



Mansfield
District Council

Mansfield District Council

Financial Regulations

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Financial Regulations

These Financial Regulations provide the framework for managing the Council's financial affairs. They apply to every employee, Executive Mayor and Elected Members of the Council and anyone acting on its behalf.

Any persons who have any involvement in the spending or collecting of money, or are responsible for the assets of the Council must comply with the contents of these Financial Regulations ("Regulations").

The Head of Finance is responsible for the financial administration and stewardship of the Council as set out in the Council's Constitution.

In these Regulations and related guidance:

Executive is defined as the directly Elected Mayor and Cabinet.

Budget Managers are officers whose job descriptions include responsibility for controlling and monitoring the Council's approved budgets.

The Council's accounting system and supporting accounting records shall be determined by the Head of Finance.

The Head of Finance in consultation with the Corporate Leadership Team (CLT), is responsible for the preparation and maintenance of financial procedures and shall also provide Heads of Service with appropriate financial information to enable them to undertake their responsibilities effectively with regard to finance.

Heads of Service are responsible for ensuring that all employees in their departments receive any required training and guidance and fully comply with these Regulations. In addition to their roles as managers, (CLT) are responsible for monitoring compliance.

Heads of Service will be responsible for investigating breaches of these Regulations, in liaison with Internal Audit who will record them and report them to the Head of Finance, the Head of Law and Governance and the Governance and Ethics Committee.

Action in respect of breaches may be taken in line with the Council's Disciplinary Rules.

Where responsibility has been assigned within these Regulations this does not replace line management responsibilities as determined in job descriptions and contracts of employment.

1 Principles of Financial Management and Administration

Why is this important?

- The Council is responsible for the stewardship of public money.
- The Council has a statutory duty in respect of providing value for money.
- The Council must meet its statutory obligations and deadlines.
- There are limited resources to meet the Council's vision and priorities.
- Maintaining the Council's good financial reputation is important.
- There are statutory implications of poor financial management e.g. Government Intervention.
- There are legal and criminal implications.
- The Council's insurance costs and cover are affected by poor standards of financial management and control.

What is expected?

- Accurate and complete records.
- Provision of timely, accurate and relevant information.
- Compliance with financial procedures and controls.
- Consultation on budgetary and other financial issues.
- Awareness of budgetary and financial responsibilities.
- Awareness and understanding of Financial Regulations and related procedures.

Who do these Principles apply to?

- All employees, agency staff, Executive Mayor and Elected Members.
- Any person involved in receiving or expending money, managing stores, stocks, cash or other assets on behalf of the Council.

Responsibilities of the Head of Finance

- To provide timely, accurate and relevant budgetary and financial information to enable effective decisions to be made.
- To provide awareness, training, advice and support in relation to Financial Regulations and related procedures or specific guidance and timetables.
- To consult on any budgetary or financial issues or procedures with the appropriate stakeholders – internal and external.
- To ensure that the Annual Statement of Accounts is produced in line with statutory requirements and timescales and to produce appropriate guidance and timetable.
- To ensure that the Council produces a revenue and capital budget and sets the level of Council Tax within statutory requirements and timescales and produces appropriate guidance and timetable.
- To provide a robust budget monitoring and management system to enable service managers to monitor and control budgets for which they are responsible, in line with statutory requirements.

Responsibilities of CLT

- To maintain accurate and completed records.
- To provide accurate information as required.
- To personally comply with and ensure compliance by their employees with Financial Regulations and related procedures.
- To ensure awareness and understanding of Financial Regulations and related procedures within their service area.
- To consult with the Head of Finance on financial issues or proposed changes to financial systems or procedures in advance of decision making.
- To provide information to the Head of Finance as required for the production of the Annual Statement of Accounts.
- To provide to the Head of Finance information as required for the production of the Council's revenue and capital budget.
- To provide the Head of Finance with information as required to enable ongoing monitoring and control of the Council's budget.
- To achieve value for money by utilising resources allocated in the most efficient, effective and economic way.

2 Financial Planning

Why is this important?

- 2.1 The Council is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with the Council's designated priorities. The Long Term Financial Strategy (LTFS), capital programme and revenue budgets are the financial expression of the Council's plans and policies.
- 2.2 These must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of the Council and so that the Council can plan, authorise, monitor and control the way money is allocated and spent.
- 2.3 Each year a planning timetable is produced which identifies the key milestones and links to the production of other plans and strategies which are then taken account of in the LTFS and subsequent budgets. .

Key controls

- 2.4 The key controls for financial planning are:
 - direct link to the Council's Corporate Plan and priorities
 - the production of a rolling ten year LTFS and revenue and capital budget
 - the production of a rolling HRA (Housing Revenue Account) Business Plan
 - integration of service planning into forward planning
 - effective performance management

Responsibilities of Head of Finance

- 2.5 To produce a rolling ten year LTFS linked to the Council's priorities.
- 2.6 To advise on the long-term implications of spending decisions through production of the LTFS.
- 2.7 To produce a rolling ten year revenue and capital budget for both the General Fund and Housing Revenue Account (HRA).

Responsibilities of CLT

- 2.8 To ensure that service plans are integrated into forward plans, so that they can be supported by financial and non-financial performance measures.
- 2.9 To maintain adequate information on financial and non-financial performance measures to support financial planning as agreed with the Head of Finance.

3 Maintenance of Reserves

Why is this important?

- 3.1 The Council must decide the level of general reserves it wishes to maintain. Reserves are maintained as a matter of prudence to meet unexpected expenditure and the financial impact of risks. Reserves for specific purposes may also be maintained where appropriate.

Key controls

- 3.2 To maintain reserves in accordance with the Code of Practice on Local Council Accounting in the United Kingdom and agreed accounting policies and based on an assessment of risk.
- 3.3 For each earmarked reserve established, the purpose, usage and basis of transactions should be clearly identified and approved by Council.
- 3.4 Authorisation of the use of general reserves to finance expenditure is required from the Council.
- 3.5 Having established an earmarked reserve any amendments to the Council's capital or revenue budgets, subsequent expenditure for the approved purpose, within the value of the amount reserved, requires the approval of the Council.

Responsibilities of the Head of Finance

- 3.6 To advise the Executive and/or Council on prudent levels of reserves for the Council and identify the level and basis of this advice within the LTFS.
- 3.7 To undertake a review of general and earmarked reserves held both during the year and as part of budget setting procedures.
- 3.8 To undertake a review of the Council's future reserves strategy as part of the LTFS and as part of the year end procedures.
- 3.9 To ensure that reserves are set up where necessary and only used for the purposes which they were authorised.

4 Allocation of Financial Resources

Why is this important?

- 4.1 A disparity often exists between available resources and the resources required to meet needs. Therefore careful prioritisation is required to ensure that resources are fairly allocated and that the Council is able to fulfil its legal responsibilities.

Key controls

- 4.2 The key controls for resource allocation are:
- resources are acquired in accordance with the Council's statutory powers
 - competing claims for limited resource are considered against agreed prioritisation criteria, including the Corporate Plan.

Responsibilities of the Head of Finance

- 4.3 To advise on methods available for the funding of revenue and capital expenditure.
- 4.4 In consultation with CLT agree criteria for prioritisation of resources having regard for the Council's approved corporate priorities and targets.

Responsibilities of CLT

- 4.5 To utilise resources allocated in the most efficient, effective and economic way.
- 4.6 To identify opportunities to minimise or eliminate resource requirements.
- 4.7 To assess all new demands for resources against the agreed criteria for prioritisation.

5 Budget Production

Budget Definition

5.1 The annual budget is the financial representation of the Council's priorities. Its preparation is one of the most extensive and visible products of the Council's financial management system. The annual budget process is one part of the medium or long term planning process

Why is this important?

5.2 The Council produces a budget because it is:

- a legal requirement
- used to set Council tax
- manages the money to provide services
- provides longer term stability
- allocates limited resources
- ensures accountability and stewardship of public funds.

5.3 The format of the budget will be determined by the Head of Finance in accordance with legal requirements, Chartered Institute of Public Finance and Accountancy (CIPFA) Service Reporting Code of Practice (SERCOP) and in such a way that the budget managers are able to manage their budgets effectively and that responsibility for budget management is clearly identified.

Key controls

5.4 The key controls for the budget production are:

- link to the Council's priorities
- review of LTFS
- compliance with budget guidance
- compliance with all legal requirements and accounting standards
- compliance with CIPFA's Service Reporting Code of Practice (SERCOP)
- the format of budgets is in line with identifiable service areas to provide accountability for service delivery and budget management
- revenue developments are approved by Council the revenue budget is monitored by the Budget Monitoring Working Group, CLT and Cabinet.

Responsibilities of the Head of Finance

5.5 Part 2 of the Local Government Act 2003 requires the Head of Finance to produce a budget report to Council for approval based on a balanced budget. This also includes the setting of Council Tax through the Council Tax Resolution report.

- 5.6 To produce a timetable and guidance for budget production in line with legal requirements and CIPFA Code of Practice.
- 5.7 The revenue and capital outturn position is reported to Council after the end of the financial year.

Responsibilities of CLT

- 5.8 To comply with the budget timetable and guidance provided by the Head of Finance.

6 Capital Programmes

Why is this important?

- 6.1 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the Council, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs.
- 6.2 The Government has placed control on the financing capacity of the Council with the introduction of the prudential control regime. Capital expenditure should form part of the Council's Treasury Management, investment and borrowing strategy and should be carefully prioritised in order to maximise the benefit of the available resources.

Key controls

- 6.3 The key controls for capital programmes are:
- specific approval required by Council for the programme of capital expenditure
 - to prioritise the capital scheme based on the Council's agreed priorities and financial resources available
 - a capital project mandate must be prepared for each capital project
 - the capital programme is monitored in line with the Council's project management system by the Capital Programme Project Board
 - the timetable for the delivery of individual schemes within the overall budget approved by Council
 - responsibility for the delivery of named schemes lies with a named project manager
 - scheme of delegation and virement limits are set out in Part 3 of the Council's Constitution
 - the overall capital programme is fully funded

Responsibilities of the Head of Finance

- 6.4 To prepare proposals for the capital programme, including financing, jointly with the Corporate Leadership Team (CLT) for the Portfolio Holder for Finance to report them to the Executive before approval by Council.
- 6.5 To issue guidance concerning capital schemes financial controls and external funding.

- 6.6 To ensure that authorisation is obtained from the Council for individual schemes where the estimated expenditure exceeds the approved capital programme provision or that the necessary resources have been identified in line with the virement procedures.
- 6.7 To review the Minimum Revenue Provision Strategy annually in respect of potential new borrowing, and get the Strategy approved by Council prior to the start of the new financial year.

Responsibilities of CLT

- 6.8 To ensure that guidance concerning capital schemes and financial controls issued by the Head of Finance are complied with.
- 6.9 To ensure that a quarterly return of estimated final costs of schemes and progress information on the approved capital programme is submitted to the Head of Finance.
- 6.10 To ensure that adequate records are maintained for all capital contracts, including a record made in the Corporate Contracts Register.
- 6.11 To ensure that projects are only progressed when there is adequate financial provision in the approved capital programme.
- 6.12 To ensure that reports are submitted to the Executive on completion of all contracts where the final expenditure exceeds the approved capital budget.
- 6.13 To ensure that applications for external funding for capital projects and subsequent administration are carried out in accordance with guidance issued by the Head of Finance.
- 6.14 To ensure that the Head of Finance is consulted with prior to seeking Council approval for prudential borrowing to support expenditure that has not been included in the current year's capital programme.
- 6.15 To ensure that information is provided in line with the Council's project management systems.

7 Corporate Risk and Opportunity Management

Why is this important?

- 7.1 Effective risk and opportunity management is essential for the Council to achieve its priorities, comply with the Accounts and Audit Regulations and improve outcomes for the community. It also contributes to both effective service delivery and governance arrangements of the Council
- 7.2 Roles and responsibilities in respect of corporate risk and opportunity management are detailed in the Council's Corporate Risk and Opportunity Management Strategy

Key controls

- 7.3 The key controls for strategic risk and opportunity management are:
- the Council's Corporate Risk and Opportunity Management Strategy is fully implemented across the organisation
 - a monitoring process is in place to review regularly the effectiveness of risk reduction and opportunity maximisation strategies and the operation of related controls and enablers
 - managers know that they are responsible for identifying and managing relevant risks and opportunities and are provided with relevant information on risk and opportunity management
 - the Council has up to date Business Continuity Plans in place
 - an assessment of risks and opportunities associated with decisions made by the Council and its Executive is incorporated into the decision making process.

Responsibilities of the Head of Law and Governance

- 7.4 To ensure that there is an up to date Corporate Risk and Opportunity Management Strategy in place, supported by adequate training.
- 7.5 To ensure that there is an effective monitoring process in place in respect of implementation of the Corporate Risk and Opportunity Management Strategy.

Responsibilities of CLT

- 7.6 To ensure that the Corporate Risk and Opportunity Management Strategy is fully implemented in their service areas.
- 7.7 To ensure that up to date Business Continuity Plans are in place
- 7.8 To ensure that the Council's decision making process is fully complied with in respect of the assessment of risks and opportunities

8 Internal Controls

Why is this important?

8.1 The Council has internal controls to manage and monitor progress towards its strategic objectives, to ensure compliance with its statutory obligations and to address its financial, administrative and commercial risks.

Key controls

8.2 The key controls include:

- managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities
- financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems
- an effective internal audit function that is properly resourced and operates in accordance with the Public Sector Internal Audit Standards.

Responsibilities of the Head of Finance

8.3 To ensure that key controls are reviewed on a regular basis and the Council makes a formal statement annually to the effect that it is satisfied that the systems of internal control are operating effectively.

8.4 To ensure that the Council has in place an adequate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

Responsibilities of CLT

8.5 To manage and regularly review processes to ensure that adequate controls are in place, are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.

8.6 To review existing controls in the light of changes affecting the Council and to establish and implement new ones in agreement with the Audit and Assurance Manager.

8.7 To ensure staff have a clear understanding of the controls in operation, the reason for the controls and the consequences of non-compliance.

9 Internal Audit

Why is this important?

- 9.1 The requirement for an Internal Audit function for local Councils is set out in section 151 of the Local Government Act 1972, which requires that Councils “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit Regulations 2015 specifically require that a “relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector auditing standards or guidance”.
- 9.2 The objectives and Terms of Reference for Internal Audit are detailed in its Internal Audit Charter which is approved by the Governance and Ethics Committee .

Key controls

- 9.3 The key controls for Internal Audit are:
- that it complies with its Internal Audit Charter
 - that it complies with the Public Sector Internal Audit Standards.
- 9.4 To ensure that Internal Auditors have the authority to:
- access Council premises or personnel at reasonable times
 - access all assets, records, documents, correspondence and control systems
 - receive any information and explanation considered necessary concerning any matter under consideration
 - require any employee of the Council to account for cash, stocks, plant and equipment, vehicles or any other Council asset under his or her control
 - access records belonging to third parties, such as contractors, when required.

Responsibilities of the Head of Law and Governance

- 9.5 To discuss the Audit Plan prepared by the Audit and Assurance Manager prior to submission to the Governance and Ethics Committee for approval.
- 9.6 To ensure that effective procedures and resources are in place to investigate promptly any fraud or non-compliance with approved financial policies, procedures and controls.
- 9.7 To monitor delivery of the approved audit plan and ensure any significant changes are approved by the Governance and Ethics Committee .
- 9.8 To ensure that Internal Audit has adequate resources to deliver the approved Audit Plan.

Responsibilities of CLT

- 9.9 To ensure that Internal Auditors are given access at all reasonable times to premises, personnel, documents and assets that the Auditors consider necessary for the purposes of their work.
- 9.10 To ensure that Internal Auditors are provided with any information and explanations that they seek in the course of their work promptly.
- 9.11 To consider and respond promptly, within 10 working days, from the closure meeting, unless otherwise agreed, to Internal Audit findings.
- 9.12 To ensure that any agreed actions arising from Internal Audit reviews or investigations are carried out within the agreed timescales unless an extension of time is agreed with the Audit and Assurance Manager.
- 9.13 To notify the Audit and Assurance Manager immediately of any suspected fraud, theft or improper use or misappropriation of the Council's property or resources. Pending investigation and reporting, the Head of Service should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- 9.14 To ensure that new systems for maintaining financial records, or records of assets, or significant changes to such systems, are agreed with the Audit and Assurance Manager prior to implementation.

10 External Audit

Why is this important?

- 10.1 The Public Sector Audit Appointments Limited (PSAA) is responsible for overseeing contracts for External Auditors to each Council in England and Wales. The External Auditor has rights of access to all documents and information necessary for audit purposes.
- 10.2 The National Audit Office (NAO) is now responsible for producing and maintaining the Code of Audit Practice (Code) and providing supporting guidance to auditors.
- 10.3 The Council's Annual Statement of Accounts are scrutinised by External Auditors, who must be satisfied that the Statement of Accounts 'presents a true and fair view' the financial position of the Council and its income and expenditure for the year in question and complies with the legal requirements.
- 10.4 The External Auditors provide the Council with a value for money opinion.
- 10.5 The External Auditors certify the housing benefit subsidy claim for the Department of Work and Pensions and the pooling return for Government.

Key controls

- 10.6 External Auditors are appointed to provide an independent opinion.
- 10.7 External Auditors are required to comply with a Code of Audit Practice issued by the NAO which reflects the International Auditing Standards.

Responsibilities of the Chief Executive

- 10.8 To ensure that External Auditors have:
 - access to Council premises or personnel at reasonable times
 - access to all assets, records, documents, correspondence and control systems
 - receive any information and explanation considered necessary concerning any matter under consideration
 - require any employee of the Council to account for cash, stocks, plant and equipment, vehicles or any other Council asset under his or her control
 - access records belonging to third parties, such as contractors, when required
 - direct access to the Chief Executive, the Executive and Governance and Ethics Committee .

Responsibilities of the Head of Finance

- 10.9 To ensure there is effective liaison between External and Internal Audit.
- 10.10 To ensure that there is effective liaison between External Audit and the Financial Services Team in respect of the quality, timeliness and availability of working papers supporting the Annual Statement of Accounts.
- 10.11 To work with the External Auditor and advise the Council, Executive and CLT on their responsibilities in relation to External Audit.
- 10.12 To ensure that the work and timescales agreed with External Audit as set out in their Audit Strategy Memorandum are delivered in line with the agreed level of fees.
- 10.13 To agree any additional work and related fees to enable the External Auditor to complete their audit plan subject to budget availability.

Responsibilities of CLT

- 10.14 To ensure that External Auditors are given access at all reasonable times to premises, personnel, documents and assets which they consider necessary for the purposes of their work.
- 10.15 To ensure that all records and systems are up to date and available for inspection.

11 Preventing Theft Fraud or Corruption

Why is it this important?

- 11.1 The Council has zero tolerance in respect of theft, fraud and corruption, whether from inside or outside the Council.
- 11.2 The Council's expectation of propriety and accountability is that members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 11.3 The Council also expects that individuals and organisations (eg suppliers, contractors, service providers) with whom it comes into contact will act towards the Council with integrity and without thought or actions involving fraud and corruption.
- 11.4 Prevention of theft, fraud or corruption ensures the security of public money which is needed to fund services and the priorities of the Council.

Key controls

- 11.5 The key controls regarding the prevention of financial irregularities are that:
 - the Council has an effective Anti-Fraud and Corruption Strategy and maintains a culture that will not tolerate fraud or corruption
 - all members and staff act with integrity and lead by example in accordance with the Corporate Values and within approved Codes of Conduct and professional standards set by the Council
 - the Council has effective Whistle-Blowing procedures in place

Responsibilities of the Head of Law and Governance

- 11.6 To maintain an effective Anti-Fraud and Corruption Strategy.
- 11.7 To maintain an effective Whistle-Blowing Code
- 11.8 To approve referrals to the police in respect of theft, fraud or corruption

Responsibilities of CLT

- 11.9 To ensure that all suspected irregularities are reported to the Audit and Assurance Manager who will inform the statutory officers.
- 11.10 To instigate the Council's disciplinary procedures where the outcome of an audit investigation indicates theft, fraud or corruption.
- 11.11 To ensure that where theft, fraud or corruption is discovered, they consider whether it is appropriate for the matter to be referred to the Police for consideration of a criminal investigation.

12 Insurance

Why is this important?

12.1 All organisations, whether private or public, face risks to people, property and continued operations. Insurance forms a vital part of the management of these risks.

Key Controls

12.2 The key controls for insurance are:

- to effect corporate insurance cover through external insurance
- to negotiate all claims in consultation with the Council's insurers
- to ensure that there is adequate insurance cover for the Council to cover itself against claims from the public and external organisations, and its own workforce
- to ensure an adequate level of insurance cover for areas of risk associated to the Council and its business operations
- in conjunction with the Principal General Practice Surveyor and Corporate Asset Manager to periodically undertake a general revaluation of Council buildings and effect appropriate charges to the corresponding insurance cover following revaluation
- to identify claim trends and implement appropriate risk management measures

Responsibilities of the Head of Finance

12.3 To arrange insurance cover on behalf of the Council, excluding any insurance under contracts which is the responsibility of the contractor.

12.4 To hold in safe custody all insurance policies of the Council and arrange for payment of premiums by the due date.

12.5 To periodically undertake a general revaluation of council buildings so that appropriate amendments to insurance cover can be arranged.

12.6 Insurance records relating to liability policies must be retained indefinitely and other related correspondence must be retained for six years.

Responsibilities of CLT

- 12.7 With regard to the insurance of property (other than buildings) and any other insurable risks appropriate to the Council's services, it is the duty of CLT to:
- periodically review the valuation of insurable assets
 - inform the Head of Finance promptly of any additions, disposals or revaluations of assets, so that appropriate changes in insurance cover can be effected
 - inform the Head of Finance promptly of any circumstances which necessitate the submission of a claim to an insurer.
- 12.8 With regard to the insurance of buildings, it is the duty of CLT to inform the Head of Finance promptly of any changes to the fabric, use or content of any buildings which might affect its valuation for the purpose of insurance.
- 12.9 To inform the Head of Finance within 30 days of any loss, liability, or damages that may lead to a claim against the Council, or by the Council, together with any supporting evidence and / or information.
- 12.10 To inform the Head of Finance promptly of all new risks, properties or vehicles which require insurance and of any alterations affecting existing insurance.
- 12.11 To ensure employees, or anyone covered by the Council's insurance, do not admit liability or make an offer of compensation which may prejudice the assessment of liability in respect of any insurance claim.
- 12.12 To ensure sound systems of control are maintained to prevent invalidation of fidelity guarantees – failure to act on Audit recommendations may result in such invalidation.

13 Security and Accounting for Assets

Why is this important?

- 13.1 The Council holds assets in the form of property, vehicles, equipment, furniture and other items worth millions of pounds financed from public funds. To ensure efficient and effective service delivery assets must be safeguarded to ensure they are available as required.

Key controls

- 13.2 The key controls for the security of assets such as land, buildings, fixed plant machinery and, equipment are that systems are in place to ensure that:
- assets are used only for the purposes of the Council
 - assets are properly accounted for through the asset register and inventories held and maintained in accordance with section 14
 - assets no longer required are identified and approval for disposal is obtained in accordance with the Scheme of Delegation
 - assets no longer required are lawfully disposed of in accordance with the regulations of the Council
 - an up to date and accurate asset register or inventory is maintained, including any movements, disposals, acquisitions or write offs

Responsibilities of the Head of Finance

- 13.3 To ensure that an asset register is maintained in accordance with good practice for all fixed assets.
- 13.4 To ensure the information required for accounting, costing and financial records is provided by Heads of Service.
- 13.5 To ensure that assets are valued in accordance with proper professional practices.
- 13.6 To ensure that there is adequate insurance cover in place and the conditions relating to these policies are communicated to service managers.

Responsibilities of CLT

- 13.7 The appropriate Head of Service shall maintain an asset register or inventory in a form approved by the Head of Finance.
- 13.8 That the conditions relating to insurance policies are complied with.

- 13.9 To ensure that lessees and other prospective occupiers of Council land or property are not allowed to take possession of the land or enter the property until a lease or agreement, in a form approved by the Council, is executed.
- 13.10 To ensure the proper security of all assets under their control.
- 13.11 To ensure that a complete physical check is carried out by an officer independent of the process at least annually, with significant differences being reported.
- 13.12 To ensure that where assets are surplus to requirements and are to be disposed of, this is dealt with in accordance with the Scheme of Delegation and is consistent with the Asset Disposal Policy
- 13.13 To ensure that title deeds are held securely.
- 13.14 To ensure that no Council asset is subject to personal use by an employee.
- 13.15 To inform the Head of Finance in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 13.16 To ensure that keys required to access assets are held securely and that those responsible for holding keys are aware that any loss of keys must be reported to their line manager.
- 13.17 To arrange for the valuation of assets for accounting purposes to meet requirements specified by the Head of Finance.
- 13.18 To ensure that all employees are aware of their responsibilities for safeguarding the Council's assets.
- 13.19 To notify the Head of Finance of any asset for which insurance cover may be required.
- 13.20 To notify the Head of Finance in the event of loss or damage to a Council asset and where the loss is not recoverable from insurance or other sources should be formally written off as per delegated powers.
- 13.21 Procedures for disposal of stocks and equipment should be by competitive quotations or auction, unless approved by the Head of Finance.

14 Stocks and Stores

Why is this important?

- 14.1 This is important to help safeguard the Council's assets. This should be read in accordance with Section 13 "Security and Accounting for Assets".

Key Controls

- 14.2 Each appropriate officer shall be responsible for the care and custody of the stocks and stores in their department.
- 14.3 Continuous stock taking occurs throughout the year and a complete stock take is carried out at least once in every financial year including someone other than the stock keeper.
- 14.4 The appropriate officer submits to the Head of Finance a year end stock valuation certificate.

Responsibilities of CLT

- 14.5 To make arrangements for the care and custody of stocks and stores in the department.
- 14.6 To ensure stocks are maintained at reasonable levels and are subject to a regular independent physical check. Significant discrepancies should be investigated and pursued to a satisfactory conclusion.
- 14.7 To investigate and remove from the Council's records (ie write off) discrepancies in accordance with the Council's Scheme of Delegation.

15 Treasury Management

Why is this important?

- 15.1 The Council has significant investment and borrowings throughout the course of a financial year. The Council's Treasury Management Strategy, Annual Investment Plan and Treasury Management Practices provide assurances that the Council's money is properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of the Council's investments.

Key controls

- 15.2 That the Council's borrowings and investments comply with the CIPFA Code of Practice on Treasury Management and with the Council's Treasury Management Strategy, Annual Investment Plan and Treasury Management Practices.

Responsibilities of Head of Finance

- 15.3 To review at least annually the Council's Treasury Management Strategy and Annual Investment Plan and gain approval of this by Council before the start of each financial year.
- 15.4 To report twice a year on treasury management activities to the Governance and Ethics Committee .
- 15.5 To take an out-turn report to Council regarding treasury management activities after the end of the financial year.
- 15.6 To ensure that staff dealing with treasury management activities are suitably trained and have access to information which enables them to carry out their responsibilities effectively.

16 Banking Arrangements

Why is this important?

16.1 To safeguard the Council's cash resources.

Key Controls

- 16.2 All arrangements for banking are approved by the Head of Finance.
- 16.3 Regular tendering and contracting in respect of the Council's main bank contract.
- 16.4 Ordering and control of cheques is undertaken by Head of Finance.
- 16.5 All payments from the Council's bank accounts including but not exclusively cheques, direct debits, Standing Orders, CHAPS and BACS must be authorised by the Head of Finance or an officer nominated by him/her.
- 16.6 To have an effective Anti-Money Laundering Policy in place.
- 16.7 All income received by the Council must be banked in accordance with the requirements detailed in Section 18 "Income".
- 16.8 To reconcile the Council's bank accounts in accordance with the approved overall reconciliation programme.
- 16.9 All direct debits, standing orders and procurement cards when set up must be authorised by the Head of Finance or an officer nominated by him/her.

Responsibilities of the Head of Finance

- 16.10 To review on at least an annual basis that the key controls are operating effectively.

Responsibilities of CLT

- 16.11 To comply with the key controls and ensure they are operating effectively.

17 Petty Cash and Cash Floats

Why is this important?

- 17.1 Small amounts of cash and change are required for urgent or small purchases by services and this represents a risk of error or theft.

Key Controls

- 17.2 Petty Cash holdings shall be maintained on a full reimbursement basis and must be supported by a certified receipt / voucher and where necessary a VAT receipt.
- 17.3 The level of cash floats will be approved by the Head of Finance, along with any changes requested.
- 17.4 Payments from petty cash shall be limited to items of a minor nature and must be for bona fide Council business expenses and should only be for items that could not otherwise be paid through the Council's creditors system or by using a corporate procurement card. Payments should not be paid to employees for work carried out or travel and subsistence which must be paid through the Payroll system. In certain circumstances payments to contractors may be classed as payments to employees. This should be dealt with accordingly.
- 17.5 Checks will be carried out to validate the safe custody of cash floats.

Responsibilities of the Head of Finance

- 17.6 To provide service areas of the Council with petty cash accounts to meet minor expenditure on behalf of the Council and to provide service areas for the Council with appropriate levels of cash float for the operation of their service.
- 17.7 To approve the level of cash holdings and to maintain a record of all transactions and petty cash advances made, and periodically to review the arrangements for the safe custody and control of these advances.
- 17.8 To reimburse services as often as necessary to restore the cash holdings.
- 17.9 To ensure all reimbursements are supported by appropriate certified receipts.

Responsibilities of CLT

17.10 To ensure that services operating a petty cash account:

- obtain and retain vouchers to support each payment from the petty cash account. Payments must be supported by a certified receipt / voucher and where necessary a VAT receipt.
- make adequate arrangements for the safe custody of the cash
- produce upon demand by the Head of Finance cash and all vouchers to the total value of the approved amount
- record transactions promptly
- provide the Head of Finance with a certificate of the value of the cash held at 31 March each year or at any other times as requested by the Head of Finance
- ensure that the cash is used only for the Council's bona fide business purposes.

18 Income

Why is this important?

18.1 Income is a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted, banked and properly recorded.

Key controls

18.2 The key controls for income are:

- all income due to the Council is identified and charges made are in accordance with the Council's approved policies or legal / contractual arrangements
- all charges are made to the correct person or organisation, at the right time, using the correct procedures
- all money received on behalf of the Council is paid at least weekly to the Council's bank and properly recorded
- The responsibility for cash collection must be separated from that:
 - for identifying the amount due
 - for reconciling the amount due to the amount received.
 - for banking the income collected
- Where it is not possible for operational reasons to put segregation of duties in place with regard to cash collection, approval from the Head of Finance must be obtained who will carry out an assessment of the risks involved and ensure alternative adequate controls are put in place to safeguard the Council; this will be done in conjunction with Internal Audit
- effective action is taken to pursue non-payment in line with the Council's debt recovery policies and procedures
- formal approval for debt write-off is obtained in line with the Council's Constitution
- all appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule
- any individual under / over bankings are identified and investigated by the service manager and a record of over/under bankings maintained. Where the service manager has specific concerns relating to individual or regular occurrences it must be notified to the Audit and Assurance Manager

Responsibilities of the Head of Finance

18.3 To approve the procedures, systems and documentation for its collection, recording, control, banking and reconciliation of all income due to the Council.

18.4 To provide information to service managers on outstanding debt.

- 18.5 To ensure that where the likelihood of collecting debts is low and following full appropriate means of recovery that these debts are written off on a regular basis and that the appropriate accounting adjustments are made.
- 18.6 To co-ordinate proposals for charging for goods or services as part of the budget cycle.

Responsibilities of CLT

- 18.7 To propose a charging policy for the supply of goods or services, including the appropriate charging of VAT.
- 18.8 To ensure that charges are made in line with the Council's approved policies and legal/contractual agreements.
- 18.9 To ensure separation of duties:
- for identifying the amount due
 - for reconciling the amount due to the amount received.
 - for banking the income collected.
- and to identify and implement alternative controls to the satisfaction of the Head of Finance where this is not practicable.
- 18.10 To order all receipt forms, books or tickets and hold current and used ones securely.
- 18.11 To secure all income to safeguard against loss or theft, and to ensure the security of cash handling.
- 18.12 To ensure that income is paid fully and promptly in line with procedures, systems and documentation approved by the Head of Finance.
- 18.13 To ensure income is not used to cash personal cheques or to make other payments such as petty cash reimbursements.
- 18.14 To identify and investigate all individual under / over bankings and maintain a record of them. Where the service manager has specific concerns relating to individual or regular occurrences the Audit and Assurance Manager should be notified.
- 18.15 To ensure that debtor accounts are raised promptly in line with procedures, systems and documents approved by the Head of Finance, except where payment is received at the time the goods or services are provided.
- 18.16 To monitor payments received in respect of debtor accounts raised and ensure that appropriate recovery action is being progressed with the assistance of the Head of Finance.

19 Ordering and Paying for Work, Goods and Services

Why is this important?

- 19.1 These rules are important to ensure that all expenditure committed is for approved Council business and that this expenditure is properly accounted for to aid management of the Council's financial resources in line with its statutory duty to achieve value for money.
- 19.2 These regulations should be read in conjunction with the Council's Contract Procedure Rules, Procurement Guidance and the Officer and the Member Codes of Conduct.

General

- 19.3 No order should be raised unless there is an appropriate approved budget or where an approved virement has been made from another budget.
- 19.4 Official orders must be in a form approved by the Head of Finance. Official orders must be issued for all work, goods or services to be supplied to the Council, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions agreed with the Head of Finance.
- 19.5 The Council's standard terms and conditions must not be varied without the prior approval of the Head of Finance.
- 19.6 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Council contracts.
- 19.7 All IT hardware and software must be ordered by the ICT section.

Key controls

- 19.8 The key controls for ordering and paying for work, goods and services are:
- all goods and services are ordered only by approved employees and are correctly recorded and accounted for
 - all goods and services shall be procured in accordance with the Council's Contract Procedure Rules and Procurement Guidance
 - goods and services received are checked to ensure they are in accordance with the order
 - all payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method
 - all appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention policy

- all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected and virements made if required in line with the virements procedures
- documentation relating to electronic orders / purchases must be retained.

Responsibilities of the Head of Finance

- 19.9 To ensure that all the Council's order processing and creditor payment systems and procedures are sound and properly administered.
- 19.10 To approve the form of official orders and associated terms and conditions.
- 19.11 To make payments from the Council's funds on the appropriate authorisation that the expenditure has been duly incurred in accordance with financial regulations.
- 19.12 To ensure that there is a system in place for virements.

Responsibilities of CLT

- 19.13 To ensure that the system / procedures for order processing and creditor payments put in place by the Head of Finance are adhered to and that all procurement is carried out in accordance with the Council's Contract Procedure Rules and Procurement Guidance.
- 19.14 To ensure that orders are only used for goods and services provided to the Council.
- 19.15 To ensure that orders raised and invoices paid are only authorised by those employees approved to do so.
- 19.16 To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. A separate officer should check the goods and services received to the officer authorising the order. Appropriate entries should then be made in inventories or stores records. The authoriser of the resulting invoice / payment is responsible for ensuring that the goods have been received, the invoice is arithmetically correct and properly coded and that the necessary entries have been made on the inventory or stock records. The way in which this is achieved is the responsibility of the authoriser.
- 19.17 To ensure that payment is not made unless a proper VAT invoice chargeable to the Council has been received, checked, coded and certified for payment, confirming:
- receipt of goods or services
 - that the invoice has not previously been paid
 - that expenditure has been properly incurred and is within budget provision

- that prices and arithmetic are correct and in accordance with quotations, tenders, contracts or catalogue prices
- correct accounting treatment of tax and / or VAT
- that the invoice is correctly coded to the right detail code
- that discounts have been taken where available
- that appropriate entries will be made in accounting records.

19.18 To inform the Head of Finance of leasing or rental arrangements prior to being entered into.

20 Payments to Employees and Members

Why is this important?

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

Key controls

20.2 The key controls for payments to employees and members are:

- proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to;
 - starters
 - leavers
 - variations
 - enhancements
 - and that payments are made on the basis of timesheets or claims
- all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule
- that Her Majesty's Revenues and Customs (HMRC) regulations are complied with
- that County Council superannuation regulations are complied with

Responsibilities of the Head of People and Transformation

- 20.3 To arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with prescribed procedures on the due date.
- 20.4 To record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions.
- 20.5 To make arrangements for payment of all travel and subsistence claims or financial loss allowance.
- 20.6 To make arrangements for paying Member allowances.
- 20.7 To provide advice and encouragement to secure payment of salaries and wages by the most economical means.
- 20.8 To ensure that there are adequate arrangements for administering superannuation matters on a day-to-day basis.

Responsibilities of CLT

- 20.9 To ensure appointments are made in accordance with the regulations of the Council and approved establishments, grades and scale of pay and that adequate budget provision is available.
- 20.10 To notify the Human Resources Manager of all appointments, terminations or variations which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Human Resources Manager.
- 20.11 To ensure that adequate and effective systems and procedures are operated, so that:
- payments are only authorised to bona fide employees
 - payments are only made where there is a valid entitlement
 - conditions and contracts of employment are correctly applied
 - employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- 20.12 To ensure that payroll transactions are processed only through the payroll system.
- 20.13 To certify travel and subsistence claims and other allowances. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the Council, ensuring that cost-effective use of travel arrangements is achieved.
- 20.14 To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.

21 VAT and Taxation

Why is this important?

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

Key controls

21.2 The key controls for taxation are:

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

Responsibilities of the Head of Finance

21.3 To complete a monthly return of VAT inputs and outputs to HMRC.

21.4 To monitor the partial exemption VAT limit throughout the year and make recommendations in respect of managing within this limit.

21.5 To provide details to HMRC regarding the construction industry tax deduction scheme as required.

21.6 To maintain up-to-date guidance for Council employees on VAT and taxation issues excluding PAYE where required.

21.7 To ensure that staff dealing with VAT management are suitably trained and have access to information which enables them to carry out their responsibilities effectively.

Responsibilities of the Head of People and Transformation

21.8 To complete all HMRC returns regarding PAYE.

21.9 To maintain up-to-date guidance for Council employees on PAYE where required.

22.10 To advise managers of the impact and responsibilities in relation to IR35

Responsibilities of CLT

- 21.11 To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HMRC regulations.
- 21.12 To ensure that the potential VAT partial exemptions implications are identified and notified to the Head of Finance.
- 21.13 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- 21.14 To maintain the database of Construction Industry Taxation Scheme in respect of contractors / sub-contractors.
- 21.15 To ensure that all persons employed by the Council are added to the Council's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.

22 Application for and Acceptance of Grant Funding

Why is this important?

- 22.1 External funding is a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Council and because such funding may require the Council to adhere to tight conditions in relation to the scope of expenditure, timescales, future use or subsequent repayments.

Key controls

- 22.2 All applications for and acceptance of grant funding is in accordance with the Application for and Acceptance of Grant Funding Procedure.

Responsibilities of the Head of Finance

- 22.3 To ensure that Application for and Acceptance of Grant Funding Procedure is in place.

Responsibilities of CLT

- 22.4 To ensure compliance with the Application for and Acceptance of Grant Funding Procedure.