

## **APPENDIX 1**

### **Review of Financial Regulations**

#### **Comments and Principal Changes**

##### **Overall**

Each Regulation has a Lead Officer responsible for the interpretation of the Regulation. Each Regulation is preceded by a statement of the Regulation objectives and is presented according to strategic and operational elements.

While the individual departmental roles and responsibilities for implementing Financial Regulations is specified in departmental schemes of delegation, the Financial Regulations themselves provide clearer guidance on the levels at which those responsibilities shall be exercised.

##### **1. Introduction and General Principles**

Emphasises Section 151 role of Director of Finance, Resources and Customer Services and need for up to date schemes of delegation to be in place for each department.

##### **2. Financial Supervision**

Requirement for **all** reports (Director's Delegated Action, Cabinet Lead Member, Cabinet and Council and CMB to have financial implications prepared by the Director of Finance, Resources and Customer Services.

Strengthens the requirement for changes to all systems containing financial information to be approved by the Director of Finance, Resources and Customer Services.

Requirement for Service Managers to consult with the Financial Management Services Division in the submission of bids for external funding to ensure there is proper consideration of the financial implications.

Strengthens the requirement for control reconciliations to be identified and have nominated officers responsible for them.

##### **3. Revenue and Capital Estimates**

Note the requirement to produce a revenue and capital strategy to be agreed by Cabinet and approved by Council.

##### **4. Revenue Expenditure**

Includes a new Regulation for the annual review of charges including amendments to existing charges and the introduction of new charges. Gives greater prominence to the process for the authorisation of virements (no change is proposed in the current authorisation levels). Includes new Regulations covering allocations from Central Contingency and Earmarked Reserves – the latter refers to the treatment of unapplied revenue grants where conditions have been met. The Regulation also now states that the monitoring process shall include consideration of opportunities for achieving revenue savings and service developments as they are identified.

## **5. Capital Expenditure**

Sets out the role of the Budget Planning Group to supervise the capital programme, consider proposals to amend the programme and make recommendations on changes to the capital programme.

Requires Directors to inform the Budget Planning Group where new earmarked capital resources have been identified or notified to the Council.

Clarifies that the virement process applies to capital expenditure as well as revenue expenditure.

Requires capital scheme estimate reports to include an evaluation of the impact the proposed expenditure will have on the Council's asset base.

## **6. Final Accounts**

New Regulation to emphasise the requirement for Departments to provide information for closure of accounts and the Director of Finance, Resources and Customer Services responsibility to circulate detailed guidance on the closedown process and the information required.

## **7. Leasing, Hire or Similar Agreements**

New Regulation requiring all lease agreements above the specified materiality levels (and all other arrangements involving the procurement of the use of assets) to be evaluated under IFRS accounting rules. This includes PFI or similar types of arrangement and service contracts which may include embedded leases. Also requires the occupation of Council owned premises to be formalised on terms and conditions agreed by the Assistant Director - Property Services.

The Regulation requires the use of leasing for the procurement of assets to be approved by the Strategic Procurement Board.

Emphasises that only the Assistant Director – Property Services is authorised to negotiate and agree the terms of all leases of land or of land and buildings.

## **8. Asset Register**

New Regulation to require Departments to advise the Capital Accountant of acquisitions, disposals and impairments of assets.

## **9. Disposal of Council Property**

Requirement for consultation with Corporate Procurement where the estimated disposal proceeds exceed £10,000.

Emphasises that only the Assistant Director – Property Services has the authority to acquire and dispose of land and buildings and confirms the budget responsibility for the running cost of premises that have been declared surplus to requirements.

## **10. Procurement of Goods and Services**

New Regulation referring to the need to follow the Council's Corporate Procurement Strategy and Contract Procedure Rules and the requirement for

contracts including supporting documents to be recorded in the Corporate Contracts Database.

Requirement for Service Managers to ensure that adequate provision has been made in the Council's budget before inviting tenders in the process for the procurement of goods and services.

#### **11. Contract Payments**

No material change

#### **12. Purchase Orders, Invoices and Payments**

Fully revised to reflect recent changes in systems and procedures – also emphasises the requirement for departments to maintain correctly their purchase order records on SAP.

#### **13. Purchase Cards**

New Regulation to reflect introduction of purchase cards

#### **14. Imprest Accounts**

No material change – however, emphasises Council Policy to cease using imprest accounts wherever possible.

#### **15. Payroll and Pensions**

No material change

#### **16. Taxation**

New Regulation to emphasise the Director of Finance, Resources and Customer Services' responsibilities for Construction Industry Scheme, PAYE issues, taxation on employee expenses and benefits and VAT.

#### **17. Treasury Management**

No material change

#### **18. Banking Arrangements**

No material change

#### **19. Internal Audit**

Expanded to include more details of the scope of audit work.

#### **20. Income**

No material change

#### **21. Stores**

No material change

## **22. Inventories**

No material change – but in due course, inventories may need to be valued and included in the balance sheet.

## **23. Risk Management and Insurance**

Refers to requirement for the Director of Finance, Resources and Customer Services to formulate a Risk Management Strategy

## **24. Custody of property under s.48 of the National Assistance Act, 1948**

No material change

## **25. Debt Write Off Policy and Procedure**

Requirement that debt write offs shall be carried out in accordance with the Corporate Debt policy.

Includes revised authorisation levels for the write off of uncollectable debts.

Previous levels:

Up to £2,500	Relevant Director
Over £2,500	Relevant Cabinet Lead Member

Proposed levels:

Up to £2,500	Nominated officers as designated in the service scheme of delegation
Up to £5,000	Nominated Heads of Service as designated in the service scheme of delegation
Up to £10,000	Service Director
Up to £25,000	Director of Finance, Resources and Customer Services - unlimited authority in the case of bankruptcy, liquidation, deceased and no assets, debtor cannot be traced
Above £25,000	Cabinet Lead Member for Finance and Property unless covered by the authority of the Director of Finance, Resources and Customer Services

Categorises debts according to each income stream for which separate write off reports shall be prepared.

New requirement for a six monthly summary report to be submitted to the relevant Cabinet Lead Member.

## **APPENDIX 2**

### **FINANCIAL REGULATIONS**

#### **1. INTRODUCTION AND GENERAL PRINCIPLES**

- (a) Financial Regulations provide the strategic and operational framework for the financial governance of the Council. Their objective is to enable officers to carry out their financial responsibilities in a manner that is consistent with good practice and sound financial management.
- (b) In addition, the Local Government Act 1972 (Section 151) requires that an employee of the Council is recognised as the responsible finance officer. In the London Borough of Enfield that officer is the Director of Finance, Resources and Customer Services. The Director of Finance, Resources and Customer Services therefore has responsibility for the administration of the Council's financial affairs and for the preparation, review and amendment of these Regulations. Any issues arising from the interpretation of these Regulations shall be resolved by the Director of Finance, Resources and Customer Services.
- (c) Financial Regulations shall form part of the Council's Constitution. Their purpose is to regulate the ways money is spent and received and to provide a framework that ensures compliance with statutory and corporate requirements including the Accounts and Audit (England) Regulations 2011 (as amended). In these respects, all decisions and all actions of officers shall have regard to them.
- (d) The Council's scheme of delegation to officers reflects a business approach to decision making, enabling the Council itself to concentrate on issues of wider strategic importance.
- (e) Each Department shall, therefore, have an up to date scheme of delegation in place that identifies the officers who are authorised to take decisions and sets out the scope and extent of their authority in applying these Regulations.
- (f) Each Director shall be responsible for ensuring that sufficient resources are allocated toward achieving sound financial administration in their Departments. It is the responsibility of each Director to ensure that his/her Department has adequate systems and procedures for effecting compliance with these Regulations and is organised in such a way as to enable his/her officers to fulfil the responsibilities that are delegated to them.
- (g) The Director of Finance, Resources and Customer Services shall, after consultation with the Director concerned, report immediately to the Chief Executive and then to a subsequent meeting of the Audit Committee, any material non-compliance with Financial Regulations.
- (h) Each section of these Financial Regulations is headed by one or more objectives that the rules are intended to achieve and details of the relevant Lead Officer who can advise on their interpretation. The detailed

Regulations are divided into **strategic** and **operational** Regulations.

- (i) In applying these regulations, officers shall adhere to the Council's **Employee Code of Conduct**, in particular with regard to:
  - (i) acting with integrity and honesty in carrying out their duties and responsibilities and in the use of Council assets;
  - (ii) notifying management of any conflict of interest or pecuniary interest that may arise in connection with the Council carrying out its functions.
- (j) These regulations shall apply to all activities of the Council. There shall be separate Financial Regulations governing Council Maintained Schools and other entities controlled by the Council which shall be consistent with the principles and objectives of these regulations.

## **2. FINANCIAL SUPERVISION**

**Lead Officer: Assistant Director – Finance**

**Objectives:**

**Financial records and systems meet all statutory and corporate requirements**

**Financial systems include adequate levels of control**

**Strategic Regulations**

- (a) The Director of Finance, Resources and Customer Services shall have overall responsibility for establishing and maintaining appropriate systems for:-
  - (i) compiling detailed accounting records;
  - (ii) producing financial management information; and
  - (iii) preparing the Council's Statement of Accounts.
- (b) The form of financial records maintained outside the Finance, Resources and Customer Services Department shall be kept under review by the relevant Service Manager and Finance Business Partner. All new financial systems and significant amendments to existing financial systems (manual or electronic) shall be approved by the Director of Finance, Resources and Customer Services who shall authorise their implementation.
- (c) Service Managers shall ensure the Financial Management Services Division is supplied with such information as may be required for the purposes of closing the Council's accounts, compiling the Council's Statement of Accounts and the preparation of the Council's budget and financial monitoring statements.
- (d) Service Managers shall supply to the Service Finance Business Partner, in advance, details of any proposal that has financial implications, which their commissioning Director intends to take as a Director's, Cabinet Lead Member, Cabinet, or Council decision. No report shall be submitted for decision or presented to the Council Management Board (CMB) without a clear statement of the financial implications provided by the Financial Management Services Division.
- (e) Service managers shall consult with the Service Finance Business Partner, and Legal Services where appropriate, in the preparation and acceptance of all bids to external funding bodies in order that proper consideration is given to the terms and conditions of such funding, the nature of the proposed expenditure and any requirement for council match funding. The submission and acceptance of all bids shall be approved by the Director of Finance, Resources and Customer Services.

- (f) Where a matter within a Department arises which may affect materially the finances of the Council, the Director shall consult with the Director of Finance, Resources and Customer Services before any further commitment is entered into. The Director of Finance, Resources and Customer Services shall satisfy himself or herself that such information relating to the matter is accurate and otherwise appropriate before a report is finalised and published and a decision is taken.
- (g) It shall be within the discretion of the Director of Finance, Resources and Customer Services, for the purposes of individual Regulations, to determine whether matters are "material", "significant" or "substantial" but in practice discretion will be governed by the following principles:
  - (i) monetary value - increases in expenditure or reductions in income that cannot be contained within existing Department budgets (see Regulation 3 for further details).
  - (ii) non-compliance leading to a finding by Internal Audit of "limited" or "nil" assurance.
  - (iii) the reputational impact on the Council.

### **Operational Regulations**

- (h) Financial records shall not be disposed of other than in accordance with arrangements as specified in the Council's **Document Retention Policy**.
- (i) The Financial Management Services Division shall make arrangements for co-ordinating, completing and certifying all grant claims and other financial returns as required by Government and other bodies. Service Managers shall maintain such records as necessary to enable such claims and returns to be made.
- (j) The Financial Management Services Division shall keep a record of all control reconciliations and details of the nominated officers responsible for completing them and for taking any further appropriate action to maintain the integrity of the relevant financial systems and procedures.
- (k) All systems containing financial information and operating outside the Council's main accounting system (SAP) shall be reconciled to it in a format as specified by the Financial Management Services Division. The reconciliations shall be prepared to comply with the timetable as prescribed by the Financial Management Services Division. Actions arising from such reconciliations shall be taken promptly to maintain the integrity of the relevant systems.

### **3. REVENUE AND CAPITAL ESTIMATES**

**Lead Officer: Assistant Director – Finance**

**Objective:**

**To ensure the Council's annual revenue and medium term revenue and capital budgets for the General Fund and HRA are prepared accurately and approved**

#### **Strategic Regulations**

- (a) The Director of Finance, Resources and Customer Services shall report to the Cabinet and Council meetings that are considering and deciding upon the forthcoming year's revenue and capital budgets and council tax. The report shall deal with the robustness of the estimates and the adequacy of the earmarked reserves and general balances allowed for in the budget proposals.
- (b) The Cabinet shall agree and recommend to Council the revenue budget for the coming year and a medium term revenue plan. This will cover estimates for the General Fund and HRA and recommendations on Council Tax and HRA rent levels for the forthcoming year.
- (c) The Cabinet shall agree, and recommend to Council for approval, a capital strategy and medium term capital plan. The Cabinet shall review and update the medium term capital plan each year, and at the beginning of each financial year, Cabinet shall agree and recommend to Council a list of capital projects to be included in the capital programme.
- (d) In accordance with legislation, the Cabinet shall agree and recommend to Council indicators as defined in the CIPFA Prudential Code that include the setting of external borrowing limits, the estimated level of total capital expenditure and of the total capital financing requirement for the forthcoming year and for the following two years.
- (e) In making recommendations to Council, the Cabinet shall inform and consult with Scrutiny Panels and other consultative groups in a manner to be determined by Cabinet.
- (f) The Cabinet, when making its recommendations, and the Council, when making its decisions on the revenue and capital budgets, shall have regard to the reports of the Director of Finance, Resources and Customer Services.

#### **Operational Regulation**

- (g) The details of the budget estimates for the coming year shall be established by the Chief Executive and Directors within the framework of the recommendations made by Cabinet and the subsequent decisions made by the Council.

#### **4. REVENUE EXPENDITURE**

**Lead Officer: Assistant Director – Finance**

**Objective:**

**To ensure the Council's annual revenue budget is controlled and monitored to ensure estimates are not overspent**

##### **Strategic Regulations**

- (a) The Cabinet, CMB and Service Managers within their respective areas of responsibility shall be accountable for the delivery of the Council's planned services and programmes within the budget approved by the Council, unless:-
  - (i) otherwise directed by the Council;
  - (ii) expenditure on a project or service requires the approval of a Government department, or any other person or body, and that approval has not been received.
- (b) The following principles must be observed when incurring revenue expenditure during the year:-
  - (i) Departmental budgets are fixed. It is the responsibility of Service Managers to ensure that their detailed operational budgets are realistic, achievable and are monitored to ensure expenditure can be contained within their approved budget;
  - (ii) Where it appears that any estimate head may be materially exceeded or where there is a need to incur expenditure for which there is no, or insufficient, budgetary provision it shall be the duty of the appropriate Director, in conjunction with the Departmental Management Team, to identify the management action that is required to keep within the Department's total approved budget:-
    - (a) by meeting any additional sum or shortfall in income from savings made elsewhere from within the Department's approved budget;
    - (b) by meeting any additional sum or shortfall in income by transferring budget provision from one budget head to another.
- (c) Assistant Directors – Resources (or equivalent) shall ensure monitoring reports on their Departments' revenue expenditure and income are submitted to the Financial Management Services Division and where the amount of any projected outturn on an expenditure or income head varies by a significant amount from the budget then an explanation is included in the monitoring report together with an action plan to bring adverse variations

down to the overall cash limit.

- (d) Financial Management Services shall prepare an overall Corporate Revenue Monitoring report which shall be submitted to CMB and Cabinet in accordance with the prescribed timetable. The Cabinet shall review the financial position regularly and shall take appropriate action if there is a deterioration in the overall revenue position.
- (e) The Revenue Monitoring process shall consider and report on opportunities for achieving revenue savings and/or service developments as they are identified and can be quantified and implemented.

### **Operational Regulations**

- (f) Service Managers shall review existing charges annually. Revised charges shall take into account forecast inflation and corporate objectives. Proposals to vary the method of charging or to introduce new charges shall be considered as part of the revenue monitoring and budget processes. Directors shall seek Cabinet Lead Member approval to introduce or amend charges.
- (g) The reallocation or redirection of existing resources within the revenue budget is subject to the Council's virement approval procedures unless the reallocation or redirection is in respect of a restructuring approved by Cabinet or Council or is necessary to accommodate the accounting requirements of the CIPFA Accounting Code of Practice.

#### **Within Departmental Budgets**

up to £100,000	Approval by Director
£100,001 to £500,000	Approval by Cabinet Lead Member
above £500,000	Approval by Cabinet

#### **Between Departmental Budgets**

up to £100,000	Approval by the two or more Directors involved
£100,001 to £500,000	Approval by Cabinet Lead Members and Directors
above £500,000	Approval by Cabinet

- (h) The Council's budget includes a central contingency to cover additional expenditure arising from circumstances that could not be anticipated at the time the budget was set. Allocations from central contingency are subject to the following process:

up to £100,000	Approval by the Director of Finance, Resources Customer Services
£100,001 to £500,000	Approval by the Cabinet Lead Member For Finance and Property
above £500,000	Approval by Cabinet

- (i) Earmarked reserves shall be set aside to fund future spending plans and proposals subject to the approval of the Director of Finance, Resources and Customer Services in consultation with the Council Management Board and with Cabinet as appropriate. Funding from earmarked reserves shall be drawn down in accordance with conditions that shall be specified at the time the reserve is created and shall depend on the purpose for which the reserve was established. The continuing need for existing earmarked reserves shall be reviewed annually. Earmarked Reserves shall include the carry forward of any revenue grants or contributions receivable from external parties where there are no outstanding conditions that require the grant or contribution to be repaid to the awarding body and have not yet been applied in the funding of relevant expenditure.

## 5. CAPITAL EXPENDITURE

**Lead Officer: Assistant Director – Finance**

**Objective:**

**To ensure the Council's capital programme is controlled and monitored to ensure estimates are not overspent**

**To ensure the impact of the Council's investment on the valuation of the Council's assets are evaluated as part of the capital programme**

### **Strategic Regulations**

- (a) No contract for a capital scheme shall be let until:-
  - (i) the Council has approved the inclusion of the scheme in the capital programme (see Regulation 3(c) above), or the scheme has been added to the programme in accordance with 5(g) below;
  - (ii) the appropriate Service Manager has obtained the approval of the appropriate government department and the approval of any other person or body as may be necessary;
  - (iii) where the scheme is estimated to cost in total more than £500,000, a scheme estimate report including an option appraisal and whole life costing has been subject to a Cabinet Lead Member, Cabinet or Council decision;
  - (iv) where the scheme is estimated to cost up to but not exceeding £500,000, a scheme and estimate report has been subject to a Director's decision.
- (b) Capital scheme estimate reports shall contain a realistic profile of planned expenditure and an evaluation of the impact the proposed capital investment will have on the value and classification of the Council's assets.
- (c) All contracts on capital schemes must be let in accordance with **Contract Procedure Rules**.
- (d) The Budget Planning Group shall have oversight of the Capital Programme, shall consider proposals to amend the Capital Programme and shall make recommendations on such matters to Cabinet.
- (e) Assistant Directors – Resources (or equivalent) shall advise the Budget Planning Group of any proposed change to their capital allocations including notification of new earmarked funding.

- (f) Assistant Directors – Resources (or equivalent) shall ensure monitoring reports on their Departments’ capital allocations are submitted to the Financial Management Services Division in accordance with the prescribed timetable.
- (g) The Financial Management Services Division shall prepare an overall capital monitoring report on the overall capital monitoring position comprising expenditure, available funding streams and performance against prudential indicators to CMB and Cabinet each quarter.
- (g) The allocation of additional Council resources to schemes in the approved programme, or to new schemes, is subject to the following approval process:-
- (i) Schemes which are **not** part of a rolling annual block allocation<sup>1</sup>:-
- For increases up to but not exceeding £100k, the relevant Director in consultation with the Director of Finance, Resources and Customer Services;
  - For increases above £100k but not exceeding £500k, a Cabinet decision;
  - For increases above £500k, a Council decision following a Cabinet recommendation.
- The revenue consequences of such decisions shall be incorporated in the next revenue monitoring report.
- (ii) Where additional capital resources become available, a corporate decision shall be taken as to whether these will be used to:-
- Fund shortfalls in resources for other schemes within the approved programme, or medium term capital plan;
  - Used for the inclusion of new schemes within the capital programme, subject to a decision by the Cabinet or Cabinet recommendation to Council where appropriate;
  - Retained within the Council’s overall balances for future use.
- (h) Where additional earmarked capital resources become available, the allocation of the funding shall be subject to a Cabinet decision. Such decisions shall have consideration for the availability of such funding to

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<sup>1</sup> A Rolling Block Allocation is an annual allocation of capital resources for a programme of projects of a similar nature. They are Highways and Street Scene Improvements, Corporate Building Improvements and Housing Works to the Stock – no other schemes are included in this definition.

meet existing council priorities.

## **Operational Regulations**

- (i) Variations in Council resources allocated to capital schemes within the capital programme shall be treated as follows (subject to the approval process for increases in spending in 5(g) above):-
- (i) spending which is above the amount provided within the corporate capital programme:-
- overspends on individual schemes within rolling block allocations shall be contained within the overall rolling block allocation;
  - overspends on all other schemes shall be met from within the Department's overall capital allocation, from the Department's revenue budget or, exceptionally, from additional capital resources (subject to 5(g) above);
- (ii) spending which is below the amount provided within the corporate capital programme:-
- underspends on individual schemes within capital programme blocks shall be available for reallocation within the overall block;
  - underspends on all other schemes shall be available to address pressures elsewhere in the Department's capital allocation or for corporate reallocation in consultation with the Director of Finance, Resources and Customer Services;
- (j) The reallocation or redirection of existing resources within the capital programme is subject to the Council's virement procedures.

### **Within Departmental Capital Allocations**

up to £100,000	Approval by Director and Director of Finance, Resources and Customer Services
£100,001 to £500,000	Approval by Cabinet Lead Member
above £500,000	Approval by Cabinet

### **Between Departmental Capital Allocations**

up to £100,000	Approval by the two or more Directors involved and the Director of Finance, Resources and Customer Services
£100,001 to £500,000	Approval by Cabinet Lead Members
above £500,000	Approval by Cabinet

## 6. FINAL ACCOUNTS

**Lead Officer: Head of Corporate Finance**

**Objective:**

**To ensure the Council's accounts are materially accurate and produced in accordance with statutory deadlines and accounting requirements**

### **Strategic Regulation**

- (a) Service Managers shall ensure such information as is required for the closure of the Council's accounts is provided in accordance with the closure of accounts timetable and the Council's accounting policies in compliance with the CIPFA IFRS Code of Practice, the Accounts and Audit Regulations and Capital Finance Regulations and subsequent amendments thereto.

### **Operational Regulation**

- (b) Financial Management Services shall circulate annually detailed guidance to all service managers, budget holders and members of staff involved in the processing of income and expenditure transactions on the closure of accounts timetable and the information they are required to produce and the procedures they are required to follow at the financial year end – **Closure of Accounts Guidance for Budget Holders and Service Based Staff.**
- (c) Further guidance shall be circulated in respect of the valuation of Council assets – **The Valuation Commissioning Document and The Accounting and Valuation Guide.**

## 7. LEASING, HIRE OR SIMILAR AGREEMENTS

**Lead Officer: Head of Corporate Finance**

**Objective:**

**To ensure leasing agreements where the Council is the lessee or the lessor are approved and evaluated in accordance with required accounting standards before they are entered into**

**To ensure contracts for the procurement of the use of assets or the provision of services that include the use of assets are properly reviewed and evaluated in accordance with required accounting standards before they are entered into**

### **Strategic Regulations**

- (a) The procurement of assets through leasing or similar agreements shall be subject to the approval of the Strategic Procurement Board (before commencement of the procurement exercise) with regard to the approach and procurement strategy and consideration of alternative funding arrangements including outright purchase and/or use of reserves.
- (b) The Assistant Director - Property Services shall negotiate and agree the terms of all leases of land or of land and buildings where the Council is the lessee or the lessor. Directors may enter into leases of moveable plant, equipment and vehicles in accordance with the Council's **Contract Procedure Rules** subject to a formal financial assessment of the lease terms by the Financial Management Services Division.
- (c) Financial Management Services shall also evaluate any contract before it is entered into for the provision of services that includes the use of assets to determine whether such agreements in substance constitute the direct acquisition of assets by the Council (embedded leases, PFI or similar agreements).
- (d) The occupation of Council owned premises by external parties shall be formalised on terms and conditions agreed by the Assistant Director - Property Services.

### **Operational Regulations**

- (e) A lease or any hire agreement may constitute either an operating lease or a finance lease dependant on the costs and terms and conditions of the lease. Service Managers are responsible for notifying the Financial Management Services Division where the agreement relates to the procurement of the use of vehicles and equipment for periods of more than three years and of land or land and buildings for more than 15 years in order to undertake the relevant accounting tests to determine whether the agreement is a finance or an

operating lease. Lease agreements below these de minimis levels are deemed to be operating leases. A re-evaluation of the agreement may be required should there be a subsequent significant change to the agreement.

- (f) Similarly, Service Managers shall notify the Financial Management Services Division where the agreement relates to the leasing out of Council owned property to external parties where the contract refers to the leasing of vehicles and equipment for more than three years and to land or land and buildings for more than 15 years in order to undertake the relevant accounting tests to determine whether the agreement is a finance or an operating lease. Lease agreements below these de minimis levels are deemed to be operating leases. A re-evaluation of the agreement may be required should there be a subsequent significant change to the agreement.

## **8. ASSET REGISTER**

**Lead Officer: Head of Corporate Finance**

**Objective:**

**To ensure the effective reporting of the Council's physical and intangible assets**

### **Strategic Regulation**

- (a) The Council's financial system includes a Corporate Asset Register for the purposes of reporting the value of the Council's physical (land, buildings, plant, vehicles and equipment) and intangible (computer systems - software) assets in the Council's financial statements.

### **Operational Regulations**

- (b) The Assistant Director – Property Services is responsible for informing the Capital Accountant in the Financial Management Services Division of the acquisition, disposal, demolition, impairment, revaluation, change in occupation or change in use of all council land and buildings.
- (c) Assistant Directors – Resources (or equivalent) are responsible for informing the Capital Accountant in the Financial Management Services Division of the acquisition and disposal of equipment, vehicles and plant having an initial cost in excess of £10,000.
- (d) The Assistant Director – Customer Services, Information and Transformation is responsible for informing the Capital Accountant in the Financial Management Services Division of the acquisition, installation and disposal (or writing off) of computer systems software having a total initial cost in excess of £50,000 and of computer hardware having an initial cost in excess of £10,000.
- (e) Assistant Directors – Resources (or equivalent) are responsible for informing the Capital Accountant in the Financial Management Services Division of any significant impairment in the value of assets (both physical and intangible) due to obsolescence, physical damage or deterioration in service potential.

## 9. DISPOSAL OF COUNCIL PROPERTY

**Lead Officer: Assistant Director - Procurement**

**Objective:**

**To ensure the disposal of assets is properly controlled and accounted for correctly**

### **Strategic Regulations**

- (a) The Assistant Director - Property Services shall have sole responsibility for the acquisition and disposal of all Council land and buildings (which shall be carried out in accordance with the Council's **Property Procedure Rules**).
- (b) No property owned by the Council shall be disposed of or written off unless the Assistant Director – Resources (or equivalent) of the Department concerned certifies that it is no longer required, has reached the end of its useful life, needs to be replaced in order to maintain or improve efficiency and does not have to be returned to an external party, and the Financial Management Services Division has certified that there are no further outstanding leasing or hire charges in respect of the property. IT equipment or IT intangible assets shall only be disposed of by, and with the approval of, the Assistant Director - Customer Services, Information and Transformation.

### **Operational Regulations**

- (c) Property with an estimated disposal value of more than £10,000 shall be disposed of in consultation with Corporate Procurement. The appropriate method shall be by auction, written tender or other approach that is expected to provide best value for the Council.
- (d) **Contract Procedure Rules** shall be followed where the disposal is by tender with references to “lowest tender” replaced by “highest tender or bid”.
- (e) The relevant Service Manager shall ensure the disposal is recorded in the Department's inventory and inform the Financial Management Services Division to enable the Corporate Asset Register to be updated where necessary.
- (f) In accordance with **Property Procedure Rules**, Assistant Directors – Resources (or equivalent ) shall give six months notice to the Assistant Director - Property Services where land and buildings have been identified as surplus to requirements and shall be responsible for all running costs of the property during the notice period. The occupying service shall be charged with all operating costs until the date the premises are vacated and shall transfer appropriate budget provision to Property Services to cover any further operating costs expected to be incurred to the end of the notice period.

## 10. PROCUREMENT OF GOODS AND SERVICES

**Lead Officer: Assistant Director - Procurement**

**Objective:**

**To ensure that the procurement of goods and services is carried out in accordance with Council policies**

### **Strategic Regulations**

- (a) All contracts entered into by the Council or on its behalf shall comply with EU and national legislation, the Council's **Corporate Procurement Strategy**, and **Contract Procedure Rules**, the Council's **Financial Regulations** and associated procurement guidance manuals. All procurement activity shall consider the potential social, economic and environmental impact in accordance with the Council's Corporate Procurement Strategy and Sustainable Procurement Policy. It is a requirement that anyone who is not an officer of the Council but is authorised to carry out any of the Council's procurement functions shall comply with the Council's **Contract Procedure Rules** and these Financial Regulations as if they were an officer of the Council. Contracts with an estimated value above the EU threshold shall be approved by the Strategic Procurement Board before entering into any procurement activity.
- (b) Where a corporate contract is in place for the provision of specified goods and services, this supplier shall be used in all circumstances unless the use of an alternative supplier has been approved by the Corporate Procurement Team. New supplier records shall only be created where it has been demonstrated that Contract Procedure Rules have been followed and where existing suppliers are unable to provide the specified goods and services.
- (c) Purchasing and disposal procedures shall:
  - (i) Achieve best value for money;
  - (ii) Be consistent with the highest standards of integrity;
  - (iii) Ensure fairness in allocating public contracts;
  - (iv) Comply with all legal requirements;
  - (v) Shall take into account appropriate commercial and non-commercial considerations;
  - (vi) Support the Council's corporate aims and objectives.
- (d) Service Managers shall ensure that adequate provision has been set aside in the Council's revenue or capital budgets as appropriate before proceeding to the invitation to tender stage in the process for the procurement of goods and services.

## **Operational Regulations**

- (e) All contracts let by Departments shall be recorded in the Corporate Contract Database as specified by the Corporate Procurement Team.
- (f) Copies of each contract shall be stored in the database with supporting documentation as specified by the Corporate Procurement Team.
- (g) No items of IT hardware or software shall be procured without the approval of the Assistant Director - Customer Services, Information and Transformation.

## **11. CONTRACT PAYMENTS**

**Lead Officer: Head of Exchequer Services**

**Objective:**

**To ensure effective control and monitoring of contracts**

### **Operational Regulations**

- (a) A register of contracts where payments are to be made by instalments and may be subject to variation shall be maintained by Exchequer Services in conjunction with a record of all payments made under each contract.
- (b) All contract payments on account shall be authorised by a certificate issued by an authorised officer. The certificate shall include the total amount of the contract, the value of work executed to the valuation date, the amounts already paid, retention money, the amount now certified and any other amounts to be deducted from the payment under the contract.
- (c) Variations within a contract in respect of a scheme in the capital programme shall be authorised by the certifying officer, provided that the total cost does not materially exceed the estimate provisions, including contingencies. See Regulation 5 where the cost is materially exceeded (Capital Expenditure).
- (d) This Regulation shall not apply to agency schemes unless there is an effect on any financial contribution by the Council, subject to the principal authority granting all necessary approvals.
- (e) On completion of the contract, the commissioning Director or authorised officer shall examine the final account with all relevant documents and ensure that it is complete and accurate, and that any necessary recoveries are executed in accordance with the terms and conditions of the contract.

## **12. PURCHASE ORDERS, INVOICES AND PAYMENTS**

**Lead Officers: Head of Exchequer Services and Assistant Director - Procurement**

**Objectives:**

**To ensure that:**

**Only goods and services for the effective operation of the Council can be ordered**

**Only goods and services for which there is financial provision available can be ordered**

**Orders are placed for goods and services with suppliers offering best value for money**

**All invoices are processed accurately and authorised to generate the correct payment by the due date**

### **Operational Regulations**

- (a) Purchase orders shall be raised on SAP/e-marketplace before any commitment with a supplier to purchase goods, services or works is made. A supplier submitting an invoice shall be issued with a purchase order number to quote on the invoice to enable a payment to be made. The only exceptions to this shall be suppliers paid via upload spreadsheet (where this method has been agreed with Exchequer Services), one-off vendors (AP1 form) and Purchase Card purchases.
- (b) All purchase orders shall be checked and approved by an authorised officer as specified in the Department's Scheme of Delegation
- (c) SAP User Profiles for officers involved in the procurement of goods and services shall be allocated by the Systems Access Team (Customer Services, Information and Transformation Division).
- (d) Service Managers shall provide details to Exchequer Services of authorised approvers where payments are to be made to one-off vendors via the accounts payable process (AP1 form).
- (e) Before a transaction is goods receipted on SAP/e-marketplace or a payment is approved to be made under the one off vendor accounts payable process, the responsible officer shall ensure that:
  - (i) the works, goods or services to which the payment relates have been received or carried out, examined and approved, except where payment is required in advance to secure services to be carried out;

e.g. training courses and in the case of residential, day care, home care, fostering and adoption placements made by HHASC and SCS Departments where, for the purpose of processing an invoice, authorised officers may certify that the service has been received in advance of the end of the period to which the invoice relates, or

- (ii) the prices, extensions, totals, trade discounts, other allowances, credits and tax are correct, and in accordance with the order;
  - (iii) the relevant expenditure has been properly incurred and is within the relevant estimate provision;
  - (iv) inventories, stores or stock records are updated as required;
  - (v) the item has not previously been passed for payment and is a proper liability of the Council.
- (f) Service Managers shall ensure that purchase order records raised on SAP/e-marketplace by their officers are correctly maintained in accordance with procedures approved by the Director of Finance, Resources and Customer Services.
- (g) Suppliers shall submit their own invoice quoting their purchase order number either electronically or to the Council's scanning bureau. Invoices sent to the bureau shall be typed with no hand written amendments; the supplier shall be requested to provide a correct invoice, issue a credit note or supplementary invoice as appropriate.
- (h) All discounts, rebates, commissions and similar allowances offered by suppliers shall accrue to the Council.
- (i) Service Managers shall, as soon as possible after 31st March and not later than the date to be specified for each year, advise Financial Management Services of all outstanding revenue and capital expenditure liabilities and obligations that relate to the previous financial year.

### 13. PURCHASE CARDS

**Lead Officer: Assistant Director - Procurement**

**Objective:**

**To ensure the effective use of Purchase Cards**

#### **Operational Regulations**

- (a) Purchase Cards shall be used for low value (below £500) ad-hoc spend. Purchase cards shall be used in accordance with the **Corporate Purchase Card Guide**. Cards shall be requested from Corporate Procurement and the issue of cards shall be approved by the Director of Finance, Resources and Customer Services. Card holders shall take all reasonable steps to ensure that they keep the card safe and shall adhere to the Council's IT internet policy when shopping on-line.
- (b) Purchase Cards shall be correctly reconciled by each cardholder each month and the expenditure approved by an authorised officer as specified in the Department's Scheme of Delegation.
- (c) Purchase Cards may be used to cover staff expenses but shall not be used to purchase alcohol, stationery, fuel and IT equipment. Further details are contained in the **Corporate Purchase Card Guide**.
- (d) Cards shall be handed back when the card holding officer leaves the Council or goes on maternity leave. If the card holder is on long term sick leave then the manager shall inform the Corporate Procurement Team to suspend the card.

## **14. IMPREST ACCOUNTS**

**Lead Officer: Head of Treasury Management**

**Objective:**

**To ensure appropriate procedures are in place to facilitate the payment of low value client related expenses**

**Note that it is Council policy to discontinue the use of imprest accounts in the medium term and wherever possible to put in place alternative arrangements**

### **Operational Regulations**

- (a) Existing imprest accounts shall only be used to defray low value expenses in support of service clients as approved by an authorised officer under the Department's Scheme of Delegation.
- (b) The account shall be kept on the imprest system and no money, other than reimbursements by Treasury Management, shall be paid into the account.
- (c) Payments made shall be supported by receipts containing details of the payment and shall be certified by an authorised officer under the Department's Scheme of Delegation..
- (d) Before leaving the employment of the Council, or otherwise ceasing to be entitled to hold an imprest account, an officer shall account for the amount advanced to him or her to Exchequer Services.

## **15. PAYROLL AND PENSIONS**

**Lead Officer: Head of Exchequer Services**

**Objective:**

**To ensure that payroll and pensions payments are made promptly and accurately and in accordance with legislation**

### **Operational Regulations**

- (a) Exchequer Services shall be responsible for the payment of salaries, fees, allowances, pensions, PAYE related deductions, other approved deductions and the reimbursement of expenses in line with corporate policy, conditions of service and statutory guidelines.
- (b) Specimen signatures of the officers authorised to approve payments to individuals via payroll shall be provided by each Service Manager to Exchequer Services.
- (c) Service Managers shall notify Exchequer Services , as soon as possible, of all matters affecting payments to individuals, in particular:-
  - (i) appointments, resignations, retirements, dismissals, suspensions, secondments and transfers;
  - (ii) absences from duty due to sickness or other reasons, apart from approved leave, where managers do not have access to m i portal.
  - (iii) changes in salaries, fees and allowances, other than normal increments and pay awards; and
  - (iv) information necessary to maintain records of service for pension and PAYE related deductions as required by law.
- (d) All time records or other pay documents shall be in a form prescribed or approved by Exchequer Services and shall be certified by, or on behalf of, the appropriate Director. The names of officers authorised to certify such records shall be provided to Exchequer Services by each Assistant Director – Resources (or equivalent), together with specimen signatures, which shall be amended on the occasion of any change.
- (e) Payments to employees shall be made by an authorised officer of the Director of Finance, Resources and Customer Services Department, or such other persons as the Director of Finance, Resources and Customer Services shall authorise.
- (f) Claims for travelling, subsistence or other allowances shall be received by Exchequer Services within two months from the end of the month in which

the expenditure was incurred.

## 16. TAXATION

**Lead Officers: Head of Exchequer Services and Head of Treasury Management**

**Objective:**

**To ensure the Council accounts correctly for and makes payment of Income Tax, National Insurance and VAT to the relevant government department**

### **Operational Regulations**

- (a) The Construction Industry Scheme shall be administered by the Head of Exchequer Services. Under the Construction Industry Scheme, it is the responsibility of the Council to check whether each contractor used by the Council for repairs and maintenance works is registered under the scheme and make the appropriate deductions for taxation. Advice on whether a particular type of repair work is covered by the scheme can be obtained from the Head of Exchequer Services.

Where works are covered by the scheme, the employing department shall check that the contractor is registered under the scheme and obtain their unique reference number (UTR) and company registration number (for limited companies) or National Insurance number (for individuals). The Head of Exchequer Services shall obtain a verification number from HMRC along with instructions for deducting taxation from payments to the contractor.

The Head of Exchequer Services is responsible for making monthly returns to HMRC on construction industry deductions.

- (b) The Head of Exchequer Services shall ensure that the HMRC guide to PAYE and further guidelines that are issued from time to time are adhered to at all times. Failure to operate PAYE at the correct time and in the correct situation may result in the Council:
- (i) Having to pay HMRC the tax that should have been deducted; and
  - (ii) Being liable for penalties and interest.

The Head of Exchequer Services shall decide with reference to HMRC guidelines whether a new 'employee' qualifies as self-employed or is trading as a Limited Company and therefore not subject to PAYE. Where in doubt, the Head of Exchequer Services shall operate PAYE.

The Head of Exchequer Services shall be consulted where a Service Manager is unsure as to the PAYE/NI treatment of a given payment.

In line with The Asylum and Immigration Act 1996, it is the responsibility of

the Head of Exchequer Services to ensure that all new employees provide a National Insurance number.

- (c) The Head of Exchequer Services shall carry out negotiations with HMRC to obtain/maintain dispensations (i.e. routine expenses, payments and benefits that would involve no extra tax liability) granted by the HMRC and PSAs (PAYE Settlement Agreements) for items not covered by dispensation and where tax is paid by the Council rather than reported on a P11d.

Service Managers shall ensure that agreed criteria and limits included within the dispensation are not breached. Where the nature of the payment or benefit or level of payment is changed, details shall immediately be sent to the Head of Exchequer Services.

At the end of each tax year and within time limits set by the Head of Exchequer Services, each Assistant Director – Resources (or equivalent) shall report to the Head of Exchequer Services all expenses payments/benefits not covered by a dispensation and made available to any employees during the previous income tax year.

Before introducing new benefits, the Head of Exchequer Services shall contact HMRC with details in order for the potential tax implications to be considered and appropriate action taken (e.g. dispensation or PSA).

- (d) Service Managers shall adhere to guidelines on specific supplies, which shall from time to time be issued by the Head of Treasury Management.

Each Service Manager shall be responsible for applying VAT correctly and in a timely manner, and coding it correctly on the Council's financial systems. Detailed guidance is available from the Head of Treasury Management.

The Head of Treasury Management shall be responsible for submitting all VAT returns to HMRC.

## 17. TREASURY MANAGEMENT

**Lead Officer: Head of Treasury Management**

**Objective:**

**To ensure borrowing and investment are carried out economically and efficiently, are valid and properly accounted for in accordance with statutory and corporate requirements**

### **Strategic Regulations**

- (a) The Council shall adopt CIPFA's "Treasury Management in Public Services Code of Practice and Guidance Notes (2011)".
- (b) A **Treasury Management Policy Strategy** shall be agreed by the Council, stating the policies and objectives of its treasury management activities.
- (c) An annual **Treasury Strategy Statement** setting out the Council's strategy and procedures shall be reviewed by the Audit Committee and adopted by the Council before the start of each financial year and thereafter its implementation and monitoring shall be delegated to the Director of Finance, Resources and Customer Services.
- (d) Suitable **Treasury Management Practices (TMP)** shall be in place, setting out the manner in which the Council shall seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- (e) Full Council shall receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, and an annual report to the Council after its close, and no later than the 30<sup>th</sup> September, in the form prescribed in its TMP
- (f) Cabinet shall receive monitoring reports on Treasury Management through the revenue monitoring process.

### **Operational Regulations**

- (g) All money (as defined in the Treasury Strategy Statement) in the hands of the Council shall be aggregated for the purposes of treasury management and shall be under the control of the Treasury Management Team.
- (h) The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Cabinet and for the execution and administration of treasury management decisions to the Director of Finance, Resources and Customer Services who shall act in accordance with the Council's policy statement, TMP, CIPFA's Standard of Professional Practice on Treasury Management and CIPFA's Prudential Code.

## **18. BANKING ARRANGEMENTS**

**Lead Officer: Head of Treasury Management**

**Objective:**

**To ensure the Director of Finance, Resources and Customer Services responsibilities with regard to the Council's banking arrangements are clearly understood**

### **Strategic Regulations**

- (a) The Director of Finance, Resources and Customer Services shall make recommendations to the Cabinet on banking terms and arrangements who shall approve such arrangements.
- (b) The Treasury Management Team shall be responsible for arranging the opening and conduct of all bank accounts of the Council. No other employee shall be permitted to open or close a bank account in connection with Council business or amend its management arrangements.

### **Operational Regulations**

- (c) All electronic payments banking details held by the Council and subsequent changes thereto shall be independently verified.
- (d) All payments to be made by cheque greater than £250 shall be authorised by the Treasury Management Team. Cheques drawn on the Council's general bank accounts shall be signed by the Director of Finance, Resources and Customer Services.
- (e) All direct debits and standing orders set up to make payments from the Council's bank accounts shall be approved by authorised bank account signatories.
- (f) The Council's bank account shall be reconciled to the Council's main financial records at monthly intervals throughout the year and at the end of each financial year.

## **19. INTERNAL AUDIT**

**Lead Officer: Head of Internal Audit**

**Objectives:**

**To appraise, review and report on:**

**The efficiency, effectiveness and economy of financial and other management controls**

**The extent of compliance with, relevance of and financial effect of established policies, plans and procedures**

**The extent to which the Council's assets are accounted for and safeguarded against losses of any kind arising from fraud, waste, extravagance, inefficient administration, poor value for money or any other cause**

**The reliability and suitability of financial and other management control data used by the Council**

### **Strategic Regulations**

- (a) Under Regulation 6 of the Accounts and Audit (England) Regulations 2011 the Council shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices. "Proper internal audit practices" are contained in "Code of Practice for Internal Audit in Local Government in the United Kingdom", issued by CIPFA. The Council's Internal Audit Function shall comply with these practices.
- (b) The Director of a Department shall be notified immediately of any irregularity or suspected irregularity which affects the Council's finances by any person having knowledge thereof. The Director shall immediately notify the Director of Finance, Resources and Customer Services and investigate all such irregularities in consultation with him or her. Failure by any person with such knowledge to notify the Director will constitute a disciplinary offence.
- (c) The Head of Internal Audit shall report regularly to the Audit Committee on the audit work programme, work undertaken and the results thereof.
- (d) The Audit Committee may receive reports on issues of probity or integrity relating to the Council's activities.

### **Operational Regulations**

- (e) Upon production of proof of identity and authority, the authorised representative of the Director of Finance, Resources and Customer Services shall have the right to:-

- (i) enter at all times upon any Council premises or land;
  - (ii) have access to all financial and non-financial accounting records, documents and correspondence as appear necessary to internal audit for the conduct of the audit;
  - (iii) require and receive such information and explanations as are deemed necessary concerning any matter under examination; and
  - (iv) require any employee or agent of the Council to demonstrate the existence of cash, stores, or any other Council property under his or her control.
- (f) On completion of an audit, a detailed report shall be issued to the appropriate Director showing the agreed management implementation plan for the recommendations made.
- (g) Internal Audit shall review the whole system of internal controls both financial and non-financial including:
- Undertaking a continuous, systematic and structured review to evaluate the soundness, adequacy, and application of the Council's internal control system;
  - Responding to the recommendations of the Council's external auditors;
  - Reviewing arrangements for securing economy, efficiency and effectiveness the use of resources;
  - Advise and assist management in investigating suspected cases of fraud, corruption and irregularity;
  - Review and advise on the development of systems;
  - Provide advice on financial systems, procedures, regulations, corporate governance issues and risk management;
  - Contribute to the Council's pursuit of best value.
- (h) The Head of Internal Audit shall be authorised to report to each Director as may be necessary, following his or her examination and audit of their accounts and the accounts of their officers. He or she may include, in any such report, his or her observations on the arrangements for financial control and security in the Department under their control and his or her observations on the effectiveness with which they are carried out by, or under the supervision of, the officer designated for this purpose.

## **20. INCOME**

**Lead Officer: Head of Exchequer Services**

**Objectives:**

**All income due is identified, recorded and correctly calculated**

**All income due is promptly invoiced (where applicable), collected, banked and accurately accounted for**

**Secure arrangements are in place for the collection and retention of money prior to banking and comply with insurance arrangements**

**Strategic Regulations**

- (a) The Council's debt shall be managed in accordance with the Council's **Debt Management Policy**.
- (b) The recording and collection of all income due shall be under the general supervision of, and in a form approved by, the Head of Exchequer Services.

**Operational Regulations**

- (c) Service Managers shall be responsible for ensuring the prompt transmission of all sums received to Exchequer Services or the Council's bankers. The receipting and banking of money shall be carried out in accordance with instructions issued by Exchequer Services.
- (d) All official receipt forms, ticket forms, cheques and other vouchers representing money or money's worth shall be controlled by Service Managers in a manner approved by the Head of Exchequer Services.

## **21. STOCKS AND STORES**

**Lead Officer: Head of Internal Audit**

**Objective:**

**To ensure consumable stocks and stores are correctly recorded, held securely and their use properly controlled**

### **Strategic Regulations**

- (a) Service Managers shall be responsible for the receipt, care, safe custody and issue of all consumable stocks and stores in his or her Department and for maintaining suitable records in a form approved by the Head of Internal Audit. He or she shall supply to Financial Management Services such information as may be required for the Council's accounts and other financial records.

### **Operational Regulations**

- (b) Service Managers shall, so far as possible, arrange that all items in stock are checked by the storekeeper or officer responsible for the stores at least annually. A copy of the stocks and stores return shall be sent forthwith to Financial Management Services.
- (c) Service Managers shall arrange for regular independent stocktaking to be undertaken by persons other than the person responsible for the stocks and stores and keep under review procedures in operation concerning stocks and stores.
- (d) The procedure for dealing with surpluses or deficiencies in stocks and stores and the frequency of stocktaking shall be determined from time to time by the Director in consultation with the Head of Internal Audit.
- (e) Service Managers, in consultation with the Corporate Procurement Team, may dispose of scrap, obsolete or surplus stores.

## **22. INVENTORIES**

**Lead Officer: Head of Corporate Finance**

**Objective:**

**To ensure inventories are correctly recorded, held securely and their use properly controlled**

### **Strategic Regulations**

- (a) Service Managers shall be responsible for the safe custody of the plant, machinery, vehicles, furniture, equipment and other non-consumable property in his or her care. He or she shall also maintain suitable records thereof in a form approved by the Head of Internal Audit and ensure that, as far as it is expedient to do so, all items are effectively marked as Council property.
- (b) The extent to which items shall be included in records, if at all, in any Department or establishment shall be determined by the Head of Internal Audit.

### **Operational Regulations**

- (c) Service Managers shall arrange that a stock take of the items of his or her inventory records is carried out so that all items in them are, so far as possible, checked at least once each year. The procedure for dealing with surplus, deficiencies and the disposal of obsolete items shall be determined from time to time by the Assistant Director – Resources (or equivalent) in consultation with the Finance Business Partner.
- (d) The Council's property shall not be removed otherwise than in accordance with the ordinary course of the Council's business or used otherwise than for the Council's purposes, except in accordance with specific directions issued by the Assistant Director concerned. Where an Assistant Director – Resources (or equivalent) authorises temporary removal of property, a formal record shall be maintained indicating the location of the property so removed and shall be signed by the person or persons having custody of the property. Where there is private use of Council property, where permitted, employees shall notify the Head of Exchequer Services so that the appropriate HMRC Revenue rules can be applied.
- (e) Employees who are responsible for or are entrusted with Council assets have a duty of care and shall take all reasonable precautions to ensure their safe custody. Failure to do so may result in personal liability for any loss or damage incurred.

## **23. RISK MANAGEMENT AND INSURANCE**

**Lead Officers: Head of Insurance and Audit Risk Manager**

**Objectives:**

**To embed risk management within the policies and practices of the Council**

**To manage risk in accordance with best practice**

**To ensure all parties understand their roles and responsibilities and contribute to risk management**

**To ensure the Council successfully manages risks and opportunities at a corporate, strategic, operational and project level**

### **Strategic Regulations**

- (a) The Director of Finance, Resources and Customer Services shall be responsible for approving a Risk Management Policy prepared by the Risk Management Officer and shall report on the Council's exposure to risk and the implications to the Audit Committee.
- (b) The Head of Insurance shall be the Council's agent for effecting all insurance cover and for negotiating all claims in consultation with the relevant Service Managers.

### **Operational Regulations**

- (c) Service Managers shall give prompt notification to the Insurance Manager of all new risks, properties or vehicles which require to be insured and the value thereof, and of any alterations that may affect existing insurances. Whenever possible, notification should precede the acquisition of insurable items.
- (d) Service Managers shall within 21 days notify the in writing the Insurance Manager of any loss, liability, damage or other similar event likely to lead to a claim including providing evidence or proof of loss.
- (e) The Head of Internal Audit shall annually, or at such other time as he or she may consider necessary, review all insurances in consultation with the relevant Directors.
- (f) Service Managers shall provide estimates of value of all items of property in their custody as required.

**24. CUSTODY OF PROPERTY UNDER S.48 OF THE NATIONAL ASSISTANCE ACT, 1948**

- (a) Section 48 of the National Assistance Act 1948 imposes a duty on Councils to provide temporary protection for property belonging to persons admitted to hospital or other similar accommodation and are as a result unable to protect their property;
- (b) The Director of Health, Housing and Adult Social Care, together with the Director of Finance, Resources and Customer Services, shall make appropriate arrangements for the custody of property retained under this section.

## 25. DEBT WRITE OFF POLICY AND PROCEDURE

**Lead Officer: Head of Exchequer Services/Head of Collection Services – Revenues and Benefits**

**Objective:**

**Any write off of income due is valid and properly authorised**

- (a) The Director of Finance, Resources & Customer Services is responsible for setting a **Corporate Debt Policy** which, for each type of debt:
- (i) defines the billing, collection and enforcement process for the efficient, effective and economic collection of debt;
  - (ii) defines the minimum levels of investigation of uncollected debts before write-off may occur; and
  - (iii) places responsibility with each Director to ensure the Council's accounts reflect collectable debts by exercising a timely comprehensive write-off of uncollectible debts.

All debt write offs shall be executed in accordance with the Corporate Debt Policy. The authorisation of write-offs and limits are specified below.

- (b) Reports seeking approval to the writing off of debts shall be prepared each quarter.
- (c) Separate reports shall be prepared for:
- Council Tax (including awarded costs);
  - NNDR (including awarded costs);
  - Housing Benefit;
  - HRA Property Rents and Service Charges (HRA);
  - Temporary Accommodation (General Fund);
  - General Fund Property Rents and Service Charges
  - Social Services Care Charges;
  - Parking Control Notices;
  - Allotments;
  - General Debtors.
- (d) Debt write off limits (revised 2012)
- |              |  |
|--------------|--|
| Up to £2,500 | Nominated officers as designated in the service scheme of delegation         |
| Up to £5,000 | Nominated Heads of Service as designated in the service scheme of delegation |

Up to £10,000    Service Director

Up to £25,000    Director of Finance, Resources and Customer Services -  
unlimited authority in the case of bankruptcy, liquidation,  
deceased and no assets, debtor cannot be traced

Above £25,000    Cabinet Lead Member for Finance and Property unless  
covered by the authority of the Director of Finance,  
Resources and Customer Services

- (e)    The reasons for write-offs shall be fully documented and justified.
- (f)    Treasury Management shall arrange for the recovery of VAT that has been over paid to HMRC as a result of debt deemed to be irrecoverable.
- (g)    Appropriate provisions for bad debts shall be made and reviewed at least annually taking into account the nature and age of the debt and the likelihood of recovery based on expected collection rates.
- (h)    The writing off of bad debt and the determination of bad debt provisions including assumptions and judgements made are subject to annual review by external audit.
- (i)    A six month summary report for all debt write offs shall be submitted to the Cabinet Lead Member for Finance and Property.