for the S151 Officer.
- 5.13 To ensure that such agreements and arrangements do not impact adversely upon the services provided by the authority.
- 5.14 To ensure that all agreements and arrangements are properly documented.
- 5.15 To provide appropriate information to the S151 Officer to enable a note to be entered into the authority's statement of accounts concerning material items.

EXTERNAL FUNDING

Why is this important?

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

Key Controls

- 5.17 The key controls for external funding are:

- a) to ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood;
- b) to ensure that funds are acquired only to meet the priorities approved in the policy framework by the Council;
- c) to ensure that any match-funding requirements are given due consideration prior to entering into long-term agreements and that future revenue budgets reflect these requirements.

Responsibilities of the S151 Officer

- 5.18 To ensure that all funding notified by external bodies is received and properly recorded in the authority's accounts.
- 5.19 To ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.
- 5.20 To ensure that audit requirements are met.

Responsibilities of Corporate Heads and Service Managers

- 5.21 To ensure that all claims for funds are made by the due date.
- 5.22 To ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred and recorded.

WORK FOR THIRD PARTIES

Why is this important?

- 5.23 Current legislation enables the authority to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work is minimised and that such work is intra vires.

Key Controls

- 5.24 The key controls for working with third parties are:

- a) to ensure that proposals are costed properly in accordance with guidance provided by the S151 Officer;
- b) to ensure that contracts are drawn up using guidance provided by the S151 Officer and that the formal approvals process is adhered to;
- c) to issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

Responsibilities of the S151 Officer

- 5.25 To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

Responsibilities of Corporate Heads and Service Managers

- 5.26 To ensure that the approval of the Cabinet is obtained before any negotiations are commenced.
- 5.27 To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the S151 Officer.
- 5.28 To ensure that appropriate insurance arrangements are made.
- 5.29 To ensure that the authority is not put at risk from any bad debts.
- 5.30 To ensure that no contract is subsidised by the authority.
- 5.31 To ensure that, wherever possible, payment is received in advance of the delivery of the service.
- 5.32 To ensure that the third party has the appropriate expertise to undertake the contract.
- 5.33 To ensure that such contracts do not impact adversely upon the services provided for the authority.

- 5.34 To ensure that all contracts are properly documented.
- 5.35 To provide appropriate information to the S151 Officer to enable a note to be entered into the statement of accounts.

APPENDIX A:

AUTHORISED LIMITS

Virement Limits

Service Managers	£10,000
Corporate Heads	£10,001 - £20,000
Cabinet Member	£20,001 - £40,000
Cabinet	in excess of £40,000

Emergency Payments under the Emergency Plan

Chief Executive or Corporate Head Finance and Resources	up to £50,000
Leader and relevant Cabinet member	in excess of £50,000

Bad Debt Write-Off

Service Manager countersigned by Section 151 Officer	write off individual debts up to £1,000
Corporate Head countersigned by Section 151 Officer	write off individual debts up to £5,000
Section 151 Officer	write off individual debts up to £20,000
Cabinet	write off individual debts in excess of £20,000

Other

Capital Threshold	£10,000
Inventories Threshold	£1,000
Cheques and electronic payments countersigned approval by bankers)	£25,000 (subject to

APPENDIX B:

BIBLIOGRAPHY

Asset Registers: A Practical Guide to Public Services CIPFA (1997)
Best Value Accounting – Code of Practice 2002 CIPFA
Building Effective Partnerships: Practical Guidance for Public Services on Working in Partnership CIPFA (1997)
Code of Practice for Internal Audit in Local Government in the United Kingdom CIPFA (2006)
Code of Practice on Local Authority Accounting in the United Kingdom 2002; A Statement of Recommended Practice CIPFA/LASAAC
Competing Demands – Competition in the Public Services CIPFA (1997)
Guidance for Internal Auditors Auditing Practices Board (1990)
People + Pounds + Property = Services. A Guide to the Use of Capital Accounting to Improve Asset Management and Service Performance CIPFA (1998)
Code of Practice for Treasury Management in the Public Services CIPFA (2001)
Financial Regulations: A Good Practice Guide for an English Modern Council CIPFA (2001)

APPENDIX C

RECOMMENDED PERIODS FOR THE RETENTION OF RECORDS

Type of Document	Retention Period (Years)
Accountancy/Financial	
Abstract of accounts	6
Audited accounts	Retain indefinitely
Budgetary control records	6
Costing records	6
Estimate working papers	2
Financial ledgers	6
Grant claim records	6
Investment records	2
Journals	6
Leasing records	2
Loans records	Retain indefinitely
Record re closing ledgers	6
Telephone call records	2
VAT claims	6
VAT records	3
Voluntary fund accounts	6
Bank Related Records	
Bank paying-in books/slips	6
Bank reconciliation	6
Bank statements	6
Cancelled cheques	2
Cheque books and counterfoils	6
Cheque lists (creditors/payrolls)	2
Loan records and correspondence	2
Paid cheques	4
Returned cheque records	2

Contracts

Final accounts of contracts executed under hand	6
Final accounts of contracts executed under seal	12
Successful tenders	3 years after final payment
Unsuccessful tenders	Retain under final payment is made

Creditor Records

Copy orders	2
Credit notes	6
Creditor invoices	6
Delivery notes	2
Imprest documentation	2
Periodic payment records	6

External Funding

Funding documentation and associated invoice/ payment details	6 years or in accordance with the terms of the individual grant requirements
---	--

Income Records

Cash books	6
Correspondence (income)	2
Debtor accounts (records non-current)	2
Income posting slips and tabulations	2
Periodic income records	2
Receipt books	2
Record of receipt books issued	2
Registrar's quarterly returns	2
Sales records	2

Miscellaneous Records

Annual report	Retain indefinitely
Bound copies of minutes	Retain indefinitely
Capital works tabulations	2

Car leasing and mileage records	3
Car loans	3
Computer system documentation	2
Inland Revenue documentation	6
Inventory records	6
Land searches	6
Member allowances	2
Minutes	2
Postal remittance registers	2
Stock lists	2
Travel claims	6
Valuation lists	Retain indefinitely
Vehicle logs	2
Insurance Records	
Expired insurance contracts	Retain indefinitely
Insurance claims	6
Insurance policy documentation	Retain indefinitely
Insurance register	Retain indefinitely
Payroll	
BACS amendments and output	3
Building society tabulations	3
Copy payslips	6
Correspondence	6
Life certificates (pensions)	2
Monthly BACS listing	3
NI file cashbook	3
NI number changes	3
Payroll adjustment documentation	6
Part time employees' claim forms	6
Pensions personal records	Retain indefinitely
SSP records	4
Staff transfer records	6

Starters' forms	2
Superannuation Records	Retain indefinitely
Tax and NI records	6
Tax code notifications	2
Timesheets	6
Union documentation	2
Weekly BACS listings	3

Note:

- The period of years shown, relates to a complete period following the end of the financial year to which the record relates.
- No documents or records should be disposed of until notification has been received from the District Auditor of the completion of the audit of accounts for the year to which the records relate.
- If a suitable period of retention is in doubt, please refer to the Internal Audit Manager.

Budget Virement Request– single amounts up to and including £10,000

Name						Section				
Reason for Application										
Budget movement detail	Budget to be moved from					Budget to be moved to				
	Cost Centre	Account Code	Activity	Job	Value	Cost Centre	Account Code	Activity	Job	Value
Number										
Number										
Service Manager signature							Date			

Please send this form to the Service Manager for Finance and Risk Management.

Input By		Signature	Date	Journal ref
-----------------	--	------------------	-------------	--------------------

Standing orders and financial regulations must be adhered to at all times.

Budget Virement Request– single amounts over £10,000 and up to £20,000

Name						Section				
Reason for Application										
Budget movement detail	Budget to be moved from					Budget to be moved to				
	Cost Centre	Account Code	Activity	Job	Value	Cost Centre	Account Code	Activity	Job	Value
Number										
Number										
Service Manager signature							Date			

Corporate Head signature		Date
---------------------------------	--	-------------

Section 151 Officer Signature		Date
--------------------------------------	--	-------------

Please send this form to the Service Manager for Finance and Risk Management.

Input By		Signature	Date	Journal ref
-----------------	--	------------------	-------------	--------------------

Standing orders and financial regulations must be adhered to at all times.

Budget Virement Request– single amounts between £20,000 and £40,000

Name						Section				
Reason for Application										
Budget movement detail	Budget to be moved from					Budget to be moved to				
	Cost Centre	Account Code	Activity	Job	Value	Cost Centre	Account Code	Activity	Job	Value
Number										
Number										
Service Manager signature							Date			
Corporate Head signature							Date			
Section 151 Officer Signature							Date			
Portfolio Member Signature							Date			

Please send this form to the Service Manager for Finance and Risk Management.

Input By		Signature	Date	Journal ref
----------	--	-----------	------	-------------

Standing orders and financial regulations must be adhered to at all times.