Finance Procedure Rules

July 2013

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FINANCIAL PROCEDURE RULES

Contents **Page**

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.

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FINANCE PROCEDURE RULES

FINANCE PROCEDURE RULES INDEX

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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 Director of Finance 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 Director of Finance under Financial Procedure Rules may result in action under the Council's disciplinary procedures.

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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 Director of Finance.

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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.

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1.9 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.

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

- Why is this important?
- Finance Procedure Rules (FPR)
- Responsibilities of the Director of Finance
- Responsibilities of the Senior Management

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2 STATUS OF FINANCE PROCEDURE RULES

2.1 Finance 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 Finance Procedure Rules identify financial responsibilities of individuals - Executive Members, Council Members, Officers, the Chief Executive, the Director of Legal & Democratic services, the Director of Finance, and other Directors. Executive Members and Directors should maintain a written record where decision making has been delegated to them or their staff, including seconded staff.

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

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

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

2.6 The Director of Finance is responsible for issuing advice and guidance to underpin the Finance 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 Finance Procedure Rules, with any queries being referred to the Director of Finance.

Deleted: Directors are responsible for ensuring that all staff in their departments are aware of the existence and content of the Council's Finance Procedure Rules and other internal regulatory documents and that they comply with them. They must also ensure that an adequate number of copies are available for reference within their departments.

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 Director of Finance should be obtained where such financial procedures are developed.

2.9 The word ‘should’ in the Finance Procedure Rules implies a duty or obligation to act in the way outlined. Where reference is made to a Director, this may be construed, depending upon the context, as his or her authorised representative.

2.10 Any proposals for changes or amendments to the Finance Procedure Rules must be forwarded to the Director of Finance for consideration.

2.11 All 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 Director of Finance, or if not appropriate the Chief Executive or Director of Legal & Democratic Services (the Monitoring Officer), where it appears that a breach has occurred.

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3 **GENERAL RESPONSIBILITIES OF THE DIRECTOR OF FINANCE**

3.1 Subject to the overall control of the Council and the Executive on matters of policy, the Director of Finance 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 Director of Finance 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 Director of Finance 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 Director of Finance, containing financial appraisals prior to submission to the Executive.

3.5 The Director of Finance 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 Director of Finance, or officers specifically nominated by the Director of Finance, are to undertake the general responsibilities outlined in this section. It is contrary to the Finance Procedure Rules for any other officer to assume or to allow others to believe that they have assumed these responsibilities.

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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. The policy framework comprises those statutory plans and strategies set out in the 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 new system for capital financing based on a prudential framework. 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, *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 service managers (Directors and senior managers) must be consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the Executive for their budgets and the level of service to be delivered;

1.2 service managers must nominate designated budget holders within the financial scheme of delegation to be responsible for the day to day control of income and expenditure against a set budget for a cost centre, or group of cost centres, as directed by the budget manager;

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 Director of Finance 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 an Council that it considers to be making inadequate provisions;

1.5 each year the Director of Finance, 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;

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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 to the Programme;

1.7 each capital scheme must have a named officer who is accountable for it;

1.8 the accountable named officer must advise the Director of Finance as soon as appropriate of all proposed variations to approved budgets;

1.9 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 Director of Finance;

1.10 the Director of Finance shall report to the Executive on a quarterly basis detailing progress of schemes against approved budget as well as general scheme progress, and include any variations to the overall budget;

1.11 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 Director of Finance 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, Code of Practice on Local Council 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 Director of Finance for approval. This does not apply to underspend amounts required to be carried forward in accordance with Medium Term Financial Strategy (MTFS);

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 Director of Finance with a statement of reserve balances held and movements therein.

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Why is this Important?

Under Best Value, local authorities have had a duty to review services, to improve performance continuously and to report performance to local people. Local authorities have also have the power and duty to promote or improve the economic, social or environmental well-being of their area (Local Government Act 2000). This power is wide-ranging, and enables local authorities to improve the quality of life, opportunity, and health of their local communities and ensure that:

- *councils are empowered to lead their communities;*
- *councils' political decision-making processes are efficient, transparent and accountable;*
- *there is continuous improvement in the efficiency and quality of the services for which councils are responsible;*
- *councils actively involve and engage local people in local decisions; and*
- *councils have the powers they need to ensure that they can promote and improve the well-being of their areas and contribute to sustainable development.*

The greater emphasis on providing better value for money (VFM) in local public services outlined in the HM Treasury's Releasing Resources for the Frontline: Independent Review of Public Sector Efficiency (the Gershon review) means that local authorities need to demonstrate that services are providing more or better quality for the same amount of money or less. This requires excellent performance management and performance reporting linked to information about budgets and resourcing.

Partnerships are also seen by Government as a way of achieving better and more joined-up services in a local area. Local strategic partnerships (LSPs) have been a way for public sector agencies, businesses, the voluntary sector and wider community interests groups to meet and agree priority improvements in their communities. Local Area Agreements are a way of combining partnerships, streamlined funding focused on community objectives and targets agreed by both central and local government to achieve significant improvements in performance. The complex demands of delivering services through partnership also means that local authorities need to adapt their approach to performance management to reflect the contributions of a number of partner agencies, while still robustly demonstrating progress toward ...

FPR4 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 within the budget allocated to it (i.e. controllable budget).

For the purposes of budgetary control by service managers, 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:

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

4.2 a budget manager and budget holder must be nominated for each cost centre heading;

4.3 budget holders are responsible only for income and expenditure that they can influence, and act under the direction of their budget manager;

4.4 budget managers must accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities;

4.5 budget holders will follow an approved certification process for all expenditure;

4.6 income and expenditure must properly recorded and accounted for;

4.7 performance levels/levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget;

4.8 The Director of Finance 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.

4.9 Directors 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 being specified in the appropriate financial reports as determined by the Director of Finance in Consultation with the Executive Member for Finance.

Procedure rules for managing and controlling the capital budget are:

4.9 each capital scheme must have a named officer who is accountable for it;

4.10 the accountable named officer must advise the Director of Finance as soon as appropriate of all proposed variations to approved budgets;

4.11 the accountable named officer must also notify the Director of Finance:

- 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

4.12 Managers are responsible, with the assistance of the Director of Finance, to explain variances of financial performance from gross budgets in excess of £100,000 in terms of operational activity.

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FPR5 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:

5.1 are administered by the Director of Finance within guidelines set by the Council. Any variation from this scheme requires the approval of the Council;

5.2 the overall budget is agreed by the Executive and approved by the Council. Directors and service managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement; that is, reallocating financial resources after approval by Budget Council between approved estimates or heads of expenditure. For the purposes of this scheme, revenue budget heads are defined by Council, usually listed in the annual budget report as the breakdown or categorisation of services, and similarly capital virements are between project heads also defined by Council and listed in the budget report;

5.3 virement does not create additional overall budget liability. Directors 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. Directors must plan to fund such commitments from within their own budgets.

5.4 The delegated authority, limits and specific procedure for virement is:

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the revenue budget, or a project/programme set out in the capital budget

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Virements - Instructions to Budget Holders

A virement is a transfer of funds between budget lines. 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 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 as required under Service Accounting Code of Practice (SERCOP) to directly controllable budgets and visa versa;

Spending Powers

A credit budget is where spending power is being moved from and the debit budget where it is moved to.

Authorisation of virements must adhere to the following rules:

VIREMENT	**AMOUNT**	**AUTHORISER**
Movements within a cost centre	Any	Budget Holder
Between cost centres, but within the same Budget Heads	Any	All respective Executive portfolio holders, Chief Exec, Deputy Chief Exec, Executive Directors, Directors, Head of Service.
Between Budget Heads	Of either budget head, up to £500k	(Revenue) All respective Executive portfolio holders, Chief Exec, Deputy Chief Exec, Executive Directors, Directors, Head of Service & according to relevant department scheme of delegation. (Capital) Director of Finance.

Between Budget Heads	Of either budget head, over £500k.	(Revenue) Council (Capital) Council if expenditure supported by borrowing or discretionary resources, Executive if expenditure supported by Grant or Developer Contribution

[moving to budget control]

Deleted: In addition to the virement limits set out in Annex 3, the Director of Finance, and Directors can incur excess expenditure subject to corresponding reduction within same service budget subject to the limits set out by the Council.

FPR6 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

6.1 The Director of Finance shall:

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

6.1.2 provide guidance and advice on all accounting matters;

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

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

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

Directors shall:

6.1.5 adhere to accounting procedures and adopt the form of financial records and statements as determined by the Director of Finance;

6.1.6 covered in 3.2 general responsibilities (delete 6.1.6)

6.1.7 complete and pass to the Director of Finance financial returns and other financial reports requiring certification;

6.1.8 maintain an effective and appropriate control environment for staff with finance responsibilities as advised by the Director of Finance.

6.1.9 Changes to operational procedures or circumstances which affects the control environment should be reported to the Director of Finance.

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Deleted: keep a proper separation of duties for staff with financial responsibilities;

Deleted: 6.1.9 the following principles shall be observed in connection with accounting systems:

(a) the duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums shall be separated as completely as possible from the duty of collecting or disbursing them;

(b) officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

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FPR7 FINAL ACCOUNTS Why

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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 Director of Finance;*

(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:

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

7.2 the Director of Finance 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 eg Accounts and Audit Regulations 2011 and CIPFA Codes of Practice which set out the statutory dates for approval and publication of the annual accounts;

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FPR8 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:

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

8.2 the Council's Contract Procedure Rules and requirements for competitive quotes for work, goods and services must be adhered to;

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

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

8.5 All decisions relating to the disposal of Council assets must be authorised by the Director of Finance prior to engaging with interested parties, except for property up to a value to be determined by the Director of Finance in consultation with the Corporate Director of Economic Growth & Prosperity.

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Gershon's Review ' Releasing Resources to the Front Line';

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FPR9 **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.

Deleted: *Many millions of pounds pass through the Council's books each year*

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.

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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 the:

9.1 CIPFA Code of Practice on Treasury Management in Local Government;

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

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

FPR10 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:

10.1 before entering into a partnership it must be ensured that the partnership has appropriate governance arrangements in place, making reference to the Council's "Good Practice Guide to Managing Partnerships";

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

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

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

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

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

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FPR11 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

11.1 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.

11.2 The Director of Finance will determine the appropriate financial governance arrangements for Trust Funds.

FPR12 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:

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

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

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

12.4 the Council must have up to date guidance on Grant Accounting including Accountability for Partnership Arrangements;

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

12.6 Other than for property related leases, only the Director of Finance and

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officers delegated by him/her may approve grant bids and any other arrangement which could impose a financial liability on the Council.

12.7 all claims for grant (both final and interim) must be certified by the Director of Finance in accordance with the Council's external funding procedures.

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FPR13 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

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

13.1.1 all income due to the Council is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed;

13.1.2 all income shall be collected from the correct person, promptly, using the correct procedures and the appropriate stationery/systems;

13.1.3 all money received by an employee on behalf of the Council 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 that:

- for identifying the amount due
- for reconciling the amount due to the amount received

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

13.1.5 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 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 Director of Finance to do so must be sought first.

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

13.1.7 appropriate write-off action is taken within defined timescales;

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

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

13.1.10 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;

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

13.1.12 the setting of fees and charges must be in line with legislation, best practice and guidance issued by the Council, Executive or the Director of Finance.

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FPR14 ACCOUNTING OFFICERS

Why is this Important?

Income can be a vulnerable asset and it is therefore necessary to identify responsible and accountable officers to be custodians of cash balances.

Requirements for accounting officers

14.1 It is the responsibility of management to ensure that Accounting officers are adequately trained and aware of their roles and responsibilities.

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FPR15 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 (England) Regulations 2011, more specifically require that a "relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control".

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:

15.1 that it is independent in its planning and operation;

15.2 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;

15.3 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.2615.4 all officers, representatives and Members of the Council are required to fully cooperate with Internal Audit at all stages in the conduct of their

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reviews; to respond to draft Internal Audit reports and to take action to implement agreed Internal Audit recommendations;

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

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FPR16 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:

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

16.2 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;

16.3 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;

16.4 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;

16.5 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.

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Deleted: 16.5 senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Council or who are corrupt;

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16.6 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 of Members.

16.7 The Director of Finance will determine whether any matter of financial irregularity and/or associated corruption is reported to the Police.

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

16.9 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.

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Deleted: registers of interests in which any interests, or offers of gifts or hospitality are recorded must be maintained by the monitoring officer for Members and officers;

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FPR17 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
17.1 It is the responsibility of service managers in consultation with the Director of Finance to determine whether or not an inventory is to be maintained.
17.2 If an inventory is established managers must ensure that it is properly maintained and regularly checked and missing items reported to the Director of Finance.

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FPR18 REQUIREMENTS FOR COMPETITIVE QUOTATIONS

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.

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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

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

FPR19 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 rule.

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

Rules for entering Contracts

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

FPR20 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

20.1 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 Director of Finance.

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

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

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

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

20.1.4 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 Director of Finance;

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20.1.5 all goods and services are ordered only by appropriate persons;

20.1.6 all orders must be approved by an authorised officer, subject to the limits set by the Council;

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

20.1.8 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 correctly and speedily updated within one working day;

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FPR21 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

21.1 Directors shall ensure arrangements are made for the prompt certification and processing of invoices for goods and services supplied in accordance with their submitted financial Scheme of Delegation and must ensure:

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

21.1.2 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;

21.1.3 manual invoices must be signed by an authorised officer;

21.1.4 the signing of cheques is subject to the limits set by the Council;

21.1.5 all expenditure, including VAT, must be accurately recorded against the correct budget;

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Deleted: 21.1.7 Purchase to Pay accounts payable procedures above relate to goods and services paid in arrears of receiving those goods and services. Any payments required to be made in advance must be in consultation with and agreed by the Director of Finance before payment is released.¶

FPR22 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:

22.1 All payments to staff should be in compliance with the Council's established procedures as advised by the Director of Human Resources.

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

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

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

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

22.4 HM Revenue and Customs regulations must be complied with;

22.5 car loans, car lease and car mileage payments must be paid to employees in line with Council policy for each of the different schemes;

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

FPR23 CUSTODY OF STOCKS AND STORES

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

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

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

23.1.2 they shall be available for use when required;

23.1.3 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 Director of Finance.

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23.1.4 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;

23.1.5 all staff are aware of their responsibilities with regard to safeguarding the security of the Council's stocks and stores.

21.1.6 Any missing stock or stores is reported immediately to the Director of Finance.

FPR24 PETTY CASH AND IMPREST ACCOUNTS

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:

24.1 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 staff; **the holder**, 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 a minimum number as possible); **the manager**, who must be senior to the holder and who will be responsible to ensure that the rules concerning cash holdings are followed, will check reconciliations, will certify reimbursements, who will make requests for cash increases, and report missing cash.

24.x A holder can only be responsible for one petty cash or disbursement (not one of each) at any one time.

24.2 all requests for imprest account monies must be made to the Director of Finance by the Directors concerned. Any subsequent changes to the financial level must be advised to the Director of Finance;

24.3 the Director of Finance must maintain a record of all imprest accounts and the approved current level;

24.4 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 13;

24.5 payments from imprest accounts shall be limited to minor items, except with prior approval of the Director of Finance or an officer designated by her/him for this purpose;

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

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24.7 The manager responsible shall regularly check that the level of holding, vouchers and receipts reconcile to the approved level of the petty cash holding; reporting any missing cash to the Director of Finance 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 Director Finance for each such holding.

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24.8 when requested but always at the financial year end, the Director of Service shall provide the Director of Finance with certificates of holdings;

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24.9 reimbursement of petty cash / imprest will only be made upon receipt of relevant documentation and supporting evidence which shall be made to the Director of Finance or their representative;

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24.10 on leaving the Council's employment or otherwise ceasing to be entitled to hold a petty cash advance, an employee shall account to the Director of Finance for the amount advanced to him or her.

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24.11 any cash holding can be removed by the Director of Finance and or his representative at any time.

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FPR25 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:

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

25.2 capital assets must be available for use when required;

25.3 capital assets no longer required must be disposed of in accordance with the Asset Management Plan and Land Disposal Policy of the Council so as to maximise benefits, with the express approval of the Director of Finance in consultation with the Executive Member for Finance

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25.4 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;

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

FPR26 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

26.1 The Director of Finance shall ensure that:

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

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

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

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

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

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

26.2 Directors shall:

26.2.1 report all instances of possible claims and losses in accordance with timescales and procedures set by the Director of Finance;

26.2.2 provide timely information required by the Director of Finance or the Council's insurers on any insurance related matters.

FPR27 **<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 Management Team and Accounts and Audit Committee.

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Rules for risk management are:

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

27.2 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;

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

27.4 risks management reporting should be carried out in accordance with the Council's risk management reporting protocols set out in the Risk Management strategy.

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27.x Significant changes in risk management processes or policy should be notified to the Director of Finance

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

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

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FPR29 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

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

29.2 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 Director of Finance
;

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

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

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Why this is Important?¶
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<object>It is important that Council vehicles are used in line with the Council policy, to ensure they are not misused.¶
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Rules for security arrangements for the use of Council vehicles¶
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28.1 All employees must adhere to Trafford Transport Provision (TTP) policy and Drivers manual when using Council vehicles.

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external audit on required record keeping

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FPR30 DOCUMENTATION RETENTION PERIODS

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:

30.1 the documentation retention periods must be regularly reviewed;

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

30.3 all staff must be made aware of the document retention periods;

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

30.5 the Council issues staff guidance in relation to compliance with the freedom of information act

30.6 financial records must not be disposed of other than in accordance with arrangements approved by the Director of Finance 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 are set out in Annex 1.

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DATE OF APPROVAL

These Finance Procedure Rules were approved by Full Council on 10th July 2013 and came into effect on 11th July 2013.

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Glossary of Terms

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Roles and Responsibilities of the Director of Finance

(remove these and replace with updated SoD)

Statutory

1. To exercise the administration of the Council's financial affairs under s151 of the Local Government Act1972.

2. To be the 'Responsible Officer' for the purpose of s114 of the Local Government Finance Act 1988.

3. To be responsible for the discharge of the Council's obligations under the Accounts and Audit Regulations 20111996.

4. To be responsible for the discharge of the Council's obligations relating to risk management under the Accounts and Audit Regulations 201103 (s6b)

Borrowing and Investment

5. To raise money by any means permitted by statute and intra vires as is most appropriate at the relevant time.

6. To invest temporarily, as is most appropriate, monies not immediately needed for the Council's purposes, within the guidelines laid down by the Council.

7. To repay mortgages or bonds prematurely without penalty in cases of hardship.

8. To act as Registrar for the Council's Mortgage and Council Bond Schemes.

Debt Recovery

9. Following consultation with appropriate Directors, to request the Director of Legal and Democratic Services to take any action necessary for the recovery of arrears of rates, claims and other appropriate debts due to the Council, including appearance in the Magistrates' Court in person or by his duly authorised officer and including actions for the recovery of possession of mortgaged property.

10. To write-off irrecoverable income up to a limit of £50,000 (excluding VAT).

11. To write off any income that is irrecoverable due to liquidation, bankruptcy or insolvency.

Accounting

...

Deleted: Annex 3¶
¶
Virements - Instructions to Budget Holders¶
¶
A virement is a transfer of funds between budget lines. 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 (23) is accurate, the whole of the permanent virement must be input in V1 and 23 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 as required under Service Accounting Code of Practice (SERCOP) Best Value Code of Accounting Practice (BVACOP) to directly controllable budgets and visa versa;¶
¶
Spending Powers¶
¶
A credit budget is where spending power is being moved from and the debit budget where it is moved to.¶
¶
Authorisation of virements must adhere to the following rules: ...

Annex 1

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Minimum Document Retention Periods

The following **retention periods** are taken from guidance published by the Public Record Office. All of the retention periods should be calculated from the end of the financial year to which the records relate. As a budget holder, you must **keep records and documents** in accordance with these minimum retention periods.

The most appropriate storage media is to either scan the documents into a legally admissible system, as scanned documents can be used as evidence in court or for submission to Revenue and Customs or store paper records offsite for the life of their retention period.

Deleted: You will also need to decide upon the most **appropriate storage media** (e.g. microfilm or microfiche). It should be noted that the law is still not precise as to whether certain types of storage media e.g. CD ROM are acceptable to support legal action. The original documents or certified copies where appropriate should be¶ easily retrievable, as Revenue and Customs regularly require copies of invoices up to three years old.

Banking records

Type of financial document	Retention period
Cheques and associated records	
Cheque books / stubs for all accounts	2 years
Cancelled cheques	2 years
Dishonoured cheques	2 years
Fresh cheques	6 years
Paid / presented cheques	6 years
Stoppage of cheque payment notices	2 years
Record of cheques opened books	2 years
Cheque registers	2 years
Record of cheques drawn for payment	6 years
Bank deposits	
Bank deposit books / slips / stubs	2 years
Bank deposit summary sheets, banking summaries, cheque schedules	2 years
Register of cheques lodged for collection	2 years
Bank reconciliations	
Reconciliation files / sheets	2 years
Daily list of paid cheques	2 years
Unpaid cheque records	2 years
Bank statements	
Bank statements	2 years
Bank certificates of balance	2 years
Electronic banking and electronic funds transfer	
Cash transactions, payment instructions, deposits and withdrawals	As paper records
Audit trails	As base transaction

Expenditure records

Cash books / sheets	
Expenditure sheets	6 years
Cash books / sheets	6 years
Petty cash records	
All petty cash records including receipts and summary cash books	2 years
Creditors	

Creditors history records and reports	6 years
Statements	
Statements of outstanding accounts / orders / purchase to pay payable	2 years
Credit and debit note books	
Credit notes and credit note books	2 years
Debit note books	2 years
Vouchers	
Vouchers including purchase orders, requisitions, invoices payable and received	6 years
Wages / salary vouchers	6 years
Voucher registers	2 years
Copies of vouchers (not the main accountable copy)	1 year
Voucher registration cards / voucher payment cards	6 years
Voucher summaries	1 year
Advice / schedule of vouchers despatched, delivery advices	1 year
Costing records	
Cost cards and costing records	2 years

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Ledger records

General and subsidiary ledgers	
General and subsidiary ledgers for the purpose of preparing certified statements or published information	6 years
Other ledgers (e.g. cost ledgers)	2 years
Creditors ledgers	6 years
Audit sheets for ledger postings	2 years
Journals	
Journals – prime records for the raising of charges	6 years
Journals – routine adjustments	2 years
Trial balances and reconciliations	
Year end balances, reconciliations and variations to support ledger balances and published accounts	6 years

Receipts and revenue records

Receipt / remittance books	
Receipt books, office copy of receipts	6 years
Postal remittance books / records	6 years
Stamp duty / VAT receipt books / records	6 years
Cash registers	
Butts / copies of cash register forms	6 years
Cash register reconciliation sheets	6 years
Cash register audit rolls	2 years
Cash register analysis and summary records	2 years
Cash register reading books / sheets	2 years
Cashiers' records	
Cashiers' handover books	2 years
Revenue records	
Revenue cash books / sheets / records; receipt cash books / sheets	6 years
Daily and periodical revenue dissections	1 year
Debtors records / invoices	
Copies of invoices / debit notes – includes invoices paid and invoices unpaid and registers of invoices – debtors ledgers	6 years
Source documents / records used for raising invoices / debit notes	6 years
Copies of invoices and copies of source documents	2 years

Records relating to unrecoverable revenue, debts and overpayments – includes register of debts written off, register of funds etc	6 years

Salary and related records

Salary records	
Employee pay history records	6 years*
*The last three years records must be kept for leavers	
Salary rates register	Until superseded
Salary ledger cards / records	6 years
Copies of salary / wages / payroll sheets	2 years

Stores and services records

Stores records	
Goods inward books / records	6 years
Delivery dockets	2 years
Stock / stores control cards, sheets and records	2 years
Stocktaking sheets / records	2 years
Purchase order records	
Purchase order books / records	6 years
Travel warrants	2 years
Requisition records	
Requisition records	2 years

Contract and tender documentation

Tender documentation	2 years
Successful tender documents and analysis	6 years
Formal contracts	6 years
Quotations / analysis	2 years