

**EAST HERTFORDSHIRE DISTRICT COUNCIL
FINANCIAL REGULATIONS
INDEX**

[The layout of the regulations has been changed, reducing the commentary such as sections on why the different sections are important. The same controls are included as before.]

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1. INTRODUCTION

1.1. The Executive is responsible for regulating and controlling the Council's finances and ensuring that sound financial management policies are in place and are adhered to. Part of this process is the establishment and maintenance of financial regulations which set out the Council's financial responsibilities, policies and procedures.

1.2 Financial regulations are subject to annual review. This edition of the regulations will apply from April 2008 and supersedes all previous editions.

1.3 Where values appear in these regulations, they are the same as the thresholds in the Council's Contract Procedure Rules, and are index linked in line with the CPI:

Value A - up to £5,000

Value B - over £5,000 and up to £50,000

Value C - over £50,000. *[The existing limits have been retained in the revised regulations.]*

1.4 Financial regulations apply to every Member and officer of the Council and anyone acting on its behalf. As a modern Council, East Herts encourages innovation, providing this is within the framework laid down by these regulations, and the necessary risk assessment and approval safeguards are in place.

1.5 The Executive and the Corporate Management Team should maintain a written record where decision making has been delegated.

1.6 All Members and officers have a general responsibility for taking reasonable action to provide for the security of the assets under their control and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.

1.7 The Corporate Management Team is responsible for ensuring that all staff are aware of the content of these financial regulations and other internal regulatory documents and that they are complied with.

1.8 The Council's statutory finance officer ("s151 Officer") is the Head of Business Support Services who works closely with the Head of Paid Service (Chief Executive). To avoid repetition in this document, references to the "Head of Business Support Services" may also be taken to read "Head of Business Support Services in conjunction with the Chief Executive" as appropriate. The Director of Internal Services and the Head of Business Support Services as Section 151 Officer may authorise staff possessing such qualifications as may be required by law or in accordance with the Council's policy and having the necessary competency and experience to carry out financial responsibilities and generally perform the functions of a duly authorised officer of the Council in respect of the financial regulations.

[This paragraph clarifies the role of the statutory officers.]

2. FINANCIAL MANAGEMENT

[This section sets out the role of statutory officers and other officers in more detail than the existing regulations.]

2.1 Financial Management covers all financial accountabilities in relation to the running of the Council, including the policy framework and budget.

2.2 The full Council is responsible for approving the policy framework and budget within which the Executive operates.

2.3 The Executive is responsible for proposing the policy framework and budget to the full Council, and for discharging executive functions in accordance with the policy framework and budget. Executive decisions can be delegated to a committee, an individual Member, or an officer.

2.4 The Head of Business Support Services will for the purposes of Section 151 of the Local Government Act 1972 be the statutory responsible officer for the proper administration of the Council's financial affairs. Other statutory duties arise from the Local Government Finance Act 1988, the Local Government and Housing Act 1989 and the Accounts and Audit Regulations 2003 (as amended).

2.5 The Head of Business Support Services will be the responsible officer for making reports under Section 114 of the Local Government Finance Act 1988, the text of which is reproduced in Appendix 1. This relates to any unlawful expenditure, unlawful action resulting in a loss, or unlawful entry in the Council's Accounts.

2.6 Devolved financial management arrangements exist within the Council; however it remains essential for the Head of Business Support Services to retain a corporate overview, especially when matters of major financial impact are being considered. In this context it will be the responsibility of the appropriate Head of Service to ensure that the Head of Business Support Services is consulted at an early stage to ensure that financial implications are fully contained in reports to any Executive, committee or full Council meeting.

2.7 The Head of Business Support Services will be responsible for advising on the financial, organisational and accounting procedures throughout the Council. Heads of Service will consult with the Head of Business Support Services before introducing any accounts, documents or procedures relating to payment of employees, cash, the keeping of stores, the collection of income or any other accounting matters. Policies on the retention and destruction of financial records will be approved by the Head of Business Support Services

2.8 Head of Services will comply with the requirements of the Head of Business Support Services to ensure that as far as possible arrangements are made to separate internal financial checks and different officers carry out the following functions:-

(i) provide information regarding sums due to or from the Council and calculate, check, record and examine these.

(ii) collect or disburse amounts due to or from the Council.

(iii) in the case of payments, certify documents for payment.

2.9 Heads of Services will submit to the Head of Financial Support Services as required all information which the latter considers necessary for costing and accounting purposes and will afford to the Head of Business Support Services access to all accounts, records and documents. The Head of Business Support Services will be responsible for supplying financial information to Head of Services in an agreed form and frequency.

2.10 The Head of Financial Support Services will submit the final accounts and balance sheets of all funds of the Council to the Executive for adoption by the Council as soon as possible after the end of the financial year and to comply with any statutory requirements.

2.11 In the context of performance management, the Chief Executive and Heads of Service will ensure that best value is pursued in the delivery of all services and shall continuously seek improvement in the quality, efficiency and effectiveness of services.

3. FINANCIAL PLANNING AND RISK ASSESSMENT

3.1 The Council will establish a strategic policy framework to incorporate the main issues facing the Council and to match policies with resources. In terms of financial planning, this will involve consideration of the Council's priorities and promises, and commitments and forecasts for four years, including the annual budget. The annual budget may then be seen as the first year of a rolling four year programme contained in the Medium Term Financial Plan.

3.2 An essential part of the planning process is the continuous operation of systems for identifying and evaluating all significant strategic and operational risks facing the Council. This must include a risk assessment of the Council's priorities and promises, budget plans, programme options and service plans involving the proactive participation of the Executive, Head of Services, and all officers associated with the planning and delivery of services. The Director of Neighbourhood Services will obtain Executive approval of the corporate risk management strategy and will promote and coordinate risk management activity throughout the Council.

3.3 The Corporate Management Team will submit to the Executive annual proposals for schemes for capital and revenue developments, including an indication of the priority of the schemes.

3.4 Capital and revenue budgets will be considered jointly so that the future impact of current proposals can be assessed, including the extent to which current capital expenditure commits or frees future resources.

3.5 The proposals will distinguish between already approved policies and those where expenditure is foreseen but not yet approved.

3.6 The Head of Business Support Services will report to the Executive details of the level of resources required to service these proposals, in the context of the overall financial strategy of the Council, and the accomplishment of strategic objectives.

3.7 The Executive will consider the provisional programme and make a general determination of amendments to be made following detailed consideration of the estimates.

4. THE BUDGETARY SYSTEM

4.1 General

4.1.1 The Director of Internal Services will be responsible for establishing, in consultation with Head of Services, a timetable for the preparation of each year's estimates. This timetable will be agreed by the Executive in July of each year and will be constructed to ensure that the Council will meet its statutory obligations in respect of setting its local levies. This will allow the Council to meet annually to consider its annual estimates and determine the level of its local tax.

4.1.2 The Head of Business Support Services will determine, in consultation with the Corporate Management Team, the form in which the revenue and capital estimates will be prepared.

4.2 Preparation and approval of estimates

4.2.1 Estimates of net revenue and capital expenditure will be prepared annually in accordance with Council policy and taking suitable account of any programme options. Estimates will be prepared by the nominated budget holders under the direction of the Director of Internal Services, in an agreed form and within the agreed timetable.

4.2.2 The Head of Financial Support Services will at all times monitor the preparation of the revenue and capital estimates and will collate the resultant budgets for submission to and consideration by the Executive.

4.2.3 In addition, the Director of Internal Services will submit a statement of the requirements of the precepting authorities and a recommended level of Local Tax for the year.

4.2.4 The Executive will submit its recommended budget proposals to the

Council according to the agreed timetable and complying with any statutory requirements.

4.3 Authority to incur expenditure

4.3.1 For revenue budgets, provided that Contract Procedure Rules have been complied with and subject to any specific exclusions, the inclusion of any item in the approved revenue budget other than a contingency provision, will constitute authority to incur expenditure.

4.3.2 For capital budgets, authority to incur expenditure will follow various stages, from initial feasibility through to project implementation, which will ensure that all projects are considered in detail, including both capital and revenue implications. Funding for each stage will be specifically agreed by the Executive/Council in accordance with agreed procedures and only when the Council through its budget approval process agrees the allocation of funds will the project be included in the current funded capital programme.

4.3.3 Providing the Constitution, including Financial Regulations and any Council instructions for the time being in force have been complied with, inclusion of any items in the approved funded capital expenditure programme shall be deemed to imply:

(i) sanction for the Head of Service concerned to spend the capital sums provided for projects included in the programme for the current financial year.

(ii) in the case of schemes for which provision has been made in the current financial year but which are completed in subsequent financial years, authority for the Head of Service concerned to spend the provision in subsequent financial years, provided the expenditure is contractually committed.

(iii) authority for the Head of Service concerned

(a) to take steps to enable land required for the purpose of the programme to be acquired in due time, subject to the Council having approved the financing of the capital programme.

(b) to proceed with the preparation of plans and other preparatory work, the acceptance of tenders and the pre-ordering of materials or equipment for which there is a long delivery period in connection with schemes, initial expenditure on which is included in the following financial year(s).

4.3.4 Where it appears that any capital project estimate will be exceeded, it shall be the duty of the Head of Service concerned, after joint consultation with the Chief Executive and the Director of Internal Services, to inform the Executive at the earliest opportunity.

4.3.5 Any proposal involving the adoption of a new policy or the variation or extension of existing policy which may or does affect the Council's finances will be submitted initially to the Executive for consideration and subsequent approval by full Council. The proposal will include a comprehensive report justifying the project, outline any revenue and capital implications and include the comments of the Head of Business Support Services. The proposal will take into consideration any provisions for virement in accordance with paragraph 4.5.

4.3.6 Expenditure considered essential to meet the sudden needs of an emergency or disaster (referable to section 138 of the Local Government Act 1972) may be incurred on the joint approval of the Chief Executive and Head of Business Support Services in consultation with the appropriate Executive Member(s). It will be reported to the next meeting of the Executive.

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4.4 Budgetary control

4.4.1 Allocated budgets will be cash limited, with budgetary monitoring undertaken by each Executive Member under the overall guidance of the Executive, such responsibility being devolved on a day to day basis to nominated budget holders for their own areas of activity. Head of Services will

be responsible for controlling and achieving income and expenditure within their area, and will take any permitted action necessary to avoid exceeding their budget allocation, alerting the Chief Executive and the Director of Internal Services of any problems.

4.4.2 The Head of Business Support Services, in conjunction with the Head of Financial Support Services and Heads of Service will ensure as far as practicable that systems are available which will provide such financial information as is required to enable budget holders to satisfactorily monitor budgets.

4.4.3 The Head of Financial Support Services will ensure that the appropriate Executive Member(s) are provided with budgetary control information relevant to their sphere of responsibility, on a monthly basis and in accordance with agreed policy, incorporating the comments of the nominated budget holder regarding any significant under or over spending. The monthly reports will also be published on the Members' Information Bulletin. (?)

4.4.4 The Head of Financial Support Services will report budgetary performance to the Executive on a quarterly basis and subsequently to all Members via the Members' Information Bulletin (?)

[Do Members wish to be informed on these issues via the MIB?]

4.5 Virement

[This is a different approach to virement. Currently virements outside approved subject headings requires Director's approval. Directors may vire up to £10,000 with an annual total of £50,000. Virement from salaries budgets was not permitted.]

4.5.1 Virement will be restricted to extensions of existing policies/ schemes and will not be used for new policies/schemes not previously considered by the Council. Overspend on a particular budget head may be met by virement of budgetary provision from an underspent budget head, subject to the

following paragraphs in this section, thereby avoiding the need for supplementary budget approval.

4.5.2 Virements between revenue and capital budgets will not be permitted, due to the different funding sources for each type of expenditure.

4.5.3 Virements between revenue income and expenditure will not be permitted. *[This restriction is not in the current regulations.]*

4.5.4 Virement of amounts up to value A (£5,000) may be carried out by the appropriate Director in consultation with the Head of Financial Support Services and reported in the next Members' Information Bulletin. (?)

4.5.5 Virement of Value B amounts (£5,000 to £50,000) may be carried out by the appropriate Head of Service in consultation with the Director of Internal Services, Head of Business Support Services and the appropriate Executive Member, and reported to the next Executive meeting.

[Alternative based on the current regulations: ~~Subject to the conditions in paragraphs 1.15 to 1.16 below and subject to budgetary provision being confirmed in writing by the Head of Business Support Services, each Director shall have authority to transfer up to £10,000 per individual virement up to a maximum of £50,000 in any one financial year in aggregate from any approved revenue expenditure vote under his or her control (other than employee costs or unspent special items) or by up to £10,000 per individual virement up to a maximum of £50,000 in any one financial year in aggregate where actual income exceeds an annual income budget under his or her control to cover new or additional revenue expenditure or shortages in income, provided it has similar revenue effects. Each Director exercising authority under this Financial Procedure in respect of Where new items of expenditure are not contained within the approved budget Directors must obtain the approval of the relevant Executive Portfolio Holder before the virement takes place.~~

Any virement that is likely to impact on the level of service activity another Director will be implemented only after the agreement with the relevant Director. (?)

No virement relating to a specific financial year should be made after 31 March in any year. (?)

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 the amount is used in accordance with the purposes for which it has been established. [Is this simply stating the position and adding nothing?]

4.5.6 Virement of Value C amounts (over £50,000) will be subject to prior approval by the Executive.

4.5.7 There will be no virement into Salary Costs budgets without the approval of the Executive. Virements from salaries may be made.

4.5.8 Any exceptions to the above rules must be approved by the Executive.

4.6 Supplementary estimates

4.6.1 Any proposal to vary annual estimates by incurring expenditure not provided for in the original estimates and which cannot be met by virement in accordance with Financial Regulation 4.5, will be referred in writing by the appropriate Head of Service to the Head of Business Support Services prior to its inclusion in any report to be considered by the Executive. Such a proposal will be indicated on the meeting agenda.

4.6.2 The Executive may approve a request for a supplementary estimate, and may approve use of the Council's general or earmarked balances.

4.6.3 All supplementary estimates granted constitute approval to incur expenditure.

Current regulations: All Directors will be expected to look positively for virements before asking for supplementary revenue votes. If, exceptionally, no suitable virement can be identified, any request for a supplementary revenue vote will be referred to the Executive for possible funding from within any General Revenue Contingency provision.

4.7 Treatment of year-end balances

4.7.1 The Council's treatment of year-end balances enables the transfer of resources between accounting years i.e. a carry-forward. The Head of Business Support Services will administer the scheme and report to the Chief Executive and Executive on all overspends and underspends carried forward.

4.7.2 Any overspend on service estimates in total on budgets under the control of the Head of Service must be carried forward to the following year, and will constitute the first call on service estimates in the following year.

4.7.3 Decisions on underspends carried forward will be taken in the context of the Council's overall net expenditure and a resource availability forecast.

[This is a different approach from the existing regulations.]

5. ORDERS FOR WORK, GOODS AND SERVICES

5.1 General

5.1.1 Orders will only be for Council related work, goods and services and will be placed in accordance with applicable Contract Procedure Rules covering estimates, quotations and tenders.

5.1.2 The Corporate Management Team will ensure that ordering officers have due regard to the Council's procurement strategy, the need to obtain best value (both in regard to current Council functions and also when considering procurement options for future service delivery) and any current requirements to obtain goods/services by electronic means.

5.1.3 Every officer and Member of the Council has a responsibility to declare any links or personal interests they may have with suppliers or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council, in accordance with appropriate codes of conduct.

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

5.2 Compliance with Environmental and other Policies

5.2.1 All orders placed will take account of the Council's Procurement Strategy, sustainability policies and commitments. These seek to minimise the environmental impact of goods and services. Where appropriate, suppliers will be asked to highlight any environmentally significant features of their goods and services such as life expectancy, energy efficiency, source of timber and recyclability.

5.2.2 All orders placed will take into account other Council policies where applicable, for example Diversity and Equal Opportunities.

[This currently covered in procurement policies. It may need revising when the regulations are made under the Sustainable Communities Act 2007.]

5.3 Format of orders

5.3.1 All written orders for goods and services will be issued on printed and consecutively numbered official order forms, the design of which will be subject to the approval of the Head of Business Support Services.

5.3.2 The method of ordering via the Internet or by any other electronic means will also be subject to the approval of the Head of Business Support Services. Each electronic order must have a commitment raised and a satisfactory audit trail.

5.3.3 Orders and copy orders will be completed in sufficient detail to identify accurately the materials, work or service required and will specify where applicable the quotation, contract or other agreement, the price agreed and the approved budget expenditure code against which costs will be charged.

A commitment will be introduced into the Powersolve System within 2 working days of raising the order if the order is not placed via the E-Marketplace.

5.3.4 Budget expenditure codes will only be entered by the nominated budget holder, or by an officer with the budget holder's written authority.

5.3.5 Split ordering to avoid having to obtain quotations or tenders is forbidden.

5.3.6 Appropriate details of any new creditor should be set up prior to, or at the time of, an order being raised. This must be requested by an approved officer via the Accountancy Section.

5.4 Certification of orders

5.4.1 Orders will be signed by the appropriate Head of Service, nominated budget holder or other authorised senior officer. The Head of Business Support Services will receive and retain an up to date list of specimen authorised signatures and will be immediately notified of any changes.

5.4.2 Ordering officers will obtain the countersignature of their line manager before committing any expenditure in which they may have an interest, for example attendance on a training course, booking of accommodation.

[The current regulations include: Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Authority works, goods or services procured. There could also be reference to payment methods e.g. use of direct debit.]

5.5 Retention of orders

5.5.1 A copy of the signed official order along with any applicable documentation to justify the purchase will be retained by the appropriate budget holder for 2 years + current year.

5.5.2 All copies of any spoilt orders will be retained and marked as “cancelled.”

5.6 Corporate purchasing

5.6.1 Each order will conform to the directions of the Chief Executive with regard to the use of any corporate purchasing arrangements and the standardisation of goods and materials. Corporate purchasing arrangements may be desirable for IT equipment, mobile phones and office furniture etc.

5.7 Security of orders

5.7.1 It will be the responsibility of Head of Services to ensure that blank official orders are ordered in accordance with approved procedures and securely held in a locked stationery store. Inclusive official order numbers in pads of 50 will be recorded in a register.

5.7.2 Order pads will only be issued to nominated budget holders who will confirm receipt by signing in the register maintained for the purpose.

5.7.3 The budget holder will be responsible for the safe custody and authorised use of all blank official orders once signed for.

5.8 Oral orders

5.8.1 In cases where goods, materials, works or services are required urgently and where delay would cause either loss to the Council or endanger public health or safety then the order may be placed orally by an authorised officer. All such orders must be confirmed within two working days with a written order clearly marked “confirmation” and in accordance with the budgetary control provisions outlined in 5.3.

The key controls in the current regulations are:

- (a) all goods and services are ordered only by authorised persons and are correctly recorded;*
- (b) goods and services received are checked to ensure they are in accordance with the order;*
- (c) payments are not made unless goods have been received by the Authority to the correct price, quantity and quality standards;*
- (d) all payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method;*
- (e) payments are authorised for payment by authorised officers in the form of a manuscript signature and the officer authorising the payment should not be the same as the officer who authorised the order or other instrument of procurement;*
- (f) material transactions are subject to dual authorisation routines;*
- (g) all appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention schedule*
- (i) all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected;*
- (j) in addition, the effect of e-business/e-commerce and electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.*

6. PAYMENT OF ACCOUNTS

6.1 Method

6.1.1 Apart from petty cash or other payments from advance accounts, the method of payment will be by cheque, BACS or other instrument drawn on the Council's account.

6.2 Responsible officer

6.2.1 All payments made on behalf of the Council, with the exception of petty cash payments or other payments from advance accounts will be made by the Head of Business Support Services.

6.2.2 The Head of Business Support Services will be entitled to rely on (but may challenge) the certification of authorised officers and will be empowered to pay all accounts so certified. Authorised officers should ensure that where

appropriate, adequate supporting documentation is retained with the order/invoice in order to provide a satisfactory audit trail to justify the reason for the payment.

6.3 Certification for payment

6.3.1 All accounts for payment will be signed by the appropriate Head of Service, nominated budget holder or other authorised senior officer. Head of Services will ensure that as far as possible a separation of duties exists between the ordering of goods and certification of invoices for payment by a more senior, or other authorised officer. Each officer certifying an invoice for payment will only certify expenditure against budget heads for which he is responsible, or for which he has delegated authority. The Head of Business Support Services will be notified of all officers so authorised, will receive and retain a list of specimen signatures and will be notified immediately of any changes.

6.3.2 Payments will only be made on proper tax invoices (when applicable) which display the word "invoice" and the VAT registration number. Any payments made on proforma invoices must be followed up by the issue of a proper tax invoice.

6.3.3 In certifying a payment certifying officers will satisfy themselves that:-

(i) the works, goods or services to which the account relates have been carried out, received, examined and approved, are fit for the purpose and where appropriate comply with predetermined standards;

(ii) the Constitution has been complied with;

(iii) the relevant expenditure has been properly ordered, authorised or incurred, is properly chargeable to the correct expenditure code and is within the relevant estimate provision;

(iv) the invoices correspond to delivery notes/goods received notes where appropriate, are arithmetically correct and discounts, allowances, credits and tax are correct;

(v) an appropriate entry is made on the hard copy order to prevent possible future duplicate payments;

(vi) the account has not previously been passed for payment;

(vii) appropriate entries have been made in inventories and stores records.

6.3.4 Photocopied or fax copies of invoices are not acceptable, except in extreme circumstances and then only if the copy has been certified by an authorised signatory.

6.3.5 Payments will only be processed if there are original handwritten initials and signatures in the authorisation boxes (i.e. photocopied signatures are not acceptable).

6.3.6 Any copy of an invoice produced prior to payment, for example a file copy, will be scored through and marked to clearly identify it as a copy.

6.3.7 To comply with VAT requirements, where it is necessary to amend an invoice, it must either be returned to the supplier, or a credit note/supplementary invoice should be requested prior to payment being made. The use of correcting fluid etc to amend invoices is forbidden.

6.3.8 In the case of payments in which an officer may have an interest (for example attendance on a training course, payment for accommodation etc) the countersignature of the officer's line manager will be obtained.

6.3.9 Staff responsible for processing payments will ensure that appropriate attention is paid to the commitments system, especially where decommitments are not carried out automatically. (?)

6.4 Urgent processing

6.4.1 Certified invoices due for payment but which require payment in advance of normal processing may in exceptional circumstances be processed through the urgent payment system with the approval of the Head of Financial Support Services

6.5 Periodic payments

6.5.1 Any order or contract entered into by a budget holder which entails periodic payments will be recorded in a periodic register. All amendments to such orders or contracts will be entered in the register, entered as a commitment into the Powersolve System and profiled in budget monitoring statements.(?)

[This is more detailed than the existing regulations.]

6.5.2 In the case of public service providers for example gas, water and electricity, and other cases where payments are made monthly, quarterly or half yearly, the appropriate Head of Service will ensure that commitments are entered into the Powersolve System, based on past spend patterns suitably adjusted for any known or anticipated changes. (?)

7. TRAVELLING, SUBSISTENCE AND FLEXIBLE WORKING HOURS

7.1 Approved forms

7.1.1 All claims for travelling and subsistence payments and adjustments to the staff flexible working hours scheme will be made only on forms approved by the Head of Business Support Services. *[This is similar to the current regulations, except there is a requirement for submission within 7 days.]*

7.2 Certification

7.2.1 All travelling and subsistence claims and flexible working hours adjustment sheets will be signed by the appropriate Head of Service or other senior officer authorised to do so. The Head of Business Support Services and Internal Audit will be notified of all officers so authorised, will receive and retain a list of specimen signatures, and will be notified immediately of any changes.

7.2.2 Certifying officers will normally be the claimant's line manager who will ensure to the best of their knowledge that:-

(i) travelling and subsistence claims relate to journeys made and expenses properly and reasonably incurred whilst carrying out official duties, in accordance with current Human Resources policy and procedural guidance;

(ii) flexible working credits/debits are accurately recorded on adjustment sheets and are in accordance with current Council policy.

7.3 Payment of Travelling and Subsistence Claims

7.3.1 Certified claims will be forwarded to the Payroll Section within five working days following the end of the month to which the claim relates for payment through the salaries and wages system.

7.3.2 Payments to Members will be made by the Payroll Section upon receipt of the prescribed form duly completed and submitted within five working days following the end of the month to which the claim relates.

8. ADVANCE ACCOUNTS

8.1 Provision

8.1.1 The Head of Financial Support Services will provide advance accounts for appropriate officers of the Council. Advance accounts will be used for the purpose of providing petty cash for incidental purchases. Such accounts will be maintained using the imprest system.

8.1.2 Petty cash floats/imprestments will only be raised following the approval of the Head of Business Support Services who record and reconcile all accounts held. Officers will obtain a holding account code for each imprest/float from the Accountancy Section.

8.2 Operation

8.2.1 Individual payments from advance accounts will be limited to 20% of the value of the account or £50 whichever is the lesser. All payments will have the prior agreement of the account holder and will be supported by a receipted voucher (VAT receipt where appropriate), certified in accordance with Regulation 6.3.

8.2.2 No advances will be used by account holders other than for official purposes.

8.3 Security

8.3.1 An officer to whom an advance is made will:-

(i) be personally responsible for ensuring the proper use of and safe custody of the money advanced;

(ii) be liable to produce upon demand to the Head of Business Support Services' authorised representative cash or vouchers to the total of the advance together with a certificate of the state of the imprest account;

(iii) on leaving the employment of the Council, be liable to account to the Head of Business Support Services for the amount advanced.

8.3.2 The Head of Business Support Services will:-

(i) maintain a record of advances made;

(ii) examine the vouchers and receipts retained by officers in substantiation of payments and reimburse as often as may be necessary the amounts expended.

8.4 Annual statement of value

8.4.1 An annual statement of value of each imprest will be certified by the appropriate Head of Service or their authorised representative and submitted to the Head of Business Support Services within seven days of the end of each financial year.

[The current limit is £50. The current controls are:

a) obtain and retain vouchers to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained;

(b) make adequate arrangements for the safe custody of the account;

(c) produce upon demand by the Director of Internal Services cash and all vouchers to the total value of the imprest amount;

(d) record transactions promptly;

(e) reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder;

(f) provide the Director of Internal Services with a certificate of the value of the account held at 31 March each year;

(g) 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.]

9. SALARIES AND WAGES

9.1 Responsible officer

9.1.1 The Head of Business Support Services will make arrangements to pay all salaries, wages and allowances properly payable by the Council to its employees and Members.

9.1.2 In accordance with agreed procedures, each Head of Service will notify the Head of Business Support Services immediately in writing of all matters affecting the payment of salaries, wages and emoluments, and in particular:-

(i) appointments, resignations, dismissals, suspensions, secondments, retirements and redundancies;

(ii) absences from duty for sickness or other reason apart from approved leave;

(iii) changes in remuneration other than normal increments and pay awards;

(iv) any information necessary to maintain records of service for superannuation, income tax, national insurance and the like.

9.1.3 Each Head of Service will forward a clearance certificate to the Payroll Section within 2 working days of receiving formal notice that an employee's employment will be terminating, to ensure any debts incurred by the employee have been repaid e.g. car loan/lease car, post entry training expenses, leave taken over entitlement etc.

9.2 New appointments

9.2.1 Appointments of all employees will be made in accordance with the regulations of the Council and the approved establishment, grades and rates of pay, and within any statutory requirements.

9.2.2 Where temporary staff are engaged on a self employed basis, prior advice will be sought from the Personnel/Legal/Payroll Sections as appropriate, in order to protect the Council from any employment liabilities (for example tax, national insurance) which may arise.

9.3 Approved forms

9.3.1 All timesheets, overtime approvals and other pay documents will be in a form as prescribed by the Head of Business Support Services and Internal Audit.

9.4 Certification

9.4.1 All timesheets, overtime approvals or other pay documents will be signed by a Head of Service or other senior officer authorised to do so. The Head of Business Support Services and Internal Audit will be notified of all authorised officers, will receive and retain a list of specimen signatures, and will be notified of any changes.

[Current controls include:

(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.

A section could be added on responsibilities for salary budgets.]

10. CONTRACTS FOR BUILDING, CONSTRUCTIONAL OR ENGINEERING WORK

10.1 Compliance with Contract Procedure Rules

10.1.1 All contracts relating to building, constructional or engineering work made by the Council or on its behalf will comply with the Council's Contract Procedure Rules.

10.2 Register

10.2.1 Heads of Services will keep a register of all formal contracts relevant to their activities in a form specified by the Head of Business Support Services, and will enter a record of payments to contractors and of all contract fees and related professional fees.

10.2.2 The Head of Business Support Services will maintain a record of payments made to contractors and tax deducted, including copies of vouchers sent to the HM Revenue and Customs regarding gross payments made to holders of CIS5 and CIS6 tax certificates.

10.3 Certification

10.3.1 All contract payments will only be made if a valid contract exists, and only on a certificate issued and signed by the appropriate Head of Service or other senior officer authorised to do so. The Head of Business Support Services will be notified of all authorised officers, will receive and retain a list of specimen signatures and will be notified immediately of any changes.

10.3.2 Where payment is to the holder of a CIS4 registration card, payment will only be made if the card is valid. Tax will be deducted in accordance with legal requirements.

10.4 Variations

10.4.1 Contract variations will be authorised in writing by the appropriate Head of Service or his/her authorised representative in charge of the contract. A note of the financial effects of any variation must be recorded with the contract documentation either before or immediately after the issuing of the instruction.

10.4.2 Variation orders issued verbally on site must be confirmed in writing within 2 working days: see 5.8.1 above.

10.5 Final certificates

10.5.1 The final certificate of completion of any contract will not be issued until the appropriate Head of Service has completed a detailed statement of account and all relevant documents. The appropriate Head of Service will be responsible for ensuring the adequate checking of final accounts and issuing a formal memorandum authorising payment, a copy of which will be sent to the Head of Business Support Services.

10.5.2 The Head of Business Support Services will, to the extent considered necessary, examine contract final accounts and will be entitled to make all such enquiries and receive such information and explanations as required in order to be satisfied as to the accuracy of the accounts.

10.6 Reporting of excess costs

10.6.1 If during the course of any contract there are indications that costs are likely to exceed the approved contract sum, the Head of Business Support Services and Managing Director will be informed immediately and a report containing an explanation will be submitted to the next Executive.

10.6.2 All cases where final costs have exceeded the approved contract sum will be reported to the Executive following agreement of the final account.

11. INCOME

11.1 Responsible officer

11.1.1 The Head of Business Support Services will be responsible for ensuring that prompt and proper arrangements exist for the collection, custody, control, disposal and accounting of all cash and remittances due to the Council.

11.1.2 Budget officers will notify the Head of Business Support Services of all sums due to the Council in respect of payment for goods and services or other transactions involving the receipt of money in a manner as prescribed by the Head of Business Support Services.

11.1.3 All sums due from sundry debtors will be raised promptly by Services via the debtors module of the Powersolve System. (?) Responsibility for the prompt and thorough recovery of debts rests with the appropriate budget officer. Whenever appropriate, payment in advance should be obtained as this improves the Council's cashflow and also avoids the time and cost of administering debts.

11.2 Paying in

11.2.1 All money received by an officer on behalf of the Council will be paid into one of the Council's Cash Offices without delay, or if instructed by Head of Business Support Services, direct to the Council's bank account.

11.2.2 No deduction will be made from sums due to the Council.

11.2.3 Officers paying into a bank account must enter a reference to the debt or the origin of the cash or cheque on the paying in slip.

[Existing provisions include:

- (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 and accounted for without delay to the Director of Internal Services. 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 document retention periods specified in Financial Procedure;*
- (i) money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.]*

11.3 Official receipts

11.3.1 All official receipts, forms, tickets, vouchers and similar documents will be ordered, stored and issued in accordance with procedures approved by the Head of Business Support Services.

11.3.2 No receipt given by an officer for money received will be in a form other than an official receipt.

11.4 Cashing cheques

11.4.1 No personal cheques will be cashed out of money held on behalf of the Council.

11.4.2 No third party cheques will be accepted by cashiers for the payment of any debt.

11.4.3 No East Herts District Council cheques endorsed “Account Payee” will be accepted by cashiers in respect of any outstanding debt unless there are any extenuating circumstances which have been considered and approved by the Head of Business Support Services.

[These provisions are new.]

11.5 Transfer of remittances

11.5.1 Every transfer of money held on behalf of the Council from one member of staff to another will be evidenced by the signature of the receiving officer in a register or pro forma maintained for this purpose.

11.5.2 Any blank cheques received and those which are not “Account Payee Only” will be crossed with an official stamp immediately on receipt as part of the post opening procedure.

11.6 Write offs

11.6.1 It will be the responsibility of Head of Services to promptly notify the Head of Business Support Services of the need to write off any debt, giving details of the steps taken to recover the debt and valid reasons for the write off. A “debt” may be classified as:-

- (i) an individual amount for an individual debtor, or
- (ii) the cumulative amount of several related debts for an individual debtor, (for example all business rates arrears or all outstanding trade refuse payments).

11.6.2 The Heads of Service may authorise the write off of an individual debt or the cumulative total of related debts of up to £2,500

11.6.3 The write off of an individual debt or the cumulative total of related debts of up to £5,000 may be written of by the Director of Internal Services and such debts up to £10,000 may be written of by the Director of Internal

Services in conjunction with the Portfolio Holder for Resources and Internal Support. The write off of an individual debt or the cumulative total of related debts of more than £10,000 will require the authorisation of the Executive.

11.6.4 In all cases, due consideration will be given during the write off process to the ongoing provision of the service and any other Council services being provided to the debtor.

[Currently up to £100 can be written off by the Chief Executive/Director, £100 to £2,500 by the Portfolio Holder and over £2,500 by the Executive.]

11.7 Money laundering

11.7.1 For the purposes of the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007, the Head of Business Support Services will receive disclosures of suspected money laundering offences.

11.7.2 Any cash receipts in excess of £2,500 must be recorded and the details sent to the Head of Business Support Services weekly.

11.7.3 Cash receipts exceeding £5,000 for goods or property must be reported immediately to the Head of Business Support Services and Internal Audit who will inform HM Revenue and Customs.

11.7.4 All suspicious payments (whatever the value or form of payment – cash, cheque, card, transfer, etc) must be reported immediately to the Head of Business Support Services and Internal Audit.

[These provisions are new.]

12. BANKING AND CHEQUES

12.1 Responsible officer

12.1.1 The Director of Internal Services will operate bank accounts to carry out the Council's banking transactions at the bank nominated by the Council,

and will be responsible for the authorised operation of all bank accounts, bank transfers and the issue of all cheques on behalf of the Council.

12.1.2 No account will be opened on behalf of or including the name of the Council except on the authority of a resolution by the Council. Accounts will only be opened when authorised by the personal signature of Head of Business Support Services or other authorised officer.

12.2 Order and custody of cheques

12.2.1 Cheques will only be ordered on the authority of the Head of Financial Support Services who will make proper arrangements for their safe custody.

12.2.2 Internal transfers of cheques will be recorded and a discharge of liability signature will be obtained.

12.2.3 Any necessary replacement cheques shall not be drawn until confirmation has been received in writing from the Council's bank that the original cheque has been "stopped."

12.3 Signatures

12.3.1 All cheques drawn on the bank accounts of the Council will bear the Head of Business Support Services ' facsimile signature, or be signed by the Head of Business Support Services or other authorised officer. All facsimile signatures will be checked at the time of printing.

12.3.2 All Value C cheques (see paragraph 1.3) will require the manuscript signature of the Head of Business Support Services, or other authorised officer.

{These provisions may need to be amended to meet current practice.}

13. TREASURY MANAGEMENT

13.1 Responsible officer

13.1.1 All money in the hands of the Council will be under the control of the officer designated for the purposes of Section 151 of the Local Government Act 1972 i.e.: the Head of Business Support Services, who will take all executive decisions on borrowing, lending, repayment and financing in line with current Council policy.

13.2 Records

13.2.1 The Head of Business Support Services will be the Council's Registrar of bonds and mortgages and will maintain records of any borrowing and lending by the Council.

13.3 Best practice

13.3.1 All borrowing, lending and financing will be in accordance with the CIPFA publication "Treasury Management in the Public Services" (2001).
{Should this be the CIPFA Code of Practice on Treasury Management?}

13.3.2 Should the Head of Business Support Services wish to depart in any material respect from the main principles of this publication, the reasons will be disclosed in a report to the Council.

13.4 Policy, strategy and reporting

13.4.1 A long-term treasury management policy statement will be adopted by the Council and thereafter its implementation and monitoring will be delegated to the Head of Business Support Services.

13.4.2 At or before the start of the financial year the Head of Business Support Services will report to the Executive on the proposed treasury management strategy for the coming financial year.

13.4.3 The Head of Business Support Services is responsible for ensuring that up to date treasury management practice statements are in place providing written guidance and instruction on routine operational activities.

13.4.4 The Head of Business Support Services will report to the Executive on the activities of the treasury management operation. This will include an annual report on treasury management for presentation by 30 September of the succeeding financial year.

[The current regulations include these controls:

3.108 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.

3.109 To hold or make arrangements for the custody of all securities that are the property of the Authority or its nominees and the title deeds of all property in the Authority's ownership.

3.110 To effect all borrowings in the name of the Authority.

3.111 To act as the Authority's registrar of stocks, bonds and mortgages and to maintain records of all borrowing and investment of money by the Authority.

3.112 To ensure that loans are not made to third parties and that interest are not acquired in companies, joint ventures or other enterprises.

3.113 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 Director of Internal Services, unless the deed otherwise provides.

3.114 To arrange, where funds are held on behalf of third parties, for their secure administration, approved by the Director of Internal Services, and to maintain written records of all transactions.

3.115 To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

3.116 To indemnify any Member or officer appointed by the Council to act as a trustee in respect of any liability that may arise in that capacity unless in the opinion of the Council the Member or officer has been guilty of gross negligence.]

14. INTERNAL AUDIT

14.1 Responsible officer

14.1.1 The statutory requirement for internal audit in local government is prescribed by the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006. The responsibility for maintaining an adequate and effective system of internal audit rests with the relevant body i.e.: the Council. Accordingly, a system of continuous internal audit, under the control and direction of the Head of Business Support Services will carry out an examination of the accounting, financial and other operations in so far as they have financial effects on the Council. Internal audit effort will be co-ordinated with that of the Council's external auditors.

14.2 Internal Control

14.2.1 Internal Auditors are responsible for reviewing and advising on the Council's internal control systems. These systems need to ensure compliance with all applicable statutes, regulations and best practice guidance. Internal controls should also ensure that the risks facing the Council are minimised and that public funds are properly safeguarded and used economically, effectively and efficiently, in accordance with the statutory and other authorities that govern their use.

14.2.2 Head of Services are responsible for managing risks and maintaining sound arrangements for planning, appraising, authorising and controlling operations in order to secure continuous improvement, economy, effectiveness and efficiency, and to achieve financial performance targets.

14.3 Rights of access

14.3.1 The Head of Business Support Services' authorised representative will have authority:-

- (i) to enter any land, building, vehicle or plant owned or used by the Council;
- (ii) to have access at all times to any record, document, contract or correspondence relating to the affairs of the Council, including those stored by mechanical, electric or electronic means;
- (iii) to possess or take copies of any record, document or correspondence;
- (iv) to require such explanations as are necessary from any Council officer concerning any matter under examination;
- (v) to require any employee of the Council to produce cash, stores or any other Council property under their control.

14.4 Standards

14.4.1 The Internal Audit Section will comply with all legislative requirements and guidelines issued reflecting best audit practice. The results of internal audit work will be reported quarterly and at such other times as are necessary to the Audit Committee.

14.5 Fraud and irregularity

14.5.1 The Head of Business Support Services is responsible for maintaining and promoting the Council's anti-fraud and anti-corruption policy.

14.5.2 Any officer who suspects that an irregularity is being or has been perpetrated concerning the Council's affairs shall immediately inform their Head of Service, the Chief Executive and the Head of Business Support Services, who will investigate and report as necessary.

14.5.3 Any Member who suspects that an irregularity is being or has been perpetrated concerning the Council's affairs shall immediately inform the Managing Director and the Head of Business Support Services, who will investigate and report as necessary.

14.5.4 Where criminal proceedings might be necessary the Chief Executive in consultation with the Head of Business Support Services and the Monitoring Officer will be responsible for deciding whether to refer a matter to the Police.

14.5.5 Any Member or officer who suspects that an irregularity concerning the Council's affairs is being or has been perpetrated by the Chief Executive shall immediately inform the Monitoring Officer.

14.5.6 The Council has a whistleblowing policy which aims to:-

(i) provide confidential avenues for employees and others to raise concerns and receive feedback on any action taken

(ii) allow employees to take the matter further if they are dissatisfied with the Council's response

(iii) reassure employees that they will be protected from reprisals or victimisation for whistleblowing in good faith.

15. INVENTORIES

15.1 Responsible officer

15.1.1 Heads of Services will maintain an inventory of all significant [*over £50?*] items of plant, vehicles, machinery, equipment, tools, furniture and other movable property under their control.

15.2 Form and control

15.2.1 Inventories will be in a form approved by the Head of Business Support Services.

15.2.2 Heads of Services will be responsible for ensuring that inventories are continuously updated, and that appropriate action is taken on the discovery of deficiencies and surpluses. Attractive and portable items such as computers and cameras should be marked with security markings as belonging to the Council.

15.3 Write offs

15.3.1 Unserviceable inventory items of little value and items past their useful life will be written off under the written authority of a Head of Service.

15.3.2 No item will be written off other than as a result of fair wear and tear except on the authority of:-

(i) the Head of Business Support Services on the recommendations of Service Unit Managers if the item is estimated not to exceed £1,000

(ii) the Head of Business Support Services in consultation with the appropriate Executive Member if the item exceeds £1,000 but is not greater than Value A (£5,000)(see paragraph 1.3);

(iii) the full Executive if the item exceeds Value A (£5,000).

15.3.3 Disposal of written off inventory items will be the responsibility of Head of Service in consultation with the Head of Business Support Services. This will be by competitive tender, public auction, or such other manner which is most beneficial to the Council. Any disposal of a single inventory item in excess of £1,000 will be reported to the Executive.

15.4 Removal of property

15.4.1 The Council's property will not be removed or used other than in accordance with the ordinary course of the Council's business except in cases where specific direction or approval has been issued by the appropriate Head of Service

15.4.2 Loan items of clothing, equipment etc. will be signed for by the recipient and returned when leaving the Council's employment.

16. LAND HOLDINGS

16.1 Responsible officer

16.1.1 The Head of Democratic and Legal Support Services will maintain a terrier of all land and properties owned by the Council and will maintain an asset register of the Council's land and property holdings with a value in excess of £10,000 in accordance with current accounting requirements.

16.2 Coverage

16.2.1 The land and property terrier will contain the following details:-

(i) purpose for which held

(ii) location

(iii) extent and plan reference

(iv) purchase details, including date of acquisition

(v) rents receivable/payable and rent review dates

(vi) reference to easements in deeds

(vii) other charges against the property such as repairing and insuring obligations.

16.3 Security

16.3.1 The Head of Legal and Democratic Support Services will keep all title deeds securely and will record all deeds temporarily removed.

16.3.2 The Common Seal of the Council will be kept in a safe place in accordance with the relevant section of the Council's Constitution.

16.4 Acquisitions

16.4.1 Any acquisition of land or property by the Council will comply with relevant legislation and current guidelines reflecting best practice.

16.4.2 The Chief Executive and Head of Business Support Services in conjunction with the appropriate Executive Member will jointly exercise a delegation to deal with Value A and Value B (see paragraph 1.3) acquisitions and will advise the Local Member before the decision is taken.

16.4.3 Routine acquisition of any Value C land or property will be authorised by a prior resolution of the Executive.

16.4.4 For urgent acquisitions of Value C land or property, a meeting of the Executive will be convened, and the advice of the Local Member will be sought before any decision is taken.

16.4.5 The Head of Business Support Services will exercise a delegation up to Value B to deal with property management issues such as lease renewals and rent reviews. Decisions on Value C property management issues will be taken in conjunction with the appropriate Executive Member and reported to

the next Executive. *[This is currently the Director of Internal Services under the Constitution].*

16.5 Disposals

16.5.1 Any disposals of Council land or property will comply with relevant legislation and current guidelines reflecting best practice. In particular the Local Government Act 1972 s123 requires that disposals will be for the best consideration that can reasonably be obtained. Detailed guidance is given in Professional Guidance Note No. 2 (Disposals of land interests by Local Authorities) issued by the Valuation Liaison Group.

16.5.2 The Chief Executive and Head of Business Support Services in conjunction with the appropriate Executive Member will jointly exercise a delegation to deal with Value A and Value B disposals.

16.5.3 Routine disposal of any Value C Council land or property will require the prior approval of the Executive, who will consider a report by the Head of Business Support Services which will include the financial, legal and other consequences of the proposed disposal.

16.5.4 Terms shall not be finalised without the benefit of a current valuation from a qualified valuer with appropriate expertise. This is particularly important where negotiations are conducted with a single purchaser.

16.5.5 Value C disposals will be subject to the invitation of competitive bids. The land/property will be advertised on a scale and in locations calculated to reach the relevant sectors of the property market. Where land is to be disposed of by:-

(a) auction - it should be subject to a reserve price not less than the valuer's current valuation;

(b) public tender or sealed offers - Contract Procedure Rules will be applied.

16.5.6 Where disposals are related to land where the proposed purchaser already has an existing interest, for example adjacent owner, lessor, tenant, sale by private treaty may be applicable and use may be made of estate agents appearing on an approved list.

16.5.7 Where an offer is accepted subject to contract and a higher offer is received before contracts are exchanged, the person who made the former offer shall be given the opportunity to increase it if it is proposed to accept the higher offer.

16.5.8 Negotiations with prospective purchasers should take place at the Council offices or at the offices of the other party or their agents within normal office hours, with at least two officers present. Signed minutes shall be kept and points agreed confirmed promptly by exchange of correspondence. The progress of negotiations shall be regularly reported to the Chief Executive and the Executive.

16.5.9 In exceptional circumstances, if urgent disposal of Value C land or property is necessary, a meeting of the Executive will be convened, and the advice of the Local Member will be sought before any decision is taken.

17. INSURANCE

17.1 Responsible officer

17.1.1 The Head of Business Support Services will arrange all necessary insurances for the Council in accordance with agreed policy. A record of all properties and risks covered will be kept, and a review will take place at least annually to ensure that all the insurances remain adequate.

17.2 Claims

17.2.1 The Head of Business Support Services will be responsible for dealing with all claims against or on behalf of the Council.

17.2.2 The appropriate Head of Service will notify the Head of Legal and Support Services and the Head of Business Support Services immediately in writing of any loss, liability of damage or any other event likely to lead to a claim, and will provide full supplementary information relating to the claim within 10 working days. Where necessary the appropriate Head of Service, having consulted with the Head of Legal and Support Services will inform the Police.

17.3 Cover

17.3.1 The Director of Internal Services will immediately inform the Head of Business Support Services, in writing, of all new risks, properties or vehicles, and any material alterations to existing risks, properties or vehicles.

17.3.2 The appropriate Head of Service will consult the Head of Business Support Services in respect of the terms of any indemnity the Council is required to give.

[Is a provision required specifying minimum cover e.g. £5m?]

18. STOCKS AND STORES

18.1 Responsible officer

18.1.1 Heads of Services will be responsible for the care and physical custody of the stocks and stores under their control, and for ensuring that such stocks and stores are not kept in excess of normal requirements.

18.2 Records

18.2.1 Stocks and stores records will be kept in a form to be agreed by the Head of Business Support Services

18.3 Stocktaking

18.3.1 Stocks and stores will be subject to periodic test checks by officers other than the storekeepers and all stocks and stores will be checked at least annually, to include a review of the level and condition of stock.

18.3.2 A certificate of value will be produced on the last day of each financial year and forwarded promptly to the Head of Business Support Services within seven working days.

19. SECURITY

19.1 Responsible officer

19.1.1 Heads of Services will be responsible for the safe keeping and authorised use of all assets under their control.

19.2 Cash holding

19.2.1 Maximum limits of cash holdings will be agreed with Head of Business Support Services and Internal Audit and will not be exceeded without written permission.

19.3 Keys

19.3.1 Keys held by Officers and nominated Members to Council property, including safes, cash boxes, strong rooms and computer terminals, security systems and any other secure item or area will be issued by the Head of Business Support Services to named individuals who will confirm receipt in a register and be responsible for their safe custody. The loss of any key will be reported to the Head of Business Support Services immediately.

19.3.2 The Head of Business Support Services will be responsible for ensuring that adequate security arrangements exist for keys to other Council owned property.

19.3.3 Heads of Services will ensure that officers who leave the Council's employment or cease to be required to hold keys surrender their keys immediately.

19.3.4 Heads of Services will retain master copies of all keys issued. (?)

19.4 Identification cards

19.4.1 The Head of Business Support Services will be responsible for issuing identification cards to all permanent Officers and Members.

19.4.2 Heads of Services will be responsible for making arrangements for issuing identification cards to temporary staff, visitors, trade workers etc, and ensuring that all personnel return their identification cards when they leave the Council's employment.

19.4.3 All Officers and Members will wear their identification cards at all times when on official premises.

19.5 Information and Communications Technology

19.5.1 The Director of Internal Services will be responsible for the security of corporate data, and ensuring that adequate contingency arrangements exist which protect the Council's interests in the event of an ICT disaster.

19.6 Post opening

19.6.1 The Head of Business Support Services will be responsible for ensuring that secure post opening procedures exist to prevent:

- (i) items of mail being lost or stolen
- (ii) fraudulent documents entering the system.

19.6.2 Procedures will be documented and will include:

- (i) post opening by a minimum of two staff
- (ii) post receipt / despatch in a secure area
- (iii) date stamping of post received
- (iv) effective and timely document image processing.

19.7 Breaches of security

19.7.1 The appropriate Head of Service will immediately report breaches of security to the Chief Executive who will consider the audit and insurance implications, take appropriate action and refer sufficiently serious cases to the Police.

20. MANAGEMENT OF INFORMATION

20.1 Responsible officer

20.1.1 Heads of Services will be responsible for maintaining proper security and privacy of all information under their control including that held in computerised files. Proper consideration will be given at all times to the proper use of passwords to prevent unauthorised access to systems.

20.2 Data protection and Freedom of Information

20.2.1 The Head of Business Support Services will be nominated as Data

Protection Officer (?) and will be responsible for ensuring that the Council acts in accordance with the provisions of the Data Protection and Freedom of Information legislation.

20.3 Retention of documents

20.3.1 Heads of Services will make arrangements for retaining official documents for the periods as listed at Appendix 2.

21. EXTERNAL ARRANGEMENTS

21.1 Introduction

21.1.1 The Council provides a distinctive leadership role for the community and can bring together the contributions of the various stakeholders. It can also act to promote or improve the Council's economic, social and environmental wellbeing.

21.2 Partnerships

21.2.1 The Executive is responsible for approving delegations, including frameworks for partnerships. The Executive is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.

21.2.2 The Executive can delegate functions – including those relating to partnerships – to officers. These are set out in the scheme of delegation that forms part of the Council's constitution. Where functions are delegated, the Executive remains accountable for them to the full Council.

21.2.3 Officers represent the Council on partnerships and external bodies, in accordance with the scheme of delegation.

21.2.4 Council representatives on partnerships will promote and maintain the same high standards of financial administration that normally apply within the Council.

21.2.5 The Head of Business Support Services must ensure that the accounting arrangements adopted by partnerships and joint ventures are satisfactory. Consideration must be given to the overall corporate governance arrangements and legal issues when arranging contracts with external bodies, and all significant risks must be fully appraised before agreements are entered into.

21.2.6 Heads of Services are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

21.3 External Funding

21.3.1 The Head of Business Support Services is responsible for ensuring that all funding notified by external bodies is received used for the intended purpose and properly recorded in the Council's accounts.

21.4 Work for Third Parties

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

21.4.2 Heads of Services will ensure that:

- (i) any risks are minimised and such work is intra vires;
- (ii) a register is maintained of all contracts entered into with third parties;
- (iii) appropriate insurance arrangements are made;

- (iv) the Council is not put at risk from any bad debts;
- (v) no contract is subsidised by the Council;
- (vi) wherever possible, payment is received in advance of the delivery of the service;
- (vii) the Service Unit has the appropriate expertise to undertake the contract;
- (viii) all contracts are properly documented;
- (ix) appropriate information is provided to the Head of Business Support Services for final accounts purposes.

APPENDIX 1

LOCAL GOVERNMENT FINANCE ACT 1988

Section 114 Functions of responsible officer as regards reports

(1) On and after the commencement day the person having responsibility for the administration of the financial affairs of a relevant authority under section 151 of the 1972 Act, section 73 of the 1985 Act or section 112 above shall have the duties mentioned in this section, without prejudice to any other functions; and in this section he is referred to as the chief finance officer of the authority.

(2) The chief finance officer of a relevant authority shall make a report under this section if it appears to him that the authority, a committee or officer of the authority, or a joint committee on which the authority is represented –

(a) has made or is about to make a decision which involves or would involve the authority incurring expenditure which is unlawful,

(b) has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the authority,

or

(c) is about to enter an item of account the entry of which is unlawful.

(3) The chief finance officer of a relevant authority shall make a report under this section if it appears to him that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

[(3A) It shall be the duty of the chief finance officer of a relevant authority, in preparing a report in pursuance of subsection (2) above, to consult so far as practicable –

(a) with the person who is for the time being designated as the head of the authority's paid service under section 4 of the Local Government and Housing Act 1989; and

(b) with the person who is for the time being responsible for performing the duties of the authority's monitoring officer under section 5 of that Act.]

(4) Where a chief finance officer of a relevant authority has made a report under this section he shall send a copy of it to –

(a) the person who at the time the report is made has the duty to audit the authority's accounts, and

(b) each person who at that time is a Member of the authority.

(5) Subject to subsection (6) below, the duties of a chief finance officer of a relevant authority under subsections (2) and (3) above shall be performed by him personally.

(6) If the chief finance officer is unable to act owing to absence or illness his duties under subsections (2) and (3) above shall be performed –

(a) by such member of his staff as is a member of one or more of the bodies mentioned in section 113(3) above and is for the time being nominated by the chief finance officer for the purposes of his section, or

(b) if no member of his staff is a member of one or more bodies, by such member of his staff as is for the time being nominated by the chief finance officer for the purposes of this section.

(7) A relevant authority shall provide its chief finance officer with such staff, accommodation and other resources as are in his opinion sufficient to allow his duties under this section to be performed.

(8) In this section –

(a) references to a joint committee are to a committee on which two or more relevant authorities are represented, and

(b) references to a committee (joint or otherwise) include references to a subcommittee.

N.B. For the purposes of paragraph 1 above, the Head of Business Support Services will be the nominated officer.

APPENDIX 2

Minimum period for retention of “financial” documents

Note: the following is based on the CIPFA Financial Information Service list which incorporates the results of a number of local agreements with HM Revenue and Customs.

Type of Document Retention Period (Years)

Accountancy/Financial

Budgetary monitoring reports 2 + current
Estimate working papers 2 + current
Financial ledgers (incl year end reports) 6
Grant claim records 6
Investment records 6 after maturity
Journals etc 6
Leasing records 2 + current
Statement of accounts 6
VAT claims 6
VAT records 6

Bank Related Records

Bank paying-in books/slips 6
Bank reconciliation papers 6
Bank statements 6
Cheque books and counterfoils 6
Cheque lists (creditors/payrolls) 2 + current
Cheques - cancelled 2 + current
Cheques – returned 2 + current
Loan records and correspondence 2 + current

Contracts

Contract registers Retain indefinitely

Final accounts:

contracts executed under hand 6

contracts issued under seal 12

Successful tenders 6 after final payment

Unsuccessful tenders Until final payment

Creditor Records

BACS records 6

Copy orders 6

Credit notes 6

Creditor invoices 6

Delivery notes 6

Periodic payment records 6

Petty cash floats & imprest documentation 6

Income Records

Cash receipting reconciliation records 6

Collection and deposit books 6

Correspondence (income) 6

Debtor records (non-current accounts) 6

Miscellaneous income receipts 6

Receipt books & record of books issued 6

Sales records 6

Insurance Records

Insurance claims, correspondence 6

Insurance contracts – expired Retain indefinitely

Insurance policy documentation Retain indefinitely

Miscellaneous Records

Capital works monitoring reports 2 + current
Car leasing and mileage records 6 from end of lease
Car loans 6
Community Charge records (non-current) 6
Computer system documentation 2 + current
Council Meetings: reports and agendas Retain indefinitely
Council Tax records (non-current) 6
Departmental files for Building Control, Planning,
and Trees (for Latent Damage Act purposes) 16
Flexible Working Hours adjustments 1 + current
HM Revenue and Customs documentation 6
Inventory records 6
Land charges records Retain indefinitely
Members' statutory registers (non-current) 4
Minutes - Council meetings: reference copy Retain indefinitely
Mortgages: records/correspondence
(non-current) 2 + current
Postal remittance lists 2 + current
Road fund licence records 2 + current
Stock lists ` 2 + current
Travelling and subsistence claims 2 + current
Vehicle logs 2 + current
Vehicle/machinery leasing records 2 + current

Payroll

BACS records and output 3
Building Society reports 3
Copy payslips 6
Correspondence 6
NI number changes 3

Overtime records 6
Payroll adjustment documentation 6
Payroll reconciliations 6
Part time employees' documentation 6
Pension records Retain indefinitely
SSP and SMP records 4
Staff transfer and leaver records 6
Starters' forms 2
Tax and National Insurance records 6
Tax code notifications 2 + current
Timesheets 6
Union records 2 + current

Personnel

Personnel files (non-current) 6 + current
Staff contracts (non-current) 6
Unsuccessful candidates' job application forms 1

{This list is more comprehensive with comparable or greater retention periods.}