

## EAST HERTS COUNCIL

ANNUAL COUNCIL - 12 MAY 2010

### REPORT BY THE LEADER OF THE COUNCIL

#### 15. AMENDMENTS TO THE FINANCIAL REGULATIONS

WARD(S) AFFECTED: All

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#### **Purpose/Summary of Report**

- The report sets out proposed amendments to the Financial Regulations. The Contract Procurement Rules are in the process of being revised. A report on the Rules will be brought to a future meeting.

<b><u>RECOMMENDATIONS FOR DECISION:</u></b>	
<b>(A)</b>	that the amendments to the Financial Regulations be approved;
<b>(B)</b>	the Chief Executive and the Director of Neighbourhood Services be authorised to make minor amendments to the Financial Regulations and in consultation with the Member/officer Group.

#### 1.0 Background

1.1 The report considers amendments to the Council's Financial Regulations which form part of the Constitution to assist the Council to deal with financial matters. The Monitoring Officer monitors and reviews the Constitution on a regular basis. Recommended changes are included in the **Essential Reference Paper B** to the report.

#### 2.0 Report

2.1 The current versions were approved in May 2008. They were significantly different from the previous documents. They took account of requests for changes to achieve greater flexibility to meet the needs of modern Councils whilst retaining effective

controls. Due to the significant changes that took place it was important to review their effectiveness to establish what improvements could be made.

2.2 A Member/Officer Group has reviewed the documents and proposes the changes described in the report.

### 3.0 Financial Regulations

3.1 The changes to the Financial Regulations can be summarised as follows:

3.2 The function of the section 151 Officer has been clarified to reflect the current structure.

3.3 The role of Scrutiny has been made clear in the financial planning section and the development of new policies.

3.4 Where the capital contingency is used, a report will be submitted to the Executive in future.

3.5 The decision making process of supplementary estimates has been clarified and refined.

3.6 Proposals for carry forwards will be reported to the Executive and submitted to Council for approval.

3.7 Payments of accounts now reflect the use of credit cards and electronic ordering. It paves the way for the use of payment cards.

3.8 The Financial Regulations and the Procurement Regulations have been made more consistent.

3.9 Orders are now contained within the Procurement Regulations.

3.10 New provisions on credit balances have been added.

3.11 The section on money laundering has been updated to meet current requirements.

3.12 The section on Fraud has been expanded and amended to comply with the Whistleblowing Code.

3.13 New contacts on dealing with land holdings have been added.

3.14 Insurance provisions have been revised to reflect recent experiences.

4.0 Implications/Consultations

4.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**

Background Papers

None

Contact Member:

Contact Officer: Simon Drinkwater – Director of Neighbourhood Services, ext 1405

Report Author: Simon Drinkwater

## ESSENTIAL REFERENCE PAPER 'A'

Contribution to the Council's Corporate Priorities/Objectives (delete as appropriate):	<b>Fit for purpose, services fit for you</b> <i>Deliver customer focused services by maintaining and developing a well managed and publicly accountable organisation.</i>  <b>Leading the way, working together</b> <i>Deliver responsible community leadership that engages with our partners and the public.</i>
Consultation:	
Legal:	The legal implications have been taken into account in amending the Constitution.
Financial:	
Human Resource:	N/A
Risk Management:	A Constitution which reflects the Council's structure and delegation is important to the smooth running of the organisation.

## **Financial Regulations**

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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. ~~The 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~~May 2010 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~~Procurement Regulations~~Rules~~:
- Value A - up to £5,000  
Value B - over £5,000 and up to £50,000  
Value C - over £50,000.
- ~~(Values were set at 23 March 2008 and may be increased by the Director of Internal Services in line with the increase in the Consumer Price Index, in consultation with the Executive Member for Resources and Internal Support. The values are exclusive of VAT.)~~
- 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 ~~of the any where~~ decision and the reasons for the 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, and 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 Director of Internal 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.~~ Chief Finance Officer is a statutory appointment pursuant to Section 151 of the Local Government Act 1972. (the "S.151 Officer"). The Section 151 Officer may authorise staff to carry out financial responsibilities and generally perform the functions of a duly authorised officer of the Council in respect of financial regulations. Such staff shall possess such qualifications as may be required by law or in accordance with the Council's policy and have the necessary competence and experience.

## 2. FINANCIAL MANAGEMENT

- 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~~ Director of Internal Services S.151 Officer 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 S.151 Officer~~ Director of Internal 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 S.151 Officer~~ Director of Internal 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 S.151 Officer~~ Director of Internal 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 S.151 Officer Director of Internal 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 S.151 Officer Director of Internal 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 S.151 Officer Director of Internal Services~~
- 2.8 Heads of Services will comply with the requirements of the ~~Head of Business Support Director of Internal Services~~, to ensure that as far as possible arrangements are made to ~~separate ensure~~ internal financial checks and ~~that~~ 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 S.151 Officer Director of Internal Services~~ access to all accounts, records and documents. The ~~Head of Business Support S.151 Officer Director of Internal Services~~ will be responsible for supplying financial information to Head of Services in an agreed form and frequency.

- | 2.10 The ~~S.151 Officer 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, Directors and Heads of Service will ensure that ~~best~~-value for money 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 ASSESSMENTMANAGEMENT**

- 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 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, budget plans, programme options and service plans involving the proactive participation of Scrutiny, the Executive, the Corporate Management Team 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. Proposals will be submitted to the appropriate Scrutiny Committee of the proposals will take place prior to consideration by the Executive. Appropriate Scrutiny of the proposals will take place.
- 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. Proposals will be submitted to the appropriate Scrutiny of the proposals will take place Committee prior to consideration by the Executive. Appropriate Scrutiny of the proposals will take place.

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- 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~~ [S.151 Officer Director of Internal 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 the Corporate Management Team and Heads of Services, a timetable for the preparation of each year's estimates. This timetable will be agreed by the Executive by 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~~ the Council Tax.

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

~~4.1.3 The Director of Internal Services will propose for approval by the Executive a Financial Strategy setting out the principles and objectives of financial planning to set the Medium Term Financial Plan and Annual Budget. The Financial Strategy is to be amended or endorsed annually at the commencement of the budget setting process. s...~~

### 4.2 Preparation and approval of estimates

4.2.1 Estimates of gross and net revenue and capital expenditure will be prepared annually in accordance with Council policy and ~~will take ing~~ 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 in consultation with the Director of Internal Services, collate the resultant budgets for submission to and consideration by the Executive.



| 4.2.3 In addition, the [S.151 Officer](#) ~~Director of Internal Services~~ will submit a statement of the requirements of the precepting authorities and a recommended level of ~~Council~~ [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 Regulations~~ [Contract Procedure Regulations](#) ~~ules~~ 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) ~~authorisesanction\_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, ~~authorisety\_for~~ the Head of Service concerned to ~~spend-commit~~ the provision in subsequent financial years, provided the expenditure is contractually committed; and
  - (iii) ~~authorisety\_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. ~~Proposals will be submitted to the appropriate Scrutiny Committee prior to consideration by the Executive. Proposals will be submitted to the appropriate Scrutiny of the proposals will take place prior to consideration by the Executive. Appropriate Scrutiny of the proposals will take place~~ 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 S.151 Officer~~ ~~Director of Internal 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~~ ~~Director of Internal~~ Services in consultation with the appropriate Executive Member(s). It will be reported to the next meeting of the Executive.

~~4.3.7 Authority to incur expenditure from the capital contingency within the capital programme may be given by the Chief~~

~~Executive in consultation with the Portfolio Holder for Resources and Internal Support.~~

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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. Heads 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 ~~S.151 Officer~~Director of Internal Services of any problems.
- 4.4.2 The ~~Head of Business Support~~ ~~S.151 Officer~~Director of Internal 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.
- 4.4.4 The Head of Financial Support Services will report budgetary performance to the Executive on a quarterly basis.

#### **4.5 Virement**

- 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.
- 4.5.4 Virement of amounts up to Value A (£5,000) may be carried out by Heads of Service in consultation with the Director of Internal Services.
- 4.5.5 Virement of Value B amounts (£5,000 to £50,000) may be carried out by the appropriate Director in consultation with the Director of Internal Services and the appropriate Executive Member, and reported to the next Executive meeting.
- 4.5.6 Virement of Value C amounts (over £50,000) will be subject to prior approval by the Executive.
- 4.5.7 For the purpose of virement, each discrete service will be determined as containing two budget heads, one for employee costs and one for all other costs.
- 4.5.8 Any exceptions to the above rules must be approved by the Executive. [Virement limits apply to capital and revenue.](#)

#### **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~~ ~~S.151 Officer~~ ~~Director of Internal 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 In exceptional circumstances ~~t~~The Executive may approve a request for a supplementary estimate, ~~and may approve use of the Council's general or earmarked balances.:~~

a) Where this involves the use of an earmarked reserve for the purpose for which the earmarked reserve was created.

b) Where the amount is not more than £5400,000 to be taken from the general reserve and where the use of the general reserve does not take the balance on the reserve below £1.95 million or such other sums as the Council may determine when setting the annual budget.:

c) Where the supplementary estimate is a) in respect of a capital scheme which is:

EITHER  
to be fully funded by external grant or contribution and the revenue consequences of the scheme are no more than an additional £50,000 per annum:

or b) OR  
is to be funded by use of capital receipts or borrowing and the capital expenditure is not more than £5400,000 provided that the aggregate sum of any supplementary together with prior supplementary estimates approved since the programme was last set by the Council does not exceed £250500,000 or such other sums as the Council may determine when setting the annual budget.:

4.6.3 All supplementary estimates granted constitute approval to incur expenditure.

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## 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 S.151 Officer~~ Director of Internal Support Services will administer the scheme and report to the Chief Executive and Executive on all overspends and underspends proposed to be carried forward.
- 4.7.2 Any overspend on service estimates in total on budgets under the control of the Head of Service ~~will usually~~may be carried forward to the following year, and will constitute the first call on service estimates in the following year.
- 4.7.3 ~~Decisions-Proposals~~ on any underspends to be carried forward will be taken-made in the context of the Council's overall ~~net expenditure and a resource availability forecast~~ financial position and reported to the Executive and submitted to Council for approval.

## 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~~comply with the ~~Contract Procedure~~Procurement Regulations~~Rules covering estimates, quotations and tenders.~~

5.1.2 Prior to placing any order the officer placing that order shall ensure that the financial commitment to be incurred is able to be met by a budget approved for the purpose for which the order is to be placed and that the commitment otherwise complies with these Financial Regulations.

~~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 adverse 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.~~

### ~~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 Director of Internal 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 Director of Internal 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 Internal Audit and Business Improvement Manager/Head of Business Support 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.~~

### ~~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.~~

## 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.

6.1.2 The use of credit cards and purchasing cards will be in accordance with the rules issued from time to time by the

Director of Internal Services. Such cards shall not be used for personal use.

## **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 Director of Internal~~ Services.
- 6.2.2 The ~~Head of Business Support Director of Internal~~ Services will be entitled to rely on (but may challenge) the certification of authorised officers and will be empowered to pay all accounts addressed to East Herts Council and 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. Heads 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 they are responsible, or for which they have delegated authority. The ~~Head of Business Support Director of Internal Services~~ Internal Audit and Business Improvement Manager 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 and quantities;
- (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 annotated to show why an original is not available and certified by an authorised signatory.

6.3.5 Payments on the E-Marketplace will be authorised in accordance with guidance issued by the Director of Internal Services.

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

- | 6.3.76 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.
- | 6.3.87 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 manual amendment including the use of correcting fluid etc to amend invoices is forbidden.
- | 6.3.98 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.
- | 6.3.109 ———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.

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 ~~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~~ S.151 Officer/Director of Internal Services.

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7.1.2 The mode of travel will maximise value for money for example by having regard to car sharing and discounted tickets for public transport.

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### 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 Internal Audit and Business Improvement Manager ~~Head of Business Support~~ 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.

[7.3.3 All claims for mileage payments will have an appropriate VAT receipt attached.](#)

[7.3.4 Claims for payments which relate to claims which are more than 12 months old will not be accepted.](#)

## 8. ADVANCE ACCOUNTSPETTY CASH

### 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<sup>1</sup> Petty cash floats/imprests will only be raised following the approval of the Director of Internal Services, Head of Financial Services who will arrange for all accounts to be recorded and reconciled. Officers will obtain a holding account code for each imprest/float from the Accountancy Section.

8.1.2 Under no circumstances shall petty cash be used , including temporarily, for personal purposes.

### 8.2 Operation

~~8.2.1 Use of petty cash should be supported by VAT receipts in respect of each purchase. 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 The holder of petty cash shall ensure a not less frequent than weekly reconciliation of cash and vouchers held to the amount advanced. 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 Director of Internal 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 Director of Internal Services for the amount advanced.

| 8.3.2 The ~~Director of Internal Services~~ Head of Financial Services ~~Services~~ will ensure that:

- (i) a record is maintained of petty cash advances made;
- (ii) the vouchers and receipts retained by officers in substantiation of payments are examined and reimbursed as often as may be necessary.

#### **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 Internal Audit and Business Improvement Manager within seven days of the end of each financial year.

## 9. SALARIES AND WAGES

### 9.1 Responsible officer

9.1.1 The ~~Head of Business Support~~ Director of Internal 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 Director of Internal Services' authorised representative 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 pension, 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 to be engaged on a self employed basis, prior advice will be sought from the Human Resources/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 Director of Internal 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 Internal Audit and Business Improvement Manager will be notified of all authorised officers, will receive and retain a list of specimen signatures, and will be notified of any changes.

## 10. CONTRACTS FOR BUILDING, CONSTRUCTIONAL OR ENGINEERING WORK

### 10.1 Compliance with ~~Contract Procedure~~Procurement RulesRegulations

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~~urement  
RulesRegulations.

### 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 Director of Internal~~ Services, and will enter a record of payments to contractors and of all contract fees and related professional fees. Heads of Service will provide details of all formal contracts to the Procurement Officer.

10.2.2 The Head of Financial Support Services will maintain a record of payments made to contractors and tax deducted. This will -including-e copies of vouchers sent to the HM Revenue and Customs regarding gross payments made to holders of CIS5 and CIS6 tax certificates and such other records as may be required to operate similar schemes introduced by HMRC to collect and account for tax-.

### 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 Internal~~ Audit and Business and Improvement Manager 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 payment certificate shall not be issued until after:~~

- ~~(a) — the appropriate Head of Service has submitted a detailed final statement of account and supporting documents to the Internal Audit and Business Improvement Manager;~~
- ~~(b) — the Internal Audit and Business Improvement Manager has, to the extent considered necessary, examined the contract final account 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; and~~
- ~~(c) — the Internal Audit and Business Improvement Manager has confirmed in writing that the final payment certificate may be issued.~~

~~10.5.2 The appropriate Head of Service will be responsible for ensuring the adequate checking of final accounts and issuing a formal memorandum authorising payment.~~

## **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 Director of Internal Services and Chief Executive 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 Director of Internal~~ 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 Director of Internal~~ 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 Director of Internal~~ 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.

~~11.1.4 Where advance payments result in credit balances on the Council's accounts after the services have been provided, or credits on Council Tax accounts, all reasonable steps will be taken to refund the amount to the original debtor. In determining reasonable steps, due regard will be taken of the costs of such steps in relation to the amount of the refund.~~

~~11.1.5 Heads of Service may authorise the write-off of an individual credit or the total of related credits of up to £2,500.~~

~~11.1.6 The write-off of an individual credit or the cumulative total of related credits of up to £5,000 may be written off by the Director of Internal Services.~~

~~11.1.7 The write-off of an individual credit or the cumulative total of related credits of over £5,000 may be written off by the~~

~~Director of Internal Services, in consultation with the Executive Member for Resources and Internal Support.~~

## **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 on the day of collection and without delay, or if instructed by the Head of Business Support Director of Internal Services, direct to the Council's bank account without delay.

11.2.2 No deduction or payments 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.

## **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 Director of Internal 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~~ Director of Internal Services.

## 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~~ Director of Internal 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

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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. In the case of bankruptcy or insolvency, debts which are significant to the budget will be reported in the budget monitoring process.

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.

### **11.7 Credit Balances**

11.7.41 Where advance payments result in credit balances on the Council's accounts after the services have been provided, or credits on Council Tax accounts, all reasonable steps will be taken to refund the amount to the original debtor. In determining reasonable steps, due regard will be taken of the costs of such steps in relation to the amount of the refund.

11.7.52 Heads of Service may authorise the write-off of an individual credit or the total of related credits of up to £2,500.

11.7.63 The write-off of an individual credit or the cumulative total of related credits of up to £5,000 may be written off by the Director of Internal Services.

11.7.74 The write-off of an individual credit or the cumulative total of related credits of over £5,000 may be written off by the Director of Internal Services, in consultation with the Executive Member for Resources and Internal Support.

### **11.87 Money laundering**

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

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11.87.2 Any cash receipts in excess of 15,000 Euros or the sterling equivalent £2,500 must be recorded and the details sent to the ~~Head of Business Support~~ Director of Internal Services weekly.

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

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11.87.4-3 All unusual or suspicious payments (whatever the value or form of payment – cash, cheque, card, transfer, etc) must be reported immediately to the ~~Head of Business Support~~ Director of Internal Services and Internal Audit in accordance with the procedure on the Council's intranet.

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### 11.98 Smart Cards

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11.98.1 Smart Cards shall be managed in accordance with procedures prescribed by the Director of Internal Services.

## 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~~ Director of Internal 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~~ Director of Internal Services' facsimile signature, or be signed by the ~~Head of Business Support~~ Director of Internal Services or other authorised officer. All facsimile signatures will be checked at the time of printing.



12.3.2 All Value B [~~[Do we in practice counter sign cheques over £5000?](#)~~] and C cheques (see paragraph 1.3) will require the manuscript signature of the ~~Head of Business Support Services~~[Director of Internal Services](#) or other authorised officer.

#### ~~[12.4 BACS](#)~~

## 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 Director of Internal 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 Director of Internal 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 Code of Practice on Treasury Management.

13.3.2 Should the Head of Business Support Director of Internal 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 for its approval.

### 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 Director of Internal Services. This policy will be reviewed at least every three years.

13.4.2 At or before the start of the financial year the Head of Business Support Director of Internal 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 Director of Internal~~ 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 Director of Internal~~ 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.

~~13.5 BACS Transfers~~

~~[Chris please can you provide a paragraph here .]~~

## 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 Director of Internal~~ 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 ~~identified, assessed, appropriately and minimised managed and mitigated cost effectively and managed~~ 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 Heads 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 Director of Internal Services' authorised [Internal Audit](#) 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~~ [Director of Internal Services](#) is responsible for maintaining and promoting the Council's [Anti-Fraud and Anti-Corruption Policy Strategy and Disclosure \(Whistleblowing\) Code](#).

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 manager and/or the Internal Audit & Business Improvement Manager. Responsibility for](#)

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progressing each case rests with the Internal Audit & Business Improvement Manager who will ensure compliance with the Council's Anti-Fraud & Anti-Corruption Strategy and Disclosure (Whistleblowing) Code, their Head of Service, the Chief Executive and the Head of Business Support Director of Internal Services, who will investigate and report as necessary.

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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 Chief Executive and the ~~Head of Business Support Director of Internal~~ Services, who will investigate and report as necessary.

14.5.4 The Council's policy is that the Police or whichever external agency is appropriate to the alleged offence will normally be informed without delay of any suspicion of fraud and corruption. Any decision not to notify the Police or other agency will be made by the Chief Executive and will should be documented on the case file. Where criminal proceedings might be necessary the Chief Executive in consultation with the Head of Business Support Director of Internal Services and the Monitoring Officer will be responsible for deciding whether to refer a matter to the Police.

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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 and the Internal Audit & Business Improvement Manager.

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 items of plant, vehicles, machinery, equipment, tools, furniture and other movable property under their control. In this context significant means items with a collective value of Value A or more.

### 15.2 Form and control

15.2.1 Inventories will be in a form approved by the Director of Internal 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 Internal Audit & Business Improvement Manager ~~Head of Business Support Services~~ on the recommendations of Service Unit Managers if the current replacement value of the item is estimated not to exceed £1,000 Value A;
- (ii) the ~~Head of Business Support~~ Director of Internal Services in consultation with the appropriate Executive Member if the current replacement value

of the item is estimated not to exceed value B exceeds £1,000 but is not greater than Value A (£5,000) (see paragraph 1.3);

- (iii) the full Executive if the current replacement value of the item is estimated at Value C 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 Internal Audit & Business Improvement Manager~~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 Value A £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 and any other interests in land 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 and Legal 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.

16.3.3 The Head of Democratic and Legal Support Services will register the Council's interest in land at the earliest opportunity.

## **16.4 Acquisitions**

16.4.1 Any acquisition of land or property or other interest in land 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 Director of Internal~~ 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. The provisions for key decisions should be applied where appropriate.

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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 Director of Internal~~ Services may 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.

16.4.6 Acquisition of Value C land may involve a key decision. The definition of a key decision is contained in Article 13 of the constitution (<http://www.eastherts.gov.uk/index.jsp?articleid=10828>).

## **16.5 Disposals**

16.5.1 Any disposals of Council land or property or other interest in land 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 Director of Internal Services in conjunction with the appropriate Executive Member may 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 Director of Internal 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 Unless otherwise approved by the Council, 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 Procurement Regulations 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 formally and 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.

16.5.10 A disposal of Value C may involve a key decision. The definition of a key decision is contained in Article 13 of the constitution (<http://www.eastherts.gov.uk/index.jsp?articleid=10828>).

## 16.6 Further Requirements

16.6.1 Regulation 16.6 shall apply to purchases and sales of property and land and to leases for a fixed term of more than twenty five years.

16.6.2 All valuations and negotiations in respect of transactions shall be carried out by or under the supervision of a properly qualified Member of the Royal Institution of Chartered Surveyors or equivalent. In no circumstances shall Members of the Council conduct them.

16.6.3 Regulation 16.6 will apply to all valuations of land carried out by a qualified and independent Chartered Surveyor not in the employ of the Council.

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16.6.4 In respect of all transactions not subject to tender and where the estimated value (or the aggregated value of related transactions) exceeds £250,000 at least two officers of the Council or an officer of the Council and its duly appointed valuer / advisor or other agent shall be involved in all negotiations.

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16.6.5 It shall be the duty of the Council's valuer whether employed or appointed to report on the progress of any transaction authorised by the Council or the Portfolio holder to the appropriate Committee or Group (normally Asset Management Group) at least at every other convened meeting of that Committee or Group.

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16.6.6 All valuations prepared for the purpose of a transaction shall be accompanied by evidence of the values of comparable properties in the locality.

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16.6.7 No property or land owned or leased by the Council shall be disposed of to a third party until it has been established that no other directorates of the Council have a need for the property or land.

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16.6.8 Any appropriation between functions will reflect the open market value of the land as certified by the Council valuer.

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16.6.9 No property or land owned or leased by the Council shall be disposed of until a detailed report has been presented by the Director of Internal Services and the Portfolio Holder for Resources and Internal Support containing:

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- a description of the property or land, its title, physical characteristics and development constraints.
- any information from the Council's records or those of statutory undertakers which would affect the property or land's value or development potential.
- an assessment of the development potential of the property or land.
- evidence that the property or land has been offered to all directorates and that the Council has no operational use for the property or land, and local members have been advised of the proposed disposal.

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- recommendations on the following:
  - i) the title to be transferred
  - ii) the method of disposal
  - iii) whether negotiations should proceed with a special purchaser
  - iv) the estimated price the Council may receive

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16.6.10 In arriving at the recommendation, other factors that officers need to take into consideration are:

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- i) issues that need to be resolved before marketing of the property or land can proceed
- ii) whether legal and other costs should be recovered from the prospective purchaser and if so an estimate of their amount
- iii) whether the appointment of external advisors or agents is required

16.6.11 In the event that it is decided to dispose of property or land by way of a tender then so far as it is practicable the procedures laid down in Procurement Regulations shall apply.

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## **17. INSURANCE**

### **17.1 Responsible officer**

17.1.1 The [Director of Internal Services](#) [Section 151 Officer](#) 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 Director of Internal 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 Director of Internal 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 Director of Internal Services will inform the Police.

### **17.3 Cover**

17.3.1 Heads of Service will immediately inform the Director of Internal 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 Director of Internal Services in respect of the terms of any indemnity the Council is required to give.

~~17.3.3 Contractors will be required to indemnify the Council against Employers' and Public Liability risks with a minimum cover of £5,000,000 in respect of any one accident or series of accidents occurring in connections with or arising out of any one event. Contractors will be required to have in place insurance to indemnify the Council against Employers' and Public Liability risks with a minimum cover of £5,000,000 in respect of any one incident or series of incidents occurring in connections with or arising out of any one event. A minimum limit of indemnity of £10,000,000 is required for building works at Council offices or other significant sites.~~

17.3.4 Contractors will be required to hold Professional Indemnity cover with a minimum limit of indemnity ~~of £1m~~agreed in writing by the Risk Assurance officer, where advice or professional services are provided.

17.3.5 Where a prime contractor proposes to engage sub contractors the prime contractor shall ensure to the satisfaction of the Council that the sub contractor has in place insurances of equivalent values to those set out at 17.3.3 and 17.3.4 above. In the absence of equivalent insurance cover the prime contractor must ensure to the satisfaction of the Council that the prime contractor's own insurances provide cover for such excess as is not covered by the sub contractors insurance. "



## **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 Director of Internal 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 stored locally. A copy will be forwarded to the Director of Internal Services if requested.

## 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 the Director of Internal Services and Internal Audit and will not be exceeded without written permission.

### | 19.3 Keys including electronic passes

| 19.3.1 Keys held by ~~Officers and nominated Members~~ Officers 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 oOfficers 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 oOfficers 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 Information Manager 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 specified in the Retention Guidelines document and the Health and Safety Document Retention Schedule](#).

## 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 [can](#) 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~~ Director of Internal 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 Director of Internal~~ Services is responsible for ensuring that all funding notified by external bodies is received and 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) ~~all~~ risks are identified, assessed, appropriately mitigated and managed ~~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 Director of Internal~~ 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 Director of Internal 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~~