Financial Procedure Rules

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FINANCIAL PROCEDURE RULES

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The Council's Financial Procedure Rules should be read in conjunction with other regulations and guidance published by the council, including, but not limited to, the Constitution. Specific reference is made to the Scheme of Delegation to Officers which specifies the relative roles and responsibilities of key officers.

The Corporate Directors of each Directorate are responsible for ensuring that all staff are aware of the existence and content of such documents and for compliance with them.

FINANCIAL PROCEDURE RULES

FINANCIAL PROCEDURE RULES INDEX

1 INTRODUCTION

1.1 These Financial Procedure Rules are a written code of procedures approved by Trafford Borough Council (the Council) to provide a framework for proper financial management. The Financial Procedure Rules form part of the Council's Constitution and set out rules on accounting, audit, administrative procedures and budgeting systems. Importantly, they will be continuously updated and refined in the context of the Council's changing structure and methods of operating.

1.2 To conduct its business efficiently, the Council needs to ensure that it has sound financial management policies in place and that they are strictly adhered to. Part of this process involves the establishment of Financial Regulations that set out the Council's financial policies.

1.3 All decisions which have financial implications must have regard to proper financial control and value for money. If there is any doubt as to whether a financial proposal is appropriate, or whether a financial action is correct, this must be clarified with the Chief Finance Officer in sufficient time to allow for appropriate consideration in advance of the decision or action being taken.

1.4 Failure to follow Financial Procedure Rules or financial instructions issued by the Chief Finance Officer under Financial Procedure Rules may result in action under the Council's disciplinary procedures.

1.5 The Council's governance structure is laid down in its Constitution, which sets out how the Council operates, how decisions are made and the procedures that are to be followed.

1.6 As part of authorities' governance arrangements, there is a statutory requirement for each Council to appoint an officer to be responsible for its financial affairs. For Trafford Council this officer is the Chief Finance Officer.

1.7 These Financial Procedure Rules must be followed by all officers of the Council, in conjunction with the Council's Constitution and the Accounts and Audit Regulations. All financial arrangements should also comply with current relevant statutory requirements and European legislation.

1.8 These Financial Procedure Rules do not apply to schools. Financial Procedure Rules for Schools are detailed in a separate document which has been provided to all maintained schools.

1.9 In line with the CIPFA Good Practice guidance, each section of the Financial Procedure Rules follows the format set out below:

- Why is this important?
- Financial Procedure Rules (FPR)
- Responsibilities of the Chief Finance Officer
- Responsibilities of Management

2 STATUS OF FINANCIAL PROCEDURE RULES

2.1 Financial Procedure Rules provide the framework for managing the Council's financial affairs. They apply to every Member and Officer of the Council and anyone acting on its behalf.

2.2 The Financial Procedure Rules identify financial responsibilities of individuals including; Executive Members, Council Members, Officers, the Chief Executive, the Director of Legal & Democratic services, the Chief Finance Officer, other Directors and Budget Holders. Any delegation of the financial responsibilities described in these Financial Procedure Rules must be recorded in writing.

2.3 Where such responsibilities are delegated, the officer to whom the responsibilities have been delegated must provide sufficient information to the Executive Member or relevant Director on request, in order to give assurance that all responsibilities and decisions have been performed in accordance with these Financial Procedure Rules. Where decisions have been delegated or devolved to other responsible officers, references to the relevant Member or Officer in the Rules should be read as referring to them.

2.4 All Members and Officers of the Council 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, is properly authorised, and provides value for money.

2.5 The Chief Finance Officer is responsible for maintaining a continuous review of the Financial Procedure Rules and submitting any additions or changes necessary to the full Council for approval. The Chief Finance Officer is also responsible for reporting, where appropriate, breaches of the Financial Procedure Rules to the Council and/or to the Executive Members. The Chief Finance Officer shall be authorised to temporarily suspend application of the Financial Procedure Rules in exceptional circumstances.

2.6 The Chief Finance Officer is responsible for issuing advice and guidance to underpin the Financial Procedure Rules that Members, Officers and others acting on behalf of the Council are required to follow.

2.7 Any person charged with the use or care of the Council's resources and assets should inform themselves of the Council's requirements under Financial Procedure Rules, with any queries being referred to the Chief Finance Officer.

2.8 All Corporate Directors should ensure that any financial procedures/guidelines produced by their departments in support of financial control are fully compliant with the Financial Procedure Rules and the agreement of the Chief Finance Officer should be obtained where such financial procedures are developed.

2.9 The word 'should' in the Financial Procedure Rules implies a duty or obligation to act in the way outlined.

2.10 Any proposals for changes or amendments to the Financial Procedure Rules must be forwarded to the Chief Finance Officer for consideration.

2.11 All Council employees must report to their manager, supervisor or other responsible senior officer, any illegality, impropriety, breach of procedure or serious deficiency discovered in the following of financial procedures. Managers must notify immediately and confidentially the Chief Finance Officer, or if not appropriate the Chief Executive or Director of Legal & Democratic Services (the Monitoring Officer), where it appears that such a breach has occurred.

3 GENERAL RESPONSIBILITIES OF THE CHIEF FINANCE OFFICER

3.1 Subject to the overall control of the Council and the Executive on matters of policy, the Chief Finance Officer is responsible for the proper administration of the Council's financial affairs through:

- (i) advising the full Council, Executive and all Committees and officers on accounting and financial matters;
- (ii) supervising the arrangements for the receipt of monies due to the Council, payment of monies due from the Council, and the Council's treasury management and insurances;
- (iii) the format and preparation of the annual estimates and the presentation of these to the Executive and the Council, ensuring that a balanced, robust and sustainable budget has been set;
- (iv) the preparation and presentation of the statement of accounts of the Council;
- (v) the operation of bank accounts.

3.2 The Chief Finance Officer is responsible for approving and controlling all accounting and financial systems in all departments of the Council, including the form of any documents and records used.

3.3 All Directors must notify the Chief Finance Officer as soon as possible of any matter within their area of responsibility which may affect the financial position of the Council.

3.4 When any changes in service are contemplated, a report must be prepared, in conjunction with the Chief Finance Officer, containing financial appraisals prior to submission to the Executive.

3.5 The Chief Finance Officer is responsible for ensuring that there is an effective Financial Scheme of Delegation and that this scheme is followed in practice within Trafford.

3.6 Only the Chief Finance Officer, or Officers specifically nominated and authorised by the Chief Finance Officer, are to undertake the general responsibilities outlined in this section. It is contrary to the Financial Procedure Rules for any other officer to assume or to allow others to believe that they have assumed these responsibilities.

FPR1 BUSINESS AND FINANCIAL PLANNING

The Council's and Executive's responsibilities in respect of budget and policy are set out in the 'Budget and Policy Framework Procedure Rules' contained in the Council's Constitution.

Why is this Important?

Planning is a dynamic and continuous process and is a fundamental tool in the management and control of the organisation. Financial planning is a key part of this process, setting out the financial consequences of the actions planned to meet the objectives and targets set within the plan.

The financial plans do not stand in isolation, and in essence are the evaluation of major strategic plans of the Council, which must be developed within the framework of the budget and the Corporate Plan. This will be a two-way process with the development of these specific plans influencing the development of the budgets and Corporate Plan, and vice versa. This evaluation is critical to the organisation, as the availability of finance is often the critical factor in determining the pace of development towards key objectives.

Budgeting

Why is this Important?

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 carefully weighed priorities. The budget is the financial expression of the Council's plans and policies.

The revenue budget must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of the Council. Budgets (spending plans) are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for a Council to budget for a deficit.

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. As capital expenditure can involve very large sums of money it is important that capital projects are carefully appraised and managed to ensure that the project objectives are delivered.

The Local Government Act 2003 established a system for capital financing based on a prudential framework. Local authorities have the freedom to borrow funds to finance their capital programmes, without Government consent, subject to local authorities ensuring that their plans are affordable, prudent, sustainable and based upon sound treasury management. Capital expenditure should form an essential part of the Council's asset management strategy and should be carefully prioritised in line with Council policy in order to maximise the benefit of scarce resources.

As set out in the 'Budget and Policy Framework Procedure Rules', each year, the Executive must submit its revenue and capital estimates of expenditure and income to the Annual Budget Meeting of the Council.

The rules for revenue and capital budgets are:

1.1 Budget Holders are defined as the Chief Executive, Corporate Directors, Directors, Heads of Service and Strategic Leads, together with any other Officer with the relevant delegated authority to control and monitor budgets. Budget Holders must be consulted in the preparation of the budgets for which they are responsible and accountable for;

1.2 Budget Holders are responsible for the day to day control of income and expenditure against a set budget for a cost centre, or group of cost centres that make up the area for which they have operational responsibility;

1.3 as part of the monitoring process, Budget Holders must review regularly the effectiveness and operation of revenue budget preparation and ensure that any corrective action is taken;

1.4 under the Local Government Act 2003, the Chief Finance Officer is required to prepare a report, for use when the Council is deciding its annual budget and council tax, on the robustness of the budget and the adequacy of the Council's reserves. The Government has a back-up power to impose a minimum level of reserves on a Council that it considers to be making inadequate provisions;

1.5 each year the Chief Finance Officer, in consultation with Directors and Heads of Service, will roll forward the Capital Investment Programme. The Executive shall consider all proposals for capital spending against available resources. The Capital Investment Programme is approved annually in February by the Council. Any increase to the total approved budget must be agreed by the Full Council, unless the increase is financed from external resources;

1.6 any new proposals involving capital investment need to be evaluated and are subject to the prioritisation and appraisal process as referred to in the Council's Capital Strategy before being considered for inclusion in the Programme;

1.7 if the acceptable tender amount is below the approved estimate, no works other than those included in the tender will be included without the express approval of the Chief Finance Officer;

1.8 the Council's de-minimis level for any single item of capital expenditure is £10,000. Anything below this should be treated as revenue expenditure. Exceptions to this level will be made for items of capital expenditure that are financed by specific grant.

FPR2 MAINTENANCE OF RESERVES

Why is this Important?
Every authority must decide upon the level of general reserves (balances) it wishes to maintain before it can decide the level of council tax. Reserves are maintained as a matter of prudence. They enable the Council to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained. When a Council is deciding its annual budget and council tax level it is required by statute to take into account a report from the Chief Finance Officer on the adequacy of the Council's reserves and robustness of the budget. The Government has a reserve power to impose a minimum level of reserves on a Council that it considers to be making inadequate provisions.

The rules for Maintenance of Reserves are:

2.1 the Council must establish and maintain reserves in accordance with the Local Government Act 2003, the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC) and agreed accounting policies;

2.2 requests for reserves and provisions must be submitted by Directors to the Chief Finance Officer for approval. This does not apply to underspend amounts required to be carried forward in accordance with the Medium Term Financial Plan (MTFP);

2.3 for each reserve established, the purpose, usage and basis of transactions must be clearly identified;

2.4 when requested and in any event, always at the financial year end, the Directors shall provide the Chief Finance Officer with a statement of reserve balances held and movements therein.

FPR3 BUDGET MANAGEMENT

Budgetary Control & Monitoring

Why is this Important?

Budgetary control and monitoring ensures that once the budget has been approved by the Council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.

By continuously identifying and explaining variances against budgetary targets, the Council can identify changes in trends and resource requirements at the earliest opportunity, enabling remedial action to be taken, where necessary. The Council itself operates within an annual budget allocation, approved when setting the overall budget. To ensure that the Council in total does not overspend, each service is required to manage its own expenditure and income within the budget allocated to it (i.e. controllable budget).

For the purposes of budgetary control by Budget Holders, a budget will normally be split into controllable and non-controllable for a service area or cost centre, with the service managers being held accountable for the controllable elements of the budget.

Budgetary Control & Monitoring rules

Procedure rules for managing and controlling the revenue budget are:

3.1 the responsibility of the Council for budget monitoring and control, under the Local Government Act 2003 is acknowledged;

3.2 every budget should have an appointed Budget Holder – ideally only one;

3.3 Budget Holders shall be accountable for the budgets under their control;

3.4 Budget Holders must accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities;

3.5 Budget Holders will follow an approved certification process for all expenditure;

3.6 Budget Holders shall ensure that income and expenditure must be properly recorded and accounted for;

3.7 Budget Holders shall ensure that performance levels/levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget;

3.8 the Chief Finance Officer in consultation with the Executive Member for Finance shall establish an appropriate format and frequency for monitoring the Council’s financial performance in compliance with regulations and best practice.

3.9 Budget Holders may not incur any expenditure in excess of budget (taken as an aggregate amount across all areas of the revenue budget in their control, after correct and proper accounting adjustments) without a robust plan to recover such overspending (or under achievement of income) over the following accounting period. Any expenditure in excess of the budget must be specified in the appropriate financial reports as determined by the Chief Finance Officer in consultation with the Executive Member for Finance.

Procedure rules for managing and controlling the capital budget are:

3.10 each capital scheme must have a named Budget Holder who is accountable for it;

3.11 the accountable named officer must advise the Chief Finance Officer as soon as appropriate of all proposed variations to approved budgets;

3.12 the accountable named officer must notify the Chief Finance Officer:

- if a significant alteration of the nature of works is recommended
- a significant extension of time is granted or a significant delay has arisen
- a contractor or other body has submitted a claim which would result in a final account sum of £10,000 or more above the original contract sum
- the contractor has ceased trading or is in liquidation

3.13 Budget Holders are responsible, with the assistance of the Chief Finance Officer, to explain any variances of financial performance from gross budgets which are in excess of £100,000 in terms of operational activity;

3.14 the Chief Finance Officer shall report to the Executive on a quarterly basis detailing progress of capital schemes against approved budget as well as general scheme progress, and include any variations to the overall budget.

FPR4 VIREMENT

Why is this Important?

The scheme of virement is intended to enable the Executive, Directors and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the Full Council, and therefore to optimise the use of resources.

Virement rules:

4.1 the overall budget is agreed by the Executive and approved by the Council. Budget Holders are therefore authorised to incur expenditure in accordance with the remits of the approved budget. The Financial Procedure Rules below cover virement; that is, the reallocation of financial resources after approval by the Council between approved estimates or heads of expenditure. For the purposes of these Financial Procedure Rules, revenue budget heads are defined by Council, usually listed in the annual budget report as the budget categorised objectively and similarly capital virements are movements between project heads, also defined by the Council and listed in the budget report;

4.2 a virement does not create additional overall budget liability. Budget Holders are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Budget Holders must plan to fund such commitments from within their own budgets;

4.3 Budget Holders shall be subject to the delegated authority, limits and specific procedures for virements specified below:

Virements - Instructions to Budget Holders

A virement is a transfer of funds between cost centres. There are two types: permanent and temporary.

Temporary virements are on a non-recurring basis and permanent virements are recurring year on year, this distinction is important as permanent virements effect planning budgets as well as in year budgets.

For a permanent virement that has a part year effect and to ensure that the planning budget (2) is accurate, the whole of the permanent virement must be input in plans V1 and 2 and then plan V1 amended by a temporary virement for the part of year.

Printouts from the financial system, from before and after the transaction, must be held with the virement form and kept on record for inspection and audit trail purposes.

Virements must not be used to move centrally apportioned budgets (non-controllable recharges) as required under Service Accounting Code of Practice (SERCOP) to directly controllable budgets and vice versa;

Authorisation of virements must adhere to the following rules:

VIREMENT TYPE	MAXIMUM DELEGATED LIMIT	AUTHORISER
Level 1 Virement - Movements within a cost centre.	Any	Budget Holder.
Level 2 Virement Between cost centres, but within the same Budget Head as categorised objectively.	Any	All respective Executive portfolio holders, Chief Executive, Deputy Chief Executive, Executive Directors, Directors, Strategic Leads and Heads of Service.

Level 3 Virement - Between Budget Head as categorised objectively.	up to £500k	(Revenue) All respective Executive portfolio holders, Chief Executive, Deputy Chief Executive, Executive Directors, Directors. (Capital) Chief Finance Officer if expenditure is supported by Grant, Developer Contribution or capital receipt.
Level 4 Virement - Between Budget Head as categorised objectively.	Between £500k and £1,500k if no change to net budget. Over £1,500k if no change to net budget.	(Revenue) Chief Finance Officer in consultation with Executive Portfolio holder. (Capital) – Chief Finance Officer in consultation with Executive Portfolio holder if expenditure is supported by Grant, Developer Contribution or capital receipt. (Revenue) Chief Finance Officer in consultation with the Leader of the Council, Deputy Leader and Executive Portfolio holder. (Capital) – Chief Finance Officer in consultation with the Leader of the Council, Deputy Leader and Executive Portfolio holder if expenditure is supported by Grant, Developer Contribution or capital receipt.
Level 5 Virement - Between Budget Head as categorised objectively.	Any if it results in a change to net budget.	(Revenue) Council (Capital) – Council for any new capital expenditure supported by borrowing or discretionary resources.

FPR5 ACCOUNTING

Why is this important?

Secure and reliable records and systems are important so we can:

- *process and record financial transactions and information;*
- *support how we use public money; and*
- *meet regulations and best practice.*

Accounting rules

The Chief Finance Officer shall:

5.1 determine accounting systems and procedures and the form of financial records;

5.2 provide guidance and advice on all accounting matters;

5.3 monitor accounting performance to ensure an adequate standard for all services;

5.4 certify financial returns, grant claims and other periodic financial reports required of the Council;

5.5 approve grant bids and any financial arrangement which could impose a financial liability on the Council including lease arrangements.

Directors shall:

5.6 adhere to accounting procedures and adopt the form of financial records and statements as determined by the Chief Finance Officer;

5.7 complete and pass to the Chief Finance Officer financial returns and other financial reports requiring certification;

5.8 maintain an effective and appropriate control environment for staff with finance responsibilities as advised by the Chief Finance Officer;

5.9 report changes to operational procedures or circumstances which affects the control environment to the Chief Finance Officer.

FPR6 <u>FINAL ACCOUNTS</u>

Why is this Important?

The Council is required to:

(a) Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. For the Council, that officer is the Chief Finance Officer;

(b) Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

(c) Prepare and approve the statement of accounts in accordance with proper accounting practices.

The Council has a statutory responsibility to prepare its own accounts to present fairly its operations during the year. The Accounts & Audit Committee is responsible for approving the statutory annual statement of accounts.

Requirements for Final Accounts

Annual statement of accounts:

6.1 the Chief Finance Officer shall make arrangements for the proper administration of the Council's financial affairs and the Council shall secure that one of its officers (the Chief Finance Officer) has the responsibility for the administration of these affairs;

6.2 the Chief Finance Officer in consultation with the Council's Monitoring Officer (Director of Legal and Democratic Services) shall ensure that the Council complies with relevant financial legislation and best practice which has the weight of law e.g. Accounts and Audit Regulations and CIPFA Codes of Practice, which set out the statutory dates for approval and publication of the annual accounts.

FPR7 VALUE FOR MONEY / EFFICIENCY

Why is this Important?

Public money should be spent with demonstrable probity and in accordance with the Council's Finance Procedure Rules. With limited funding for Council services and service user expectations increasing, it is paramount that the Council looks at ways of providing and demonstrating value for money and efficiency, with authorities having a statutory duty to achieve best value in the use of their resources. The Council's procedures should also help to ensure that services obtain value for money from their procurement and purchasing arrangements.

Rules for securing value for money and efficiency are set out as follows:

7.1 Service Reviews should be undertaken by aligning business planning, financial planning and risk management;

7.2 the Council's Contract Procedure Rules must be adhered to;

7.3 the Council's Procurement Strategy must be taken into consideration, as appropriate;

7.4 Internal Audit must assess the adequacy of internal controls as a contribution to the proper, economic, efficient and effective use of resources;

7.5 All decisions relating to the disposal of Council assets must be authorised by the Chief Finance Officer prior to engaging with interested parties, except for property, when surplus to requirements, which will be included in the Land Sales Programme as approved by the Executive.

FPR8 TREASURY MANAGEMENT

Why is this Important?

Treasury Management is an important part of the overall financial management of the Council's affairs, incorporating the management of the organisations investments and cashflows, bankings, money market and capital market transactions, and the effective control of the risks associated with these activities and the pursuit of optimum performance consistent with those risks.

CIPFA's 'Treasury Management in Public Services: A Code of Practice', governs the appropriate way of administering these funds. These aim to 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 capital sum.

The Council is responsible for approving the Treasury Management Policy Statement and annual Treasury Management Strategy, setting out the matters detailed in section 6 of CIPFA's, 'Treasury Management in Public Services: A Code of Practice'. The policy statement and annual Treasury Management Strategy is proposed to the Full Council by the Executive, after prior scrutiny by the Accounts and Audit Committee.

The Local Government Act 2003 established a new system for capital financing having regard for CIPFA's prudential code framework (this framework includes prudential indicators, of which a number relate directly to treasury management). Local Authorities now have the freedom to borrow funds to finance their capital programmes, without Government consent, subject to local authorities ensuring that their plans are affordable, prudent and sustainable and based upon sound treasury management.

Rules for Treasury Management

The Council's borrowings and investments must comply with:

8.1 the CIPFA Code of Practice on Treasury Management in Local Government;

8.2 the Council's Treasury Policy Statement (including the Treasury Management Practices and Schedules);

8.3 the Annual Treasury Management Strategy (including the treasury management prudential indicators).

FPR9 EXTERNAL ARRANGEMENTS

Partnerships

Why is this Important?

Partnerships are likely to play a key role in delivering community strategies and in helping to promote and improve the well-being of the area. Local authorities frequently work in partnership with others – public agencies, private companies, community groups and voluntary organisations. Local authorities still deliver some services, but their distinctive leadership role is to bring together the contributions of the various stakeholders. They therefore need to deliver a shared vision of services based on user wishes.

Local authorities will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations. Local authorities will be measured by what they achieve in partnership with others.

Procedure rules for Partnership arrangements are:

9.1 before entering into a partnership it must be ensured that the partnership has appropriate governance arrangements in place;

9.2 partners must be aware of their responsibilities under the Council's Financial and Contract Procedure Rules;

9.3 risk management processes must be in place to identify and assess all known risks;

9.4 project appraisal processes must be in place to assess the viability of the project in terms of resources, staffing and expertise;

9.5 the roles and responsibilities of each of the partners involved in the project must be formally agreed and accepted before the project commences;

9.6 there must be regular communication with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.

FPR10 TRUST FUNDS

Why is this Important?

These sums of money have been donated to the Council and can only be spent for the purpose for which they were given. They do not form part of the Council's accounts.

Rules for Trust Funds

10.1 The arrangements for Trust Funds are for the Council to be aware of the specific requirements for which these sums of money have been donated.

10.2 The Chief Finance Officer will determine the appropriate financial governance arrangements for Trust Funds.

FPR11 EXTERNAL FUNDING

Why is this Important?

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

Procedure rules when accounting for External Funding are:

11.1 key conditions of funding and any statutory requirements must be complied with and that the responsibilities of the accountable body are clearly understood;

11.2 funds shall only be to meet the priorities approved in the policy framework by the Council;

11.3 any match-funding requirements must be given due consideration prior to entering into long-term agreements and that future revenue budgets reflect these requirements;

11.4 the statutory responsibility to maintain adequate records in relation to all claims must be followed;

11.5 other than for property related leases, only the Chief Finance Officer and officers delegated by him/her may approve grant bids and any other arrangement which could impose a financial liability on the Council;

11.6 all claims for grant (both final and interim) must be certified by the Chief Finance Officer.

FPR12 CONTROL OF INCOME

Why is this Important?

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

Income raised through levying fees and charges is a significant proportion of the Council's overall income budget and as well as its power to target subsidy and raise resources, fees and charges have the power to affect the way that services are delivered. It can facilitate or deny access to services, change resident and user behaviour, or enable service managers to develop and improve service response to users.

Income Rules
Responsibilities of the Chief Finance Officer

12.1 to agree arrangements for the collection of all income due to the authority and to approve the procedures, systems and documentation for its collection;

12.2 to approve the form of all methods of receiving income, whether electronic or manual, and to satisfy himself or herself regarding the arrangements for their control;

12.3 to establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly;

12.4 to ensure money collected and deposited is reconciled to the bank account on a regular basis;

12.5 to ensure adequate arrangements are in place to fully protect the banking data of the council's customers, in particular those standards set out by the Payment Card Industry (PCI);

12.6 to agree the write-off of bad debts up to an approved limit as specified in the Officers Scheme of Delegation;

12.7 to keep a record of all sums written off up to the approved limit;

12.8 to ensure that appropriate accounting adjustments are made following write-off action.

Responsibility of each Director of Service
Each Director of Service within their own department shall make and maintain adequate arrangements to ensure:

12.9 all income due to the Council is identified and charged correctly, in accordance with an approved departmental charging policy. The charging policy should include the appropriate charging of VAT, and reviewed annually, in line with corporate policies;

12.10 all income shall be collected from the correct person, promptly, using the correct procedures and the appropriate stationery/systems as approved by the Chief Finance Officer;

12.11 wherever possible/practical, income should be obtained in advance, or at the time of service provision. Where credit is given, Directors must ensure that the credit status of each customer is satisfactory. Directors are responsible for issuing debtor accounts in a form approved by the Chief Finance Officer immediately a debt falls due. Each Director, in conjunction with the Chief Finance Officer must maintain adequate records to ensure that all credit income due to the Council is promptly recovered.

12.12 appropriate staff are identified to act as accountable officers to be custodians of money collected on behalf of the Council and ensure that:

- all money received by an employee shall be banked without delay (by deposit directly into the Council's bank account or given to an approved security company appointed by the Council) and properly recorded;
- the responsibility for cash collection should be separated from the reconciliation of the amount due to the amount received;
- details entered on the pay-in-slip and duplicate or counterfoil should include, particulars of such payment, including in the case of each cheque paid in, the amount of the cheque, the invoice number if one exists or relevant reference number;
- an official receipt is issued promptly and other documentation maintained for income collection where appropriate;
- all income is banked intact and without deductions of any kind;
- Income is not used to cash personal or other cheques.
- staff lock away all income to safeguard it against loss or theft;
- where amounts in hand exceed the insurance limit, they shall be banked forthwith using the Council's security services. Directors must ensure by liaison with the Insurance Section, that the insurance limit on their safe is adequate to cover the value of money received and held;
- income should be checked to the sales records such as till rolls, receipts issued, attendance records;
- access to cash is restricted to as few staff as practicably possible and suitable handover arrangements are in place where cash is handed over to a second person.

12.13 any apparent patterns of cash discrepancies are investigated promptly. Where such discrepancies are in excess of £100 individually, or in total within any period of one month, the Director concerned must immediately investigate and notify the Chief Finance Officer who may undertake such investigations as he/she deems appropriate;

12.14 effective action must be taken to pursue non-payment within defined timescales;

12.15 credit notes may be issued by Managers to correct for errors in raising debt due, and to the extent allowed by Council procedures in other circumstances. They must never be used to write down or write off income that is properly due to the Council. Where the issue of a credit note would reduce income such that it would not cover costs incurred by the Council, the permission of the Chief Finance Officer must be sought first;

12.16 formal approval for debt write-off is obtained in accordance with the procedures as defined by the Chief Finance Officer, and outlined in the Officers Scheme of Delegation in the Council's constitution.

12.17 appropriate write-off action is taken within defined timescales. The 'writing off' of a debt does not absolve a Director of the responsibility to collect such debts, and the position in relation to such debtors is to be monitored by the Director;

12.18 appropriate accounting adjustments are made following write-off and VAT recovery action;

12.19 all appropriate income documents must be retained and stored for the defined period in accordance with the document retention periods;

12.20 money collected and deposited is reconciled to the bank account and/or general ledger system by a person who is not involved in the collection or banking process;

12.21 all controlled stationery associated with income collection (e.g. receipt books, paying in books etc.) must be held in a controlled environment;

12.22 the setting of fees and charges must be in line with legislation, best practice and guidance issued by the Council, Executive or the Chief Finance Officer;

12.23 to the maximum extent possible income is collected by electronic means. This means that positive action should be taken to promote the use of customer payment by direct debit, card payments via the web, at the point of order for one-off items, and continuous debit arrangements for ongoing services provision;

12.24 full compliance with all practices necessary to fully protect the banking data of the council's customers, in particular those standards set out by the Payment Card Industry (PCI).

FPR13 INTERNAL AUDIT

Why is this Important?

The requirement for an internal audit function for local authorities is implied by Section 151 of the Local Government Act 1972, which requires that authorities "make arrangements for the proper administration of their financial affairs". The Accounts and Audit Regulations 2015, more specifically require that a "relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".

Accordingly, internal audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment by evaluating its effectiveness in achieving the organisations objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. Internal Audit's remit includes:

(a) assessing if operations are being carried out as planned, and if objectives/goals are being achieved;
(b) assessing the adequacy of systems established to ensure compliance with policies, plans, procedures, laws and regulations, i.e. rules established by the management of the organisation or externally;
(c) assessing the completeness, reliability and integrity of information, both financial and operational;
(d) assessing the extent to which the council's assets, data and interests are properly accounted for and safeguarded from losses of all kinds, including fraud, corruption, waste, extravagance, abuse, ineffective management and poor value for money;
(e) *assessing the economy, efficiency and effectiveness with which resources are deployed.*

Internal Audit Rules

Requirements are:

13.1 that it is independent in its planning and operation;

13.2 the Audit and Assurance Manager must have direct access to, and freedom to report in his/her own name and without fear or favour to, the Chief Executive, all levels of management and directly to elected Members;

13.3 the Audit and Assurance Manager or his/her authorised representative has authority to access all the Authority's establishments or operating bases, to access all relevant records and is entitled to pursue such enquiries as he/she considers necessary;

13.4 all officers, representatives and Members of the Council are required to fully cooperate with Internal Audit at all stages in the conduct of their reviews; to respond to draft Internal Audit reports and to take action to implement agreed Internal Audit recommendations;

13.5 the internal auditors must comply with the United Kingdom Public Sector Internal Audit Standards (PSIAS) and associated guidance on PSIAS published by CIPFA.

FPR14 PREVENTING FRAUD AND CORRUPTION

Why is this Important?

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

The Council's expectation of propriety and accountability is that Members and Officers at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices and by being aware of their personal role in preventing and detecting fraud, theft, bribery and corruption.

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

All senior officers and managers are responsible for ensuring that responsibilities within their service area are clearly identified, for raising awareness to fraud and corruption and for establishing an anti-fraud and corruption culture that is embedded in working practices.

Rules for Preventing Fraud and Corruption are that:

14.1 the Council must have in place an effective 'Anti-fraud and Corruption Strategy and Policy which all Members and officers should adhere to, and maintains a culture that will not tolerate fraud or corruption;

14.2 the Council must have a 'Confidential Reporting Code and Policy' that defines whistle blowing procedures and which operates effectively and in accordance with the Public Interest Disclosure Act 1998;

14.3 it is the duty of Members and officers who suspect fraud, corruption or irregularity to report it promptly in accordance with the Council's Fraud Response Plan;

14.4 all Members and staff must act with integrity and lead by example. All must sign up to and abide by the appropriate Code of Conduct and the ICT Acceptable Use Policy;

14.5 all suspicions of fraud, theft, bribery and corruption must be reported promptly in accordance with the Council's Fraud Response Plan. The Audit and Assurance Manager will be informed of such cases, and in accordance with the Fraud Response Plan, liaise with other relevant services to agree the appropriate investigation approach;

14.6 in cases of theft, fraud, financial misconduct, serious and intentional breaches of the Financial and Contract Procedure Rules, bribery or corruption committed by employees, the Council will seek disciplinary action for gross misconduct. This includes fraud relating to employment with the Council as well as other forms of engagement e.g. through benefit claims made to the Council by employees or Members.

14.7 The Chief Finance Officer will determine whether any matter of financial irregularity and/or associated corruption is reported to the Police;

14.8 high standards of conduct shall be promoted amongst Members by the Standards Committee;

14.9 registers of interests, gifts and hospitality in which any interest or offers of gifts or hospitality are recorded must be maintained by the monitoring officer for Members and officers in accordance with the appropriate Code of Conduct.

FPR15 INVENTORIES

Why is this Important?

The Council holds furniture, fittings, equipment, plant, machinery and other attractive items of significant value. It is important that these assets are safeguarded and used efficiently in service delivery. It is therefore important that these assets are recorded in an inventory in order to verify; location, review condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly.

Rules for Inventories

15.1 it is the responsibility of service managers in consultation with the Chief Finance Officer to determine whether or not an inventory is to be maintained;

15.2 if an inventory is established, managers must ensure that it is properly maintained and regularly checked and missing items reported to the Chief Finance Officer.

FPR16 <u>REQUIREMENTS FOR COMPETITIVE QUOTATIONS</u>

Why is this Important?

Public money should be spent with demonstrable probity and in accordance with the Council's Procurement Strategy and Policies. Authorities have a statutory duty to achieve value for money and the Council's procedures should help to ensure that services obtain value for money from their procurement and purchasing arrangements.

Contract procedure rules set out the Council's requirements for obtaining competitive quotations and going out to tender for the procurement of work, goods and services.

Rules for obtaining competitive quotations

16.1 The Council's Contract Procedure Rules must be complied with when undertaking procurement of work, goods and services.

FPR17 CONTRACTS

Why is this Important?

Public money should be spent with demonstrable probity and in accordance with the Council's Procurement Strategy and Policies. The Council spends sizable amounts of public money on contracts, therefore it is essential that procedures and processes are in place to ensure value for money and fairness, evaluate risk and adhere to all relevant procurement rules.

Contract Procedure Rules deal with arrangements for tendering and the form of contracts.

Rules for entering Contracts

17.1 The Council’s Contract Procedure Rules must be complied with when entering into contracts for the provision of works, goods and services.

FPR18 ORDERS FOR WORK, GOODS AND SERVICES

Why is this Important?

The Council spends a large amount of public money on the procurement of work, goods and services. It is therefore important that ordering of work, goods and services is strictly regulated to ensure monies are spent prudently and correctly. Cash flow is important to business, particularly small to medium enterprises, and the Council has particular regard to the needs of local business. It is a statutory requirement as well as a Council key performance indicator to pay all undisputed invoices within 30 days, and for additional effort to pay local businesses even sooner. It is therefore imperative that not only are these rules followed, but they are followed quickly and that all records are properly maintained. This need is reinforced by the key objective to provide value for money, correcting and administering systemic error and queries in the payment system rarely adds value, and the need to do it quickly, correctly and first time cannot be understated.

Rules for ordering works, goods and services

18.1 ordinarily the Council will only pay for goods or services, and/or make other payments, in arrears. No officer may undertake a contract or order which would include for a payment in advance without the prior approval of the Chief Finance Officer;

Directors shall be responsible for all orders for works, goods and services emanating from their own departments and must ensure:

18.2 controls are in place to ensure orders can only be placed for the procurement of Council works, goods and services;

18.3 procedures laid down in the Council's Purchase to Pay guide are adhered to;

18.4 official orders must be used for requisitioning works, goods and services;

18.5 an official order must be raised using the approved electronic ordering system for the procurement of all work, goods and services, unless specifically exempted by the Chief Finance Officer;

18.6 all orders for works, goods and/or services are approved by an authorised officer, in accordance with the Council's Scheme of Delegation;

18.7 adequate budget provision must be available before an official order is raised;

18.8 delivery notes must be obtained when delivery of goods made and goods must be checked promptly for quality/compliance to specifications and checked against the official order and the appropriate system must be correctly and speedily updated within one working day.

FPR19 PAYMENTS FOR WORK, GOODS AND SERVICES

Why is this Important?

The Council spends a large amount of public money on the procurement of work, goods and services. It is therefore important that payment of work, goods and services is strictly regulated to ensure monies are spent prudently and correctly. Payments relating to purchases made through the Council's electronic ordering system are automatically authorised for payment up to the values awarded to the original authorising officer. This section relates to the payment of accounts that have been exempted from the Council's primary ordering system.

Rules for Payment of accounts

Directors shall ensure arrangements are made for the prompt certification and processing of invoices for all works, goods and services for which they are responsible for and must ensure:

19.1 that adequate controls are in place to ensure that undisputed payments: are promptly made to the correct supplier; are made for the correct amount; that all purchases are coded correctly both for the finance ledger and any procurement database; and are paid within the relevant time period (i.e. complies with regulation and any internal target);

19.2 procedures laid down in the Council's Purchase to Pay guide are adhered to and payments are not made unless goods have been received by the Council at the correct price, quantity and quality standards;

19.3 manual invoices must be signed by an authorised officer;

19.4 the signing of cheques is subject to the limits set within the Council's banking contract as follows. Individual cheques below £50,000 require one authorised bank signatory, £50,000 or above require two authorised bank signatories;

19.5 all expenditure, including VAT, must be accurately recorded against the correct budget.

FPR20 PAYMENTS TO STAFF

Why is this Important?

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

Rules for making payments to staff:

20.1 all payments to employees of the Council should be in compliance with the Council's established procedures as advised by the Director of Human Resources;

20.2 proper authorisation procedures must be in place and there must be adherence to corporate timetables in relation to:

- *starters*
- *leavers*
- *variations*
- *enhancements*

20.3 frequent reconciliation of payroll expenditure against approved budget and bank account must take place;

20.4 all appropriate payroll documents must be retained and stored for the defined period;

20.5 HM Revenue and Customs regulations must be complied with;

20.6 car mileage and expense re-imbursement payments must be paid to employees of the Council in line with Council policy;

20.7 a list of authorised signatories together with specimen signatures relative to specific documentation in the payroll system should be retained by payroll service, and Director of Human Resources should ensure this list is regularly reviewed and updated.

FPR21 <u>CUSTODY OF STOCKS AND STORES</u>

Why is this Important?

The Council holds stocks and stores of significant value. It is important that these assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations.

Rules for the security of stocks and stores

Directors shall be responsible for the custody, recording and physical control of stocks and stores held in their department and ensure:

21.1 stocks and stores shall be used only for the purposes of the Council and are properly accounted for;

21.2 they shall be available for use when required;

21.3 stocks and stores no longer required are disposed of in accordance with the regulations of the Council so as to maximise benefits; the writing down or writing off of stock must be done in consultation with the Chief Finance Officer;

21.4 a stocks and stores inventory is maintained for the Council, which records when they are acquired by the Council and this record is updated as changes occur with respect to the location and condition of the stocks and stores;

21.5 all Officers shall be made aware of their responsibilities with regard to safeguarding the security of the Council's stocks and stores;

21.6 Any missing stock or stores are reported immediately to the Chief Finance Officer.

FPR22 <u>PETTY CASH AND IMPREST ACCOUNTS</u>

Why is this important?

The Council holds cash sums at various premises in order to allow services operational flexibility needed for minor purchases and reimbursements to staff. It is important that cash is safeguarded and properly recorded and accounted for in order to allow services to operate effectively.

Procedure rules for petty cash and imprest accounts are:

22.1 Directors shall be responsible for the safe custody, recording and physical control of petty cash and imprest accounts held in their department. For each cash holding the following roles must be assigned to different Officers: **(" the Imprest Holder")** who shall be responsible for physically holding and issuing the cash and maintaining the appropriate records (there can be more than one holder per cash holding for practical purposes but it should be kept to as minimum a number as possible); **("the manager"** who must be senior to the Imprest Holder and who will be responsible for ensuring that: the rules concerning cash holdings are followed; reconciliations are checked; reimbursements are certified; requests for cash increases are made; and that missing cash is reported;

22.2 all requests for imprest account monies must be made to the Chief Finance Officer by the Directors concerned. Any subsequent changes to the financial level must be approved by the Chief Finance Officer;

22.3 the Chief Finance Officer must maintain a record of all imprest accounts and the approved current level;

22.4 no sums received on behalf of the Council may be paid into an imprest account but shall be banked or paid promptly in accordance with financial procedure rule 12;

22.5 payments from imprest accounts shall be limited to minor items, except with prior approval of the Chief Finance Officer or authorised officer;

22.6 all cash advances and disbursements shall be supported by vouchers and all expenditure by receipts;

22.7 the Manager responsible shall regularly check that the level of bank, cash, vouchers and receipts reconcile to the approved level of the petty cash holding; reporting any missing cash to the Chief Finance Officer immediately. The regularity of check should be at least monthly for petty cash when the holding should be certified for reimbursement. For disbursements, the regularity and format of check should be balanced against the level of the holding and the frequency of disbursements. Such regularity may be advised by the Chief Finance Officer for each such holding.

22.8 when requested, but always at the financial year end, the Manager shall provide the Chief Finance Officer with certificates of holdings;

22.9 reimbursements of petty cash / imprest will only be made upon receipt of relevant documentation and supporting evidence which shall be made to the Chief Finance Officer or their authorised Officer;

22.10 on leaving the Council’s employment or otherwise ceasing to be entitled to hold a petty cash advance, the Holder shall account to the Chief Finance Officer for the amount advanced to him or her;

22.11 any cash holding can be removed by the Chief Finance Officer or authorised Officer at any time.

FPR23 CAPITAL ASSETS

Why is this Important?

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

Rules relating to the security of capital assets such as land, buildings, fixed plant machinery, equipment, software and information are:

23.1 capital assets must be used only for the purposes of the Council and must be properly accounted for;

23.2 capital assets must be available for use when required;

23.3 capital assets no longer required must be disposed of in accordance with the Asset Management Plan and Land Sales Programme of the Council so as to maximise benefits;

23.4 an asset register must be maintained for the Council, assets must be recorded when they are acquired by the Council and this record is updated as changes occur with respect to the valuation, disposal, location and condition of the asset;

23.5 all employees of the Council must be aware of their responsibilities with regard to safeguarding the security of the Council's capital assets.

FPR24 INSURANCE

Why is this Important?

All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event.

Insurance is a major element within risk management, enabling risks from adverse events to be mitigated through taking out cover policies. However, these are not without cost, and risk prevention is always preferable to paying higher premiums, where this is possible.

An ex-gratia payment is a payment made to an individual in respect of loss or damage in a situation where the Council accepts no liability for the loss or damage but is willing to make some reimbursement without accepting liability. Most commonly such payments are made to employees in respect of personal property (including clothing or personal items such as spectacles) damaged or lost accidentally. Ex-gratia payments are not made in situations where the loss is fully insured, either by the individual or the Council.

Insurance Rules

The Chief Finance Officer shall ensure that:

24.1 procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the Council;

24.2 provision is made for losses that might result from the risks that remain;

24.3 procedures are in place to investigate claims within required timescales;

24.4 acceptable levels of risk are determined and insured against where appropriate;

24.5 ex-gratia payments are made in line with Council policy;

24.6 a register is maintained of all insurances and the property or risks covered.

Directors shall:

24.7 report all instances of possible claims and losses in accordance with timescales and procedures set by the Chief Finance Officer;

24.8 provide timely information required by the Chief Finance Officer or the Council’s insurers on any insurance related matters.

FPR25 <u>RISK MANAGEMENT</u>

Why is this Important?

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

It is the overall responsibility of the Executive to promote a culture of risk management awareness throughout the Council. The Council's Risk Management Strategy is approved by the Corporate Leadership Team and Accounts and Audit Committee.

Rules for risk management are:

25.1 procedures must be in place to identify, assess, prevent or contain material known risks, and these procedures must be operated effectively throughout the Council;

25.2 a monitoring process must be in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process must be conducted on a continuing basis;

25.3 managers know that they are responsible for managing relevant risks and must ensure they have all relevant information on risk management initiatives;

25.4 risk management reporting should be carried out in accordance with the Council's risk management reporting protocols set out in the Risk Management Strategy;

25.5 significant changes in risk management processes or policy should be notified to the Chief Finance Officer;

25.6 procedures must be in place to investigate claims within required timescales;

25.7 the Council has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

FPR26 TAXATION

Why is this Important?

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

The Council incurs VAT on a range of goods and services purchased. The Council also charges VAT on some services that it provides and on the sale of certain goods. The Council has a duty to declare these VAT transactions to HM Revenue and Customs (HMRC).

In performing its payroll function, the Council will collect deductions from employees' pay in relation to both PAYE and National Insurance contributions. The Council has a responsibility to pay and provide information on these deductions to HMRC on a timely basis.

The Council may also incur Corporation Tax (and associated forms of taxation) where it operates trading companies. The Council has a responsibility to pay and provide information of such taxation to HMRC on a timely basis.

Procedure rules for Taxation

26.1 managers must be provided with relevant information and kept up to date on tax issues;

26.2 tax related documentation must be stored and be readily accessible for examination in accordance with the Council's document retention policy and/or as directed by the Chief Finance Officer;

26.3 all taxable transactions must be identified, properly carried out and accounted for within stipulated timescales;

26.4 returns must be made to the appropriate authorities within the stipulated timescale.

FPR27 <u>DOCUMENTATION RETENTION PERIODS</u>

Why this is Important?

The main reason for retaining financial records is to provide evidence that income and expenditure recorded in the Council's financial statements is valid, accurate and complete. This is necessary to satisfy the requirements of internal and external audit enquiries, and also the tax authorities.

Following the Freedom of Information Act 2000, all public bodies (including local authorities) have a statutory duty to provide recorded information within a prescribed timeframe, following a written request. From January 2005 any person who makes a request to the Council must be informed whether the Council holds that information and can be supplied with that information (subject to exemptions). It is therefore important that the Council is able to provide the information requested. This Act has re- emphasised the need for adequate records.

Rules for Retention of documents:

27.1 the documentation retention periods must be regularly reviewed;

27.2 the documentation retention periods must be agreed with the third parties i.e. internal/external audit, HM Revenue and Customs;

27.3 all employees of the Council must be made aware of the document retention periods;

27.4 all employees of the Council must be made aware of the requirements placed on the Council in relation to the freedom of information act;

27.5 the Council issues employees of the Council guidance in relation to compliance with the freedom of information act;

27.6 financial records must not be disposed of other than in accordance with arrangements approved by the Chief Finance Officer and under no circumstances prior to the closure of the audit of accounts for the relevant year by the external auditor.

The Council's documentation retention periods for financial records is 6 years plus current, with the exception of schemes supported by European funding which must be retained indefinitely.

DATE OF APPROVAL

These Finance Procedure Rules were approved by Full Council on xxth May 2017 and came into effect on xxth May 2017.