

# Appendix 1



## Financial Procedure Rules

### The Constitution: Part IV: Chapter 5

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**What are the Financial Procedure Rules?**

- 1.1 The Financial Procedure Rules provide the framework for managing the Authority’s financial affairs. These Financial Procedure Rules are for use within Torridge District Council and by anyone acting for it.

**Why are they important?**

- 1.2 The Financial Procedure Rules are part of a wider set of operational and managerial arrangements that aim to demonstrate to members of the public who pay for Council services, that the Council is carefully managed through control of its finances and financial affairs.
- 1.3 If followed on a day to day basis the Financial Procedure Rules offer protection to the Council and hence the public from poor decision making, theft, fraud and material error. However, they also offer significant protection to each employee and member that follows them. Provided that officers and members can demonstrate that they have acted in accordance with the Financial Procedure Rules they are unlikely to face undue criticism and can defend themselves against accusation of impropriety.

**To whom do they apply?**

- 1.4 The Financial Procedure Rules apply to every member and officer of the authority and anyone acting on its behalf.
- 1.5 All members and staff 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, provides value for money and achieves best value.
- 1.6 Operational Managers are responsible for ensuring that all staff in their sections are aware of the existence and content of the authority’s Financial Procedure Rules and other internal regulatory documents and that they comply with them.

**What happens if the Financial Procedure Rules are breached?**

- 1.7 The *Section 151 Officer* is responsible for reporting, where appropriate, breaches of the Financial Procedure Rules to the Audit & Governance Committee. The Internal Audit section will investigate suspected breaches of the Financial Procedure Rules and prepare a report for the *Chief Executive*) and the relevant Operational Manager / Member of SMT

**Are the Financial Procedure Rules reviewed and when?**

- 1.8 The Section 151 Officer is responsible for maintaining a continuous review of the Financial Procedure Rules. Any changes to the financial procedures rules which change the delegated powers of officers will be submitted to the Audit & Governance Committee for consideration with formal approval at Full Council. The Section 151 officer will have delegated powers to amend the financial procedures for “general housekeeping purposes”; e.g. HMRC guidance regarding the consideration of IR35 status, post descriptions, etc.

**How are the Financial Procedure Rules laid out?**

- 1.9 The Financial Procedure Rules are set out in sections that correspond to who should read them, i.e. it is important that the contents of the first section is read by all members of staff and councillors whilst latter sections are aimed at generic or named posts.
- 1.10 The headings within each section generally correspond to well-defined systems of financial control. An initial introduction within each section sets the scene and explains why the section appears in the Financial Procedure Rules. This is then re-enforced by explaining in more detail some of the risks of failing to follow the Rules.

**Who can give me advice and guidance?**

- 1.11 The *Section 151 Officer* is responsible for issuing advice and guidance where required. If you have any queries, comments or concerns on the content of the Financial Procedure Rules, please contact the Section 151 Officer.
- 1.12 Queries should be directed to the Section 151 Officer **well in advance of any deadline date where possible**.

**Who's Who**

- 1.13 Some senior officers are referred to by specific titles used in legislation and this list clarifies who's who and where necessary who the deputies are.

**Chief Executive: Chief Executive**

This post is required under Section 4 of the Local Government and Housing Act 1989.

**Section 151 officer: Strategic Manager (Resources)**

This post is required under Section 151 of the Local Government Act 1972 and referred to as the Section 151 Officer (SFO) within the Constitution.

**Deputy Section 151 Officer: Finance Manager**

This post can take decisions of the Section 151 Officer in their absence.

**Monitoring Officer: Senior Solicitor**

**Senior Management Team:** shall mean the group of officers comprising the Chief Executive, the Monitoring Officer, Strategic Manager (Resources) and the Planning & Economy Manager.

### Can the Financial Procedure Rules be waived?

- 2.1 Both officers and members must follow the Financial Procedure Rules in their day to day work. From time to time, however, it may not always be possible or practicable to do so.
- 2.2 The question of waiving the Financial Procedure Rules usually arises when time is short, for example emergency repair works may be required following a spell of very bad weather. If a formal contract tendering process were to be adopted this could delay completion of the works and could give rise to a health and safety risk, significant additional costs at a later stage or even loss of Government grant income.
- 2.3 The Financial Procedure Rules, therefore, allow for officers and members to work in a manner that is responsive to the 'real world'. This section sets out how decisions to move away from the Rules shall be taken, the procedure to be followed and the records to be maintained. **Officers and members must not interpret this section as an opportunity to waive the Financial Procedure Rules carte blanche. The waiving of the Financial Procedure Rules will not be an excuse for poor planning and control. Waivers shall be the exception rather than the rule and alternative courses of action should always be taken within the spirit of the Financial Procedure Rules.**

### What are the underpinning principles?

- 2.4 Where officers consider that the Financial Procedure Rules cannot be followed then reasoned, considered and sensible solutions to everyday problems that may arise shall be applied.
- 2.5 If the answer to one or more of the following questions is 'Yes' the waiving of the Financial Procedure Rules may be considered: If the Financial Procedure Rules were to be followed to the letter.....
- **Life or Death** – Is there a significant chance that the life or health of officers, members or the public will be put at real risk?
  - **Increased Costs/Loss of Income** - Will the Council incur significant avoidable costs or lose significant income (significant shall be taken to mean material in the sense that it is either material to the project, the service or the Council)?
  - **Limited Markets** – Would the Council be wasting its time obtaining quotations as supply of the product or service is demonstrably restricted to one or few businesses (or a select list is recommended by Central Government)?
  - **Embarrassment** – Would the Council be criticised for failing to act promptly?

### Who's Who for Waivers?

#### The Officer

In the context of this section the officer is taken to be the individual faced with a problem that may require that the Financial Procedure Rules be waived.

**The Manager** In the context of this section the manager shall be taken to be the officer's direct line manager who endorses the request to waive the Financial Procedure Rules.

**The Governance Manager** The Governance Team is not responsible for the management or the operation of any of the Council's services or systems. This is to ensure that the Governance Team can give independent and unbiased advice to managers. In the context of this section the Governance Team's role is to ensure that the Financial Procedure Rules of the Council are followed. If this is not possible then management is made aware of and safeguard the Council against any significant financial or non-financial risks that are likely to arise. **Management not the Governance Team are responsible for any final decisions taken.**

**Section 151 Officer** In the context of this section the 151 Officer ( or their deputy) and the *Head of Paid Service* have the authority to approve or reject the waiver requests

### The Procedure for Waiving the Financial Procedure Rules

#### The Officer and their Manager

- 2.6 Where an officer considers that they have reason to request that the content of the Financial Procedure Rules be waived, they shall first inform and obtain the written approval of their Operational Manager / Member of SMT using a pro-forma Financial Procedure Rules waiver form. At the meeting between the officer and their Operational Manager / Member of SMT, the circumstances surrounding the request must be discussed. A proposal as to the course of action to be taken will then be agreed and recorded on the waiver form.
- 2.7 The officer and Operational Manager / Member of SMT will have to satisfy the Governance Team that:
- At least one of the basic principles as set out in '2.5' above has been met;
  - They have been provided with adequate evidence in support of the request;
  - That the officer and their manager have had due regard to the risks to the Council of the action that they propose (in terms of the likelihood of occurrence and the impact);
  - A decision to waive the Financial Procedure Rules would be in the best interests of the Council.
- 2.8 The officer concerned and their Operational Manager / Member of SMT, if necessary, may then approach the Governance Team whereupon they will be asked to provide the full background. They will be asked what action they propose should be taken.

#### The Governance Team

- 2.9 The Governance Team will record these details and may request evidence in support of any claims made, e.g. copies of documents, discussions with third parties, inspection etc.

## 2 WAIVING THE FINANCIAL PROCEDURE RULES

- 2.10 In order to satisfy themselves that the waiver is in the best interests of the Council, it may not be possible for the Governance Team to immediately respond to a request although every effort will be made to do so.
- 2.11 The Governance Team will then give their opinion verbally and record their opinion on the waiver form. The Governance Team will evaluate the proposal and may recommend that further action is taken before the waiver is approved. Should the Governance Team consider that any action or inaction by an officer or their line manager has given rise to the need to now consider waiving the Financial Procedure Rules, e.g. it was left too late to tender the Governance Team will record this on their record of advice given. The Governance Team will, however, take into consideration the circumstances surrounding the request.

### **The Section 151 Officer / *Chief Executive***

- 2.12 Once the view of the Governance Team has been obtained, the form should be forwarded to the Section 151 Officer or *Chief Executive* who may sign the 'Financial Procedure Rules Waiver Form' unless it involves revenue spending over £75,000 or capital spending over £125,000. Such decisions must be referred back to the Community & Resources Committee as must any decision which may have a significant effect on communities, i.e. those affecting over 2000 residents or more than two wards.
- 2.13 No officer shall approve a Financial Procedure Rules waiver initiated by them, i.e. a higher authority must approve it.
- 2.14 If a decision requires referral to Community & Resources Committee but is urgently required, the Urgency procedure may be used by completing the last section of the Waiver form. The Urgency decision will be subsequently reported to Community & Resources.

### **Record Keeping**

- 2.15 The Governance Team will maintain a record of all advice given and requests to waive the Financial Procedure Rules and of the outcome. This record will be reviewed annually so as to ensure that the Financial Procedure Rules remain up to date, clear and in-line with operational and practical issues.

The record of all waivers will be reported annually to the Audit & Governance Committee.

- 2.16 Where relatively minor waivers are requested the Section 151 Officer may advise the officer to proceed subject to the Governance Team logging the advice for scrutiny as in 2.14.

### 3 SUMMARY OF FINANCIAL LIMITS

The following tables summarises the limits quoted in these Rules.

Item Value ex VAT	Budget Changes (Virements) – Limits for GENERAL FUND	Page
Below £2,000	No virements required.	37
£2,001 - £10,000	Virements within a service budget between £2,001 and £10,000 may be approved by the Operational Manager and confirmed in writing via the appropriate accountant. No form is required.	37
£10,001 - £30,000	Between £10,001 and £30,000 a virement form is required which is to be agreed by the relevant Operational Manager / Member of SMT and authorised by the Section 151 Officer or Chief Executive.	38
£30,001 to £100,000	The prior approval of the Community & Resources Committee is required upon receipt of a report from the Section 151 Officer and relevant Operational Manager	38
Greater than £100,000	The prior approval of Full Council is required upon receipt of a report from Senior Management	

Total Value ex VAT	Quotations / Tendering for Goods and Services (see Contract Procedure Rules)	Short listing	Page
Up to £7,500	A minimum of one Quotation, but good practice to seek most favourable prices and terms.	Operational Manager/Other Designated Officer	
£7,501 - £50,000	A minimum of three written Quotations.  Wherever practical the Council's E-Procurement portal (Pro Contract) should be used to solicit quotations.	Operational Manager/Other Designated Officer	
£50,001–EU Threshold	Invitation to Tender and use of e-procurement	Operational Manager/Other Designated Officer in consultation with the Procurement Manager	
£50,001 – EU Threshold	All purchases made via a local authority purchasing and distribution consortium are deemed to comply with these Contract Procedure Rules and no waiver is required e.g. Devon Procurement Services. However, purchases above the EU Threshold must be let under EU Procedure rules unless the consortium has satisfied this requirement already.	N/a	
Above EU Threshold	EU Procedure or, where this does not apply, Invitation to Tender by advertisement	Operational Manager/Other	



### 3 SUMMARY OF FINANCIAL LIMITS

		Designated Officer in consultation with the Procurement Manager	
All values. Collaborative Contracts	The Section 151 Officer must be consulted prior to commencing any procurement process using collaborative contracts. The terms and conditions of Contract applicable to any collaborative Contract, including the requirement to undertake competition between providers, must be fully complied with.		
All values. ICT	All system developments and purchases of computer equipment or software must be approved by the ICT Manager (Scomis), and awarded in line with these Rules.	Operational Manager/Other Designated Officer in conjunction with the Council's designated Business Transformation Manager	
<b>Item Value ex VAT</b>	<b>Authorisation of Payments</b>		<b>Page</b>
Above £30,000	Any payment greater than £30,000 must be electronically authorised by the <i>Section 151 Officer, Chief Executive</i> , or Monitoring Officer. There is one exception to this: Treasury Management payments, which are bound by Financial Procedure Rule 7.3		27
<b>Item Value ex VAT</b>	<b>Purchase Cards</b>		<b>Page</b>
Up to £1,500	The maximum value of a single purchase is £1,500 except for nominated officers who may in exceptional circumstances purchase up to the value of £5,000.		29
<b>Item Value ex VAT</b>	<b>Income – Banking</b>		<b>Page</b>
Weekly according to insurance limit	All monies received on behalf of the Council shall be banked on a weekly basis		31
<b>Item Value ex VAT</b>	<b>Income – Unders and Overs</b>		<b>Page</b>
Over £20	Any under or over-banking of more than £20 shall be reported to the Planning and Economy Manager.		31

### 3 SUMMARY OF FINANCIAL LIMITS

Item Value ex VAT	Write off – bad and doubtful debts	Page
Up to £5,000	The Section 151 Officer can approve the excusal of debts up to and including £5,000 and may delegate this to nominated officers where a procedure has been agreed.	32
Above £5,001	Community & Resources Committee to consider the report of the Section 151 Officer.	32
Above £5,001 where debts are subject to formal insolvency proceedings	The Section 151 Officer can additionally write off debts for confirmed bankrupts and where debt relief orders have been granted, those dismissed or remitted by a court, and any irrecoverable balances remaining where Individual Voluntary Arrangements and Company Voluntary Arrangements have been proposed and agreed with a professional insolvency practitioner.	32

Item Value ex VAT	Disposals – Land and Buildings	Page
Up to £10,000	The decision to agree to the disposal by sale of small areas of land whose market value does not exceed £10,000 where such disposal does not prejudice the Council's existing land holding or any future development proposals may be made by the Property and Procurement Manager, having regard to the requirements of the Council's Asset Management Plan and Community Asset Transfer Policy.	
Above £10,000	Requires the prior approval of the Community & Resources Committee	

Item Value ex VAT	Disposals – Vehicles, Plant and Equipment	Page
Up to £500	Operational Manager approval is required. A second officer shall witness the disposal at a local level and a record of the disposal maintained	
£501 to £5,000	Operational Manager approval required. Sealed bids are to be sought for any item valued up to £5,000 and it shall be the responsibility of the Section 151 Officer and the relevant Operational Manager or their nominated deputy, to obtain the best possible price. The Council's EBay account may be used or other appropriate method e.g. part exchange.	

Item Value ex VAT	Emergency Payments	Page
Up to £20,000	In the event of an emergency the Chief Executive, Section 151 Officer, Nominated Silver Officer will ensure where possible the Financial Procedure Rules are applied, however in the event that he /she should need to incur expenditure relevant to the emergency he /she may do so without reference to Members and subject to a maximum of £20,000. All expenditure incurred will subsequently be reported to Community & Resources Committee	53

## 4.1 Risk Management, Governance and Internal Control

### Why is this important?

Delivering the Council's objectives and many of its services and activities is not without inherent risk, including: death or injury to staff or the public and financial loss to the Council. The Council needs to identify and log these risks and then decide how to address them, i.e. through the implementation and maintenance of controls. This Section should be read in conjunction with the Council's Risk Management Strategy.

### **Risks:**

- The Council may be unable to meet large claims made against it, i.e. death or injury;
- The Council may be over insured, i.e. paying out higher premiums than it needs to and
- The Council may not achieve its objectives and/or realise opportunities if it is unaware of its risks.

### **Responsibilities and Key Controls**

#### **Risk Management**

- 4.1.1 The Council will seek to embed good practice in managing its risks in accordance with the Council's Risk Management Strategy. Procedures will ensure each service, each significant partnership and each major project is assessed and an operational risk register developed and maintained. The Risk Registers will reflect those current risks that cannot be adequately controlled or moderated. Corporate risks will be recorded on the Corporate Risk Register and log.
- 4.1.2 Operational Managers and project officers will be responsible for maintaining their operational risk registers for their service(s), major project(s) and significant partnership(s) during the year, ensuring they reflect current risks and ensuring all identified actions to address significant risks are implemented in a timely manner.
- 4.1.3 Each service risk register is to be reviewed annually by the Operational Manager / Member of SMT at a time appropriate to the development of the annual business plan, to ensure each risk is adequately controlled relative to the risk posed. Reallocating resources, implementing new controls and removing unnecessary controls as required to make most efficient use of the available resource. Such changes to be discussed and agreed with Internal Audit if they affect a control identified on the service's annual Assurance Statement. Any risk that is considered adequately controlled will drop off the risk register but will still be recorded on risk log.
- 4.1.4 The corporate risk register will be reviewed and maintained by the Risk Management Group and reported to Senior Management Team periodically during the year, and at each meeting of the Audit & Governance Committee.

#### **Internal Control**

- 4.1.5 The Council is responsible for maintaining a System of Internal Control – setting of objectives, identification of risk and implementing controls to mitigate the risks.
- 4.1.6 The Council will also be responsible for conducting a review at least once a year of the

effectiveness of the system of internal control and shall prepare a Governance Statement, in accordance with proper practices, for reporting alongside the Council's published annual accounts.

4.1.7 The Audit & Governance Committee will act as the nominated member body to examine and approve the draft statement and supporting evidence.

4.1.8 Operational Managers are to manage system processes to ensure that established controls are being adhered to and to evaluate their effectiveness in order to be confident in the proper use of resources, achievement of objectives and management of risks.

### **Corporate Governance**

4.1.9 The Audit & Governance Committee is responsible for approving the Council's Local Code of Corporate Governance.

4.1.10 The principle of the Code will be openness, integrity and accountability and will cover the areas required by CIPFA/Solace, which at the date of these Financial Procedure Rules include:

- focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
- members and officers working together to achieve a common purpose with clearly defined functions and roles;
- promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- developing the capacity and capability of members and officers to be effective; and
- engaging with local people and other stakeholders to ensure robust public accountability

4.1.11 Direct responsibility for the monitoring of compliance with the principles and elements of corporate governance and the requirements of the Code are placed with the Council's *Chief Executive, Section 151 Officer, Monitoring Officer* and the Governance Manager and the Senior Management Team.

4.1.12 The Governance Team will also test the code annually and the results of the monitoring and testing will be reported to the Audit and Governance Committee.

### **Business Continuity**

4.1.13 The Civil Contingencies Act 2004 requires the Authority to maintain plans to ensure that they can continue to run their essential services, in the event of an emergency.

4.1.14 Operational Managers shall be responsible for preparing and maintaining an emergency plan for their departments.

4.1.15 The Senior Management Team shall sign off the final plan.

4.1.16 Operational Managers / SMT shall ensure that plans are regularly reviewed and tested.

4.1.17 The outcome of all exercises shall be recorded and signed by the Emergency Planning Officer and Operational Manager / Member of SMT.

4.1.18 The Operational Manager shall keep a hard copy and an electronic copy of the plan.

4.1.19 All staff shall be aware of their departmental plan, and what procedures to follow

### **Money Laundering**

4.1.20 The Council does not accept cash payments.

## **4.2 Security**

### **Why is this important?**

The Council holds assets in the form of property, vehicles, equipment, furniture 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.

### **Risks:**

- Cash and other assets could be lost, stolen or misused; and
- Claims against the Council's insurers may be invalidated.

### **Responsibilities and Key Controls**

4.2.1 Operational Managers are responsible, in consultation with the Section 151 Officer, for the security of all buildings, stocks, stores, furniture, equipment, cash, etc., under their control.

4.2.2 Maximum limits for cash holdings shall be agreed with the Section 151 Officer and shall not be exceeded without his / her permission.

4.2.3 Keys to offices, filing cabinets, etc., are to be carried by the person responsible. Any losses must be reported to the Section 151 Officer immediately. All office keys must be signed for and held securely by Officers.

4.2.4 Operational Managers shall keep records of all assets and Council keys held by their staff and shall keep this up to date.

4.2.5 Operational Managers shall ensure that staff leaving the authority hand back any keys or assets held by them prior to their departure. Door entry systems combinations and safe combinations etc. shall be changed on the day of departure where considered necessary or appropriate.

4.2.6 Operational Managers shall promptly notify the Section 151 Officer of any property whose custody has been temporarily accepted on behalf of the Council.

4.2.7 All valuables held on behalf of a Third Party (e.g. jewellery, watches, documents of title, etc.) shall be deposited with the Section 151 Officer.

**Data Protection**

4.2.8 The Data Protection Officer<sup>1</sup> is responsible for putting a framework of guidance and training in place to ensure compliance with the Data Protection legislation.

4.2.9 Operational Managers are responsible for the security and privacy of the information held within their service and during transit.

4.2.10 All Officers will be required to comply with the requirements of the ICT Handbook and the Code of Conduct for Local Government Employees.

**Safes**

4.2.11 Members of staff who are authorised to gain access to any Council safe must not allow the keys or combination access codes to pass from their control or to be available to unauthorised persons at any time. The loss of any such keys must be reported to Internal Audit immediately.

4.2.12 All keys held for any official purpose by an authorised member of staff shall be held under proper and secure arrangements and not passed or be available to any unauthorised person. (This regulation includes card keys and door entry codes issued to members of staff).

**Postal Franking Machines**

4.2.13 Postal franking machines must be securely held, and officers responsible will keep proper records of usage and certify the balance of impressions held in the machine at the 31<sup>st</sup> March each year.

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<sup>1</sup> The Data Protection Officer (DPO) is the Monitoring Officer

### 4.3 Audit

#### Why is this important?

##### About Internal Audit

The Chartered Institute of Public Finance and Accountancy (CIPFA) state that ‘internal audit is an assurance function that provides an independent and objective opinion to the Council on the control environment by evaluating its effectiveness in achieving the Council’s objectives. Internal audit 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’.

***The Accounts and Audit Regulations 2015 state that “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.***

The District Council has outsourced its internal audit function to the Devon Audit Partnership (DAP). A Senior Manager from DAP fulfills the role of Internal Audit Manager for the Council.

##### About External Audit

***External auditors are appointed by Public Sector Audit Appointments Limited (PSAA) . PSAA is an independent company limited by guarantee incorporated by the Local Government Association in August 2014. The Secretary of State for Communities and Local Government delegated statutory functions (from the Audit Commission Act 1998) to PSAA by way of a letter of delegation issued under powers contained in the Local Audit and Accountability Act 2014.***

The company is responsible for appointing auditors to local government, police and local NHS bodies, for setting audit fees and for making arrangements for the certification of housing benefit subsidy claims. Before 1 April 2015, these responsibilities were discharged by the Audit Commission.

*External Auditors* are required under the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Council for securing value for money in its use of resources. This work includes providing a certificate on the Council’s published accounts and an annual letter to members outlining their key findings and recommendations.

#### **Risks:**

- Changes in the delivery of services could lead to internal control systems failing thereby increasing the possibility of fraud, loss, extravagance, waste or embarrassment to the Council; and
- The Council could face legal action for failing to maintain proper accounting systems and an adequate and effective internal audit service.



**Responsibilities and Key Controls****Internal Audit****Authority**

- 4.3.1 In accordance with the *Accounts and Audit Regulations 2015* 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 practices in relation to internal control. The accounting and financial operations of the Council shall be subject to annual internal audits under the independent control and direction of the *Devon Audit Partnership*.
- 4.3.2 *The Devon Audit Partnership* and the Section 151 Officer or their authorised representatives shall have authority to:
- Enter any Council premises at all reasonable times
  - Have access to all records, assets, personnel and documents relating to financial and other transactions of the Council
  - Require and receive such information and explanations as he / she considers necessary concerning any matter under examination including those of partner organisations
  - Access records belonging to third parties, such as contractors, partners etc. when required. Such a requirement shall be written into all contracts and partnership agreements

**Responsibilities, Objectives and Professional Skills**

- 4.3.3 Internal Audit (*Devon Audit Partnership*) will follow professional standards and guidelines issued by the Chartered Institute of Public Finance and Accountancy, and prepare annual audit plans as a basis of their work. The audit plans shall be based on a risk assessment of all Council operations, resources, services and responsibilities in relation to other bodies.
- 4.3.4 Internal Audit (*Devon Audit Partnership*) shall be independent of all financial systems operating within the Council. It shall have no corporate operational responsibilities except those required to operate the internal audit service.
- 4.3.5 Internal Audit (*Devon Audit Partnership*) shall have the right of reporting on any aspect of financial or other related matters and to deliver an audit opinion on those matters.
- 4.3.6 Chief Officers and Operational Managers are to consider and promptly respond to recommendations set out in Internal Audit (*Devon Audit Partnership*) reports and to ensure that any agreed actions arising from the recommendations are carried out in a timely and efficient fashion.
- 4.3.7 Internal Audit (*Devon Audit Partnership*) will report on its activities to the Audit & Governance Committee on at least an annual basis, such a report to include progress against the audit plan, arrangements for and results of quality assurance and



performance management processes and the adequacy of management response to internal audit advice and agreed actions.

4.3.8 Internal Audit (Devon Audit Partnership) may also, where resources exist, provide an independent and objective consultancy service specifically to help management improve the organisation's internal control environment.

4.3.9 The Internal Audit Manager (Devon Audit Partnership) shall provide an annual Audit Opinion and a review of the effectiveness of the Councils system of internal control for consideration alongside the management review required **by rule 4.1.6** as part of the preparation of the Annual Governance Statement.

#### **Systems- Direct or Indirect Financial Nature**

4.3.10 The Section 151 Officer shall be informed of the creation, amendment or removal of systems of a financial nature or where decisions arising from the use of any system that has a financial consequence. The requirements set out in the **Council's Data Quality Policy** shall also be adhered to.

#### **Irregularities**

4.3.11 *The Internal Audit Manager (Devon Audit Partnership)* will ensure that effective procedures are in place to promptly investigate any fraud or irregularity and that the Audit Plan includes sufficient resources for such investigations, or sufficient flexibility in the Plan to enable adequate resources to be used as a priority over other calls on audit time.

4.3.12 In the case of **any suggested or potential irregularity** in the exercise of the Council's functions the officer concerned shall immediately notify the Internal Audit Manager (Devon Audit Partnership) who shall take such steps as are considered necessary by way of investigation and report.

4.3.13 In accordance with the Council's 'Corporate Anti Fraud and Corruption Policy', whenever a matter arises which involves, or is thought to involve, irregularities concerning income, expenditure, stores or other property of the Council or any suspected irregularity in the exercise of the functions of the Council, the, Operational Manager / Member of SMT, or individual officer concerned shall **immediately** notify the Internal Audit Manager (Devon Audit Partnership) in order that he /she may conduct an independent investigation.

4.3.14 Further guidance is outlined in the Employees Guide on Fraud, Corruption and Probity, which may be obtained from Internal Audit or Human Resources or accessed via the authority's intranet.

#### **Direct Access to the *Chief Executive*, Senior Management Team and Audit & Governance Committee**

4.3.15 Internal Audit Staff (Devon Audit Partnership) shall have the right of direct access to, and freedom to report to (without editing), all senior management including the *Chief Executive*, Senior Management Team and Audit & Governance Committee.

**External Audit**

- 4.3.16 The Section 151 Officer shall ensure that there is effective liaison between external and internal audit.
- 4.3.17 The Section 151 Officer will work with the external auditor and advise the Council, Audit & Governance Committee and management on their responsibilities in relation to external audit.
- 4.3.18 Senior Management Team shall ensure that external audit are given access at reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work as required by the Audit Commission Act.

## 4.4 Retention of Financial Documents

### Why is this important?

Maintaining proper accounting records is one of the ways in which the authority discharges its responsibility for stewardship of public resources.

### **Risks:**

- The External Auditor may not be able to provide an adequate assurance that the Council's accounts present a true and fair view;
- Statutory obligations concerning the retention of key documents may not be met, e.g. VAT, PAYE;
- Court action could fail due to the loss of prime documents and
- Performance statistics cannot be verified.

### **Responsibilities and Key Controls**

- 4.4.1 Documents such as application forms, invoices, letters and others constitute prime records and as such must be accorded due protection in order to maintain an audit trail from source to output. Original copies of invoices are not retained, scanned copies are available.
- 4.4.2 A document retention schedule will be maintained by the Monitoring Officer in order to clarify which documents must be retained and for how long. This is available on the Authority's intranet.
- 4.4.3 Operational Managers shall ensure that their staff maintain adequate records, provide a management trail and follow the guidance set out in the document retention schedule.

## 4.5 Travelling and Subsistence

### Why is this important?

In the course of their duties officers and members may be required to work away from their normal place of work, attend seminars, training days, etc. The officer/member should be reimbursed for their travel and associated costs at agreed rates and in accordance with agreed procedures. In so doing the officer receives what is due to them and the Council has an acceptable record of what is claimed and by whom.

### **Risks:**

- Fraudulent claims may be made, i.e. fictitious journeys, embellished claims, incorrect rates etc.;
- Claims could be paid twice or at the wrong rates and
- Financial and accounting records are not correctly updated.

### Responsibilities and Key Controls

4.5.1 All claims for payment of car allowances, mileage, subsistence allowances, travelling and incidental expenses, including training mileage and subsistence shall be submitted, duly certified on a form supplied by the Section 151 Officer. Claims should be made each month and forwarded to the Exchequer office by the 7th day of the following month for reimbursement. All claims will in normal circumstances be made through salaries and wages.

### Claim Completion and Certification

4.5.2 All claims shall bear the certification of the Operational Manager / Member of SMT. The Operational Manager / Member of SMT may authorise members of their staff to certify on their behalf and shall send a list of these officers so authorised, together with specimen signatures to the *Section 151 Officer* prior to the beginning of each financial year. Certification shall be in manuscript form by or on behalf of the Operational Manager / Member of SMT of the relevant department. This certification shall be taken to mean that the certifying officer is satisfied that the journeys were authorised, expenses were properly and necessarily incurred and allowances are properly payable by the Council. Claimants may not authorise their own claim.

4.5.3 Where an officer travels direct from or to home, without having first visited their normal place of work, then normal mileage from home to work should be deducted in calculating the car allowance payable.

4.5.4 All employee training should be documented by their appraisal record and / or a specific training application request signed by their Operational Manager / Member of SMT and approved by the Human Resources Manager. Subsequent claims submitted for training expenses shall be included on the monthly claim.

4.5.5 All claims for removal costs shall be reviewed and certified by the Human Resources Manager or an authorised officer/s within the Human Resources team.

4.5.6 Because of Income Tax implications no benefits in kind or other ex-gratia / other payments are to be made to staff without consulting the Human Resources Manager in conjunction with the *Section 151 Officer*.

### Receipts

4.5.7 All claims for subsistence whether ever practical must be supported by receipts. On occasions receipts may not be available e.g. contactless payments on the London Underground. If a receipt is not attached an explanation of the circumstances may be called for by the *Section 151 Officer*.

### Timeliness of Claim

4.5.8 Officers claims submitted more than 2 months in arrear will only be paid in exceptional circumstances with the express approval of the Section 151 Officer.

### Insurance and Other Driver Requirements

4.5.9 Officers claiming mileage shall be insured for business use (i.e. not just Social, Domestic and Pleasure) and have included and maintained in their policy of insurance

a clause indemnifying the Council against all third party claims, including those concerning passengers, arising out of the use of the vehicle on official business.

4.5.10 Officers using their cars for business purposes shall ensure that their cars have a valid road fund licence and MOT certificate (if over three years old).

4.5.11 It is the responsibility of the relevant Operational Manager / Member of SMTs / Manager to verify on an annual basis that the appropriate insurance, MOT and road fund licence requirements discussed above are met, and evidence such checks.

### **Council Members**

4.5.12 Payment of Member's Basic and Special Responsibility Allowances will be paid automatically as a set monthly amount. Members must submit fully completed claims for Travelling, Subsistence and Conference Allowances on an approved form supplied by the Section 151 Officer. Claims should be submitted for each calendar month and be received by the 7th of the following month.

4.5.13 Members shall submit their mileage claims, on a form supplied by the Section 151 Officer, at the end of each month. Where no claim has been made for two months the member will be required to renounce their claim in writing, otherwise any claim in respect of duties performed more than two months previously should be referred to the *Chief Executive* for approval.

4.5.14 Attendance at meetings shall be certified by Democratic Services Officers who shall verify such claims.

4.5.15 Members are required to notify the Section 151 Officer of any information required for income tax and national insurance purposes, in such form as the Section 151 Officer may prescribe.

## 5.1 Ordering Goods, Work and Services

### Why is this important?

Public money should be spent with demonstrable probity and in accordance with the Council's policies. Authorities have a statutory duty to achieve best value in part through economy and efficiency. The Council's procedures should help to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Council's Contract Procedure Rules and the Procurement Strategy.

### Risks:

- The incorrect volume, number or quality of goods and services may be received;
- The Council may be committed to spending on goods or services for which no budgetary provision has been determined;
- Officers failing to follow contract and tendering procedures may leave both themselves and the Council open to accusations of favouritism and unfair contract terms;
- Goods or services ordered may fail to meet the Council's environmental, health and safety and other strategies and policies; and
- Short-term expenditure may commit the Council to longer-term maintenance costs.

### Responsibilities and Key Controls

5.1.1 Expenditure should only be authorised where the costs fall within the budget managers' overall approved annual budgets unless:

- It is in connection with meeting statutory demand led pressures; e.g. additional temporary accommodation costs arising from increased number of people presenting themselves as homeless.
- It relates to Health & Safety
- The Council is legally obliged to make the payment
- The costs are to be recharged to a third party
- The additional expenditure has been previously approved by Community and Resources Committee

Any overspends in excess of £2,000 will be reported to Internal Overview and Scrutiny as part the Quarterly Budgeting Reporting process.

5.1.2 No goods or services shall be ordered for private use and therefore official orders, either in whole or in part, are not to be used to obtain goods or services for private use.

5.1.3 Official orders must be issued for all work, goods or services to be supplied to the Council except for:

- supplies of public utility services (e.g. water, gas, electricity & telephones);
- periodical payments (e.g. rent and rates);
- petty cash and purchase-card purchases;
- Temporary Treasury deposits
- grant payments; and
- any other exceptions approved by the Section 151 Officer.

## 5 SECTIONS APPLICABLE TO ADMINISTRATIVE DUTIES

5.1.4 Every officer issuing or requesting an official order shall ensure that value for money for the Council is obtained in respect of each transaction.

5.1.5 In setting up new suppliers the Council's *internal control procedures are to be followed.*

### Quotation Requirements and Best Value

5.1.6 Below is a summary of quotation requirements for goods and services. Orders are not to be split into smaller orders solely to avoid the value limits and procedures laid down in this section.

5.1.7 For non-standard, individual, one-off purchases of less than £7,500 the budget holders are responsible for ensuring all of their purchases provide best value for the Council, using their professional judgement<sup>2</sup> to ascertain how to achieve this. However budget holders must use the suppliers selected by the procurement team for standard supplies.

<b>Total Value ex VAT</b>	<b>Quotations / Tendering for Goods and Services (see Contract Procedure Rules)</b>	<b>Short listing</b>
<i>Up to £7,500</i>	<i>No formal mechanism, but officers to retain evidence that best value has been obtained.</i>	<i>N/a</i>
<i>£7,500 - £50,000</i>	<i>A minimum of three written Quotations.</i>	<i>Operational Manager/Other Designated Officer</i>
<i>50,001–EU Threshold</i>	<i>Invitation to Tender and use of e-procurement</i>	<i>Operational Manager/Other Designated Officer in consultation with the Procurement Manager</i>
<i>£50,001 – EU Threshold</i>	<i>All purchases made via a local authority purchasing and distribution consortium are deemed to comply with these Contract Procedure Rules and no waiver is required e.g. Devon Procurement Services. However, purchases above the EU threshold must be let under the EU Procedure, unless the consortium has satisfied this requirement already.</i>	<i>N/a</i>
<i>Above EU Threshold</i>	<i>EU Procedure or, where this does not apply, Invitation to Tender by Advertisement</i>	<i>Operational Manager/Other Designated Officer in consultation with the Procurement Manager</i>
<i>All values. Collaborative Contracts</i>	<i>The Section 151 Officer must be consulted prior to commencing any procurement process using collaborative contracts. The terms and conditions of Contract applicable to any collaborative Contract, including the requirement to undertake competition between providers, must be fully complied with.</i>	

<sup>2</sup> Professional judgement means for example to decide how many quotes to get, which quote provides the best value for money and which supplier to use. While rules are set out specifically for purchases above £7,500, below that value it is up to the Operational Manager to decide and evidence their decision.



## 5 SECTIONS APPLICABLE TO ADMINISTRATIVE DUTIES

All values. ICT	<i>All system developments and purchases of computer equipment or software must be approved by ICT Manager (Scomis), and awarded in line with these Rules.</i>	<i>Operational Manager/Other Designated Officer in consultation the Council's designated Business Transformation Manager</i>
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5.1.8 Official orders may be either electronic orders produced through the Council's e-procurement system or official paper orders (where allowed). Both types shall carry unique identifying order numbers that are controlled and sequential.

5.1.9 All orders issued to suppliers must show:

- The name and address of the supplier
- The point of delivery
- The quality, description and quantity of goods or services required
- The date of the order

In addition the Council copy of the order must show the correct expenditure code and estimated cost.

5.1.11 All verbal emergency orders shall be confirmed as soon as practically possible by an official order and clearly marked to show this is a confirmation order.

5.1.12 Before approving the electronic requisition or issuing the paper order the officer must verify that the budget has sufficient funds available to cover the estimated cost of the order and that the code used relates to the goods/services being ordered. If in doubt the Accountancy Services Section can advise on the correct coding for specific expenditure.

5.1.13 Each budget holder will endeavour to remain within his / her total expenditure budget and any overspends will be dealt with as set out within section 6 of these Rules. Officers may not circumvent the budgetary limitations on an expenditure code by applying an incorrect expenditure code to an order.

5.1.14 Every officer issuing or requesting an order shall have regard to the Corporate Procurement Strategy, instructions and guidance issued by the Procurement team on central purchasing and supply and on the standardisation of supplies and materials.

### Paper orders

5.1.15 Paper Orders are only to be used with the express authority of the Section 151 Officer.

5.1.16 Operational Managers in any department authorised to use paper orders shall forward a list of those officers who are authorised to sign orders, together with specimen signatures to the *Section 151 Officer*. Any additions or deletions to the list shall be notified to the *Section 151 Officer* immediately. No officer authorised to electronically approve invoices for payment shall be authorised to sign paper orders.

5.1.17 Any officer authorised to use paper orders should ensure that their official order book is held securely<sup>3</sup> at all times.

<sup>3</sup> Securely means kept in a locked drawer or it's held by an officer



5.1.18 All official paper orders must be signed by an authorised signatory and passed to the supplier prior to receipt of goods.

5.1.19 When orders have been completed they should be distributed as follows:

- The white copy order should be sent to the supplier
- The blue copy should immediately be sent to the Section 151 Officer for commitment to the order
- The yellow copy order should be filed in the spending department for possible external review and endorsed as 'paid' when the invoice is processed. Any delivery notes or collection notes from the supplier should be filed with the yellow copy.
- The pink copy order is no longer required and should be filed with the yellow copy.

5.1.20 The *Section 151 Officer* must receive all blue copy orders promptly and before the invoice is received.

### **Electronic Requisitioning and Ordering**

5.1.21 Electronic ordering shall be the Council's preferred method of raising orders.

5.1.22 There shall be complete separation of duty between those officers allowed access to raise requisitions and those officers allowed access to authorise requisitions. No officer with authority to raise requisitions shall have access to approving them for payment.

5.1.23 If an officer requires goods to be ordered he should email the requisitioner for his / her Service and provide the following information:

- Description of goods, services or work required
- Quantity of goods, services or work required
- Budget code to which the expenditure is to be coded
- Estimate of cost See 5.1.7 above.

5.1.24 Except where paper orders are used all requisitions for official orders shall be made electronically. This shall not be authorised by the requisition approver unless it features the following details:

- Description of goods, services or work required
- Quantity of goods, services or work required
- Budget code to which the expenditure is to be coded
- Estimate of cost (to be confirmed by the issuing officer through reference to the file records)

5.1.25 All orders in respect of ICT Hardware, Software, mobile phones and Peripherals (e.g. Digital Cameras) should be made via the ICT section.

### **Pecuniary Interest**

5.1.26 In accordance with the Constitution and the Local Government Act 1972 all officers must give notice in writing to their Operational Manager / Member of SMT if they have a pecuniary interest whether direct or indirect, in a contract or order for goods or services.

### **Goods Receipting**

5.1.27 The officer completing the goods receipting process on the computer system is deemed to be confirming that the works, goods or services have been received, carried out satisfactorily, examined and approved and was for the purpose of the Council's business. Any officer, other than the payment authorising officer, with knowledge that the goods or services have been properly received, may complete this goods receipting process.

5.1.28 For paper orders the officer receiving the goods must ensure any delivery note or collection note is signed off to confirm that the goods have been properly received as set out above. The delivery note or collection note shall be filed with the yellow copy of the order.

### **Employment of Agency Staff**

5.1.29 The procedure for employing agency staff is as follows:

- With the exception of the Refuse and Street Cleansing area of operation; all agency staff should in the first instance be procured via Commensura if Commensura cannot source an appropriate agency worker then managers can approach other agencies directly.:
  - Managers must ensure that there is a valid vacant post on the establishment or an approved specific budget prior to the engagement of the agency worker, and the Senior Management Team have approved a GWAF (General Workforce Approval Form)
  - The manager must provide the agency with requirements of the post to be filled.
  - Prior to any agreement being signed with an agency (other than Commensura) the agreement should be approved by the Council's legal team.
  - When engaging staff via agencies other than Commensura. The manager should confirm in conjunction with HR the IR35 status of the individual
  - Separate arrangements are in place for the Waste and Recycling team who liaise directly with local agencies. Prior approval is not required from the senior management team..

### **Orders to Individuals (Self-employed)**

5.1.30 Advice should be sought from the *Section 151 Officer* or the Human Resources Manager when engaging individuals for services. The facts that a person considers themselves to be self-employed does not necessarily mean that they are.

5.1.31 Prior to engaging the self-employed individual the manager in conjunction with HR should confirm the IR 35 status of the individual. . It should be noted that failure to treat such payments in the correct manner might result in the Council failing to comply with tax legislation and being required to pay tax due plus penalties.

## 5.2 Payment of Accounts and Returned Payments

### Why is this important?

Public money should be spent with demonstrable probity and in accordance with the Council's policies. Authorities have a statutory duty to achieve best value in part through economy and efficiency. The Council's procedures should help to ensure that services obtain value for money from their purchasing arrangements.

### Risks:

- The Council could pay for goods and services that have not been received;
- The Council could pay for goods and services twice or more in error and
- Interest could be charged to the Council by suppliers following late payment.

### Responsibilities and Key Controls

- 5.2.1 The normal method of payment of money due from the Council shall be by BACS payment (or by cheque) drawn by the *Chief Executive* on the Council's bank accounts. Creditors will be paid by BACS whenever possible with a remittance advice forwarded within 24 hours of payment. All bank details to enable payment will be held on the Creditors individual file records and amended by Exchequer staff only on receipt of official notification in writing from the Creditor. In addition where a Creditor contacts the Council to request a change to their bank account details the Exchequer staff will call the Creditor back having first verified the business telephone number as correct.
- 5.2.2 Where electronic requisitioning, ordering and goods receipting has taken place and the invoice is matched by quantity and value to the items ordered, and they match, then there shall be no further authorisation required to generate the payment to the creditor. Where there is either a paper order, an exemption from raising an order or a mismatch on an electronic order of more than £20 then payment will need to be electronically authorised.
- 5.2.3 Operational Managers or officers designated by them shall be responsible for examining, certifying as accurate and electronically authorising invoices and payment vouchers relating to their respective departments.
- 5.2.4 Any payment greater than £30,000 must be electronically authorised by the *Section 151 Officer, Chief Executive or Monitoring Officer*. The one exception to this being Treasury Management payments, which are bound by Financial Procedure Rule 7.3.
- 5.2.5 The Operational Manager / Member of SMT may give permission for members of their staff to authorise accounts for payment on their behalf and shall notify or confirm to the Section 151 Officer those officers so authorised to have access to approve payments. The Section 151 Officer shall also be notified of all amendments to such access, in accordance with the ICT Security policy, and in particular when officers are leaving the Authority. Responsibility for this lies with the Operational Manager / Member of SMT.
- 5.2.6 Officers responsible for authorising accounts for payment should not be responsible for requisitioning official Council orders or for goods receipting accounts. Where possible the goods receipting process should be carried out by the requisitioning officer.

5.2.7 The examination and approval for payment of the account by an officer authorised by the relevant Operational Manager / Member of SMT will imply all of the following

- (a) The works, goods or services invoiced for have been received, carried out satisfactorily, examined and approved and were for the purpose of the Council's business
- (b) The prices, extensions, arithmetic calculations, trade discounts, other allowances, credits and VAT are correct
- (c) That an order number is quoted and whether that order is full or part paid. Order numbers will not be required for payments for utility services, (as explained in the section for Orders for Work, Goods or Services), and other payment types granted exemption by the Section 151 Officer (applications for order exemptions should be made to the Section 151 Officer).
- (d) That the correct expenditure code and VAT code have been applied
- (e) Any ICT equipment purchased with a value over £1000 is to be given a security tag and listed on the ICT inventory. Where purchase are made over £10,000 an appropriate entry has is to be entered in the Council's Asset Register maintained by the Section 151 Officer
- (f) The relevant expenditure has been properly incurred and is within the relevant estimate provision
- (g) That the account has not been previously passed for payment and is a proper liability of the Council
- (h) That the details of the order match those shown on the invoice
- (i) That the invoice for the goods is dated after the date of the order, subject to 5.2.9.

5.2.8 All authorising officers must check the Council's computer system at least weekly before 11am on **Thursday** to review invoices awaiting authorisation. Should the authorising officer be absent that officer or his / her supervisor is responsible for making arrangements for another authorising officer to carry out the weekly check and to authorise payments. This responsibility may only be passed to another current authorising officer and under no circumstances may an officer pass this responsibility to a requisitioner. Authorising officers should notify Accountancy Services of redirection requirements.

5.2.9 The Section 151 Officer may examine these accounts and shall be entitled to make enquiries and receive explanations or such information as is required to be satisfied that the accounts are in order.

5.2.10 All invoices received from VAT registered suppliers, which contain elements of VAT must be valid tax invoices.

5.2.11 No VAT should be added to any charge invoiced by a supplier without evidence that the supplier is registered for VAT. No amendments will be made to the amount of VAT payable.

- 5.2.12 Any invoice considered incorrect should be recorded as disputed on the system and the reasons for the dispute communicated to the supplier as soon as possible and within 7 days of receipt of the invoice. Exchequer Services should be notified if the dispute is not resolved.
- 5.2.13 All invoices shall be forwarded to the Central Invoice Registry and registered on the computer within 1 working day of receipt. The system generated bar code label shall be applied to the invoice prior to filing the invoices ready for final checks against the payment production records.
- 5.2.14 All creditors cheques returned to the Council, whether by hand or by post, shall be passed immediately to Exchequer Services and not to the section that instigated the payment.

### **Purchase Cards**

- 5.2.15 Council Purchasing cards may be issued to officers at the discretion of the Council's Purchasing Card Programme Officer (the Buyer) at the request of a Operational Manager / Member of SMT.
- 5.2.16 Purchase cards should only be used where it is not practical to either raise an order through the CedAr eProcurement ordering system or issue a paper order or in instances where a financial advantage / efficiency can be gained by purchasing using this method e.g. discounted internet purchases. Purchase cards should not be used simply as an easier method of ordering or to circumvent other controls.
- 5.2.17 Each officer granted a card will be required to sign a Cardholders Responsibilities statement. Except for the purchase of fuel, the card is to be used only where the Cardholder has identified there is sufficient appropriate budget available and has a written request to purchase the goods and the written approval of the budget holder to proceed. The Cardholder must also keep a transaction log<sup>4</sup>.
- 5.2.18 Purchasing cards must only be used for Council purposes and never for personal use.
- 5.2.19 The maximum value of a single purchase is £1,500, except for the *six* nominated officers<sup>3</sup> who may in exceptional circumstances purchase up to the value of £5,000.
- 5.2.20 Any changes to limits referred to in paragraph 5.2.19 whether temporary or permanent require the approval of the Section 151 Officer.
- 5.2.21 Officers issued with cards will be responsible for submitting monthly transaction logs to Accountancy for all purchases. Receipts for each transaction will be submitted with each statement. These must be VAT receipts where applicable.
- 5.2.22 Any refunds/ returns will be similarly recorded on the monthly statement and presented to Accountancy with the refund receipt.

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<sup>4</sup> The transaction log should be in a format agreed with the Section 151 Officer and will identify each transaction, the originator of the request, the budget holder who has approved the purchase and the appropriate budget code.

<sup>3</sup> The *six* nominated officers are the Property and Procurement Manager (up to £5,000), the Customer Support Manager (up to £3,500) two ICT Support Officer ( up to £3,500) and the two *Vehicle Fitters* (up to £2,000)

### 5.3 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 cash flow and also avoids the time and cost of administering debts.

#### **Risks:**

- Income collected could be lost or stolen;
- Income may not be collected or may be incorrect, i.e. the incorrect rate or tariff is charged;
- Money owed to the Council may not be adequately pursued; and
- Financial and accounting records may not be correctly updated.

#### **Responsibilities and Key Controls**

5.3.1 The collection of all monies due to the Council shall be subject to the control or approval of the Section 151 Officer. All collecting officers must be covered by fidelity guarantee insurance.

5.3.2 Each Service Manager shall:

- Raise invoices within one week of supply of goods or services
  - Promptly notify *Accountancy* of any contract, lease or other agreement involving the receipt of money
  - Assist the income recovery team in pursuing the debt
  - Monitor progress of debt and advise of problems
  - Deal promptly with customer enquiries.
  - All uncollected debts will be charged to their budgets.
- The income recovery team shall:
    - Pursue debts actively and promptly
    - Send reminders after 21 days
    - Discuss with service managers appropriate courses of action
  - All proposals to introduce charges for services or to revise existing charges or assessment scales shall be the subject of a report by the Section 151 Officer to the Community & Resources committee. Schedules of all existing fees charged shall be submitted to the Community & Resources committee for review annually.
  - *Where an ad hoc or special charge needs to be made which is not covered by the Schedule of Fees and Charges, the Operational Manager / Member of SMT, with the permission of the Section 151 Officer may agree an ad hoc or special charge that as a minimum reflects the work or cost involved.*
  - *The Section 151 Officer may also include new or revised charges when the annual review takes place and approve when necessary changes during the year, relating to items such as:*
    - *Minor error*
    - *Urgency*
    - *Statutory*
    - *To avoid the loss of income basis*



Any such changes must then be reported in the next available quarterly performance report for member noting or approval as necessary.

Property rents shall be reviewed by responsible Operational Manager at least once every two years except where statutory provisions or legal agreements apply.

- All receipts, forms, books, tickets, debtor invoices and other documents of a similar nature shall be either ordered and supplied by the Section 151 Officer or through an arrangement agreed by the Section 151 Officer, who shall be satisfied as to the arrangements for their control.
- All income received shall be recorded and banked immediately, and the collecting officer must issue the appropriate receipt for the correct amount, at the time of receiving the income.
- The Operational Manager / Member of SMT shall be responsible for the safe custody of cash and items having a cash value entrusted to the care of their department. The arrangements made for safe custody shall be subject to review and authorisation by the Section 151 Officer.
- Any under or over-banking of more than £20 shall be reported to the Planning and Economy Manager.
- Collecting officers shall ensure that all cheques are made payable to "Torridge District Council Only "; are dated correctly; the words and figures agree; and are signed. Post-dated cheques shall only be accepted in exceptional circumstances approved by the Section 151 Officer.
- Money held on the Council's behalf must at all times be kept separate from private money, and must never be used for private or unauthorised purposes.
- All cash collection devices shall be emptied at frequent and regular intervals as laid down by the Section 151 Officer. This shall be done by *an officer* who shall agree and certify the amounts of cash collected, or such arrangements as the Section 151 Officer may determine.
- Postal Remittances:
  - All post opening duties shall be clearly defined and supervised by the Section 151 Officer or his / her nominee
  - Cheques, postal orders etc. must be crossed immediately to the Council's bank account
  - Cash remittances received via the post must be promptly and accurately recorded by the responsible officers
- No cash will be transported to the bank except through the arrangements approved by the Section 151 Officer.

## 5 SECTIONS APPLICABLE TO ADMINISTRATIVE DUTIES

- When all recovery procedures have been unsuccessful, individual write off of debts due to the Council exceeding £5,000 shall require the authorisation of the *Community & Resources* Committee, except that the Section 151 Officer is delegated to:
  - Write off the debts owed by a confirmed Bankrupt or cases in administration
  - Debt relief orders
  - Accept the proposals made by professional insolvency practitioners for Individual Voluntary Arrangement (IVA) or Company Voluntary Arrangement (CVA)
  - Write off any irrecoverable balances arising from an IVA or CVA
  - Write off any debt remitted or dismissed by a court of law
- The Section 151 Officer can approve the excusal of individual debts up to and including £5,000. The Section 151 Officer may delegate his / her authority to officers to write off amounts up to these limits provided a procedure is agreed with the Internal Audit and a list of the officers so authorised together with the amounts is submitted to the Section 151 Officer.
- In accordance with the Data Protection Act Members receiving personal information such as may be included in the above reports shall be required to sign annual declarations including provision for security of the information.

### Electronic Income

- Electronic payments will be implemented on a service-by-service basis wherever this can be done so efficiently. Whenever possible this will be through a means that is without human intervention in the process such as through the online secure web pages or by automated telephone payments. Where intervention is required then those officers involved will receive appropriate training and be required to complete a declaration to maintain the confidentiality of the personal bank information they receive.
- The officers taking bank payments by telephone will be allowed access only for the services directly in their remit, unless otherwise approved by a Operational Manager / Member of SMT. At all times the separation of duty set out at rule 7.2.6 will be maintained and where this is not possible Internal Audit will be consulted and approval sought for what other controls are to be implemented. Any such contraventions will be noted in the services Annual Assurance Statement.
- Procedures shall ensure that electronic and telephone payments are reconciled and the necessary steps taken to ensure they are received securely having regard to the Payment Card Industry Data Security Standards (PCIDSS).



## 5.4 Banking Arrangements

### Why is this important?

All the Council's income and expenditure is managed through its bank accounts. Each day many transactions take place between the Council, its customers and the Council's bankers. Bank accounts are, therefore, exposed to risk in the form of fraud or error. As a result tight control over setting them up, maintaining them and dealing with the transactions that flow through them is required.

### Risks:

- Bank accounts could be opened in the name of the Council with the aim of perpetrating a fraud;
- Unauthorised persons could gain access to the Council's bank account and carry out fraudulent transactions and
- Banking instruments, e.g. cheques, money orders etc. could be stolen and used to steal money from the Council's bank account.

### Responsibilities and Key Controls

- 5.4.1 Banking arrangements shall be tendered for a period of five years, with the option to extend contracts to a maximum of ten years where appropriate. The officers included as bank signatories in the bank mandate shall be reviewed at least annually. Bank signatories will be assigned to the posts of Chief Executive, Section 151 Officer and Monitoring Officer.
- 5.4.2 Only the Section 151 Officer can open bank accounts for the Council. All cheques shall be ordered by the Section 151 Officer who shall make proper arrangements for their safe custody.
- 5.4.3 All cheques over £100,000 shall be signed either in manuscript by two bank signatories or shall bear the facsimile signature of the *Chief Executive* as produced by the cheque signing machine and one other bank signatory.
- 5.4.4 All CHAPS payments over £100,000 shall have the approval of two authorised signatories; one authorised signatory shall approve CHAPS under £100,000.
- 5.4.5 Banking accounts shall be reconciled with the cash receipting system and the financial management information system each and every month. Any discrepancies to be clearly stated on the reconciliation statement and brought to the attention of the Section 151 Officer.
- 5.4.6 Cheque payments should be made on crossed cheques.
- 5.4.7 The Section 151 Officer shall be responsible for the annual review of overdraft facilities.
- 5.4.8 All new direct debit and standing order mandates **MUST** be in writing and authorised by the relevant number of authorised bank signatories. No officer may enter into a telephone agreement. The written mandate should be sent to the Section 151 Officer in

the first instance for inputting to the direct payment register and then be promptly forwarded to the Section 151 Officer/alternative signatory for authorisation.

5.4.9 All direct debit and standing order mandates under £100,000 shall have one authorised signatory; those over £100,000 shall have two authorised signatories.

5.4.10 The Section 151 Officer shall be responsible for ensuring adequate controls are in place for payments and receipts via the BACS system and receipts via other electronic means. Full documentation and audit trails of the transactions to be evident.

## **5.5 Stocks and Stores**

### **Why is this important?**

The Council holds assets in the form of property, vehicles, equipment, furniture 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 stock record, assets register and inventory is a prerequisite for sound asset management.

### **Risks:**

- Stocks and stores could be lost or stolen and
- Stocks and stores may be held at unreasonably high and uneconomic levels.

### **Responsibilities and Key Controls**

5.5.1 Each Operational Manager / Member of SMT shall be responsible for the custody and physical control of all stocks and stores in their department.

5.5.2 Stocks shall not be held in excess of reasonable requirements without committee approval.

5.5.3 All records controlling the receipt and issue of stores and equipment shall be kept in a form approved by the Section 151 Officer.

5.5.4 Operational Managers shall arrange for periodic independent test checks of stocks and stores and shall ensure that all stocks are checked at least once every year.

5.5.5 Internal Audit may carry out random of the ICT inventory.

5.5.6 Each Operational Manager / Member of SMT shall supply the Section 151 Officer with sufficient information on stocks and stores for accounting, costing and financial records.

5.5.7 Surplus materials, stores or equipment shall be disposed of by competitive tender or public auction unless decided otherwise by the appropriate committee in a particular case.

## 5.6 Inventories

### Why is this important?

The Council holds assets in the form of property, vehicles, equipment, furniture 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 inventory is a prerequisite for sound asset management.

### **Risks:**

- Holders of equipment and furniture may be unaware that items have been lost or stolen without a record of all such items being on hand; and
- The Council's insurers may reject claims to replace lost or stolen items if the Council cannot demonstrate that it maintains adequate inventory records.

### Responsibilities and Key Controls

#### ICT Inventory

- 5.6.1 The ICT department shall be responsible for keeping a record of ICT equipment valued over £100, belonging to or in the care of the Council, in a form approved by the Section 151 Officer. All ICT property belonging to the Council and included within the inventory shall be marked as being the property of the Council. Serial numbers must be recorded.
- 5.6.2 Upon receipt of an invoice all new items shall be entered directly on the ICT inventory from the details on the invoice.
- 5.6.3 The ICT Manager (Scomis) shall be responsible for authorising the write off of any items on the ICT inventory and this power may not be delegated. Disposal will be in accordance with the ICT Policy & Strategy. The ICT inventory will be updated promptly.
- 5.6.4 When an officer or elected members leaves the Council all ICT equipment must be returned to the line manager. It is the line manager's responsibility to ensure all such items are returned to ICT. It will include all forms of ICT equipment e.g. desktops, laptops, tablets, smart phones, printers, safeword tokens, memory sticks.
- 5.6.5 When an officer no longer requires an item of ICT equipment it shall be returned to ICT.
- 5.6.6 If a contractor is employed and any ICT equipment provided it will remain the responsibility of the line manager to ensure that equipment is returned to ICT

## 6.1 The Budget and Budgetary Control

### Why is this important?

Budget management ensures that once the budget has been approved by the full 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. This section should be read in conjunction with the Council's Constitution Part 4 – Chapter 3: Budget and Policy Framework Procedure Rules.

### **Risks:**

- There may be inefficient use of public money and a failure to comply with the Council's objectives;
- The viability of the Council as a business could be undermined; and
- The Council's resources may be vulnerable to fraud or misuse.

### **Responsibilities and Key Controls**

- 6.1.1 The Section 151 Officer will determine the detailed format of Capital and Revenue budgets, having taken account of the recommendations of Community & Resources Committee about the overall framework of the budgets, and following consultation with the Senior Management Team.
- 6.1.2 Capital and Revenue budgets shall be prepared each year by the Section 151 Officer in consultation with the Senior Management Team and in accordance with relevant professional and statutory requirements. They will be reported to the Community & Resources Committee.
- 6.1.3 Operational Managers shall complete revenue and capital budget plans providing a direct link to business plans, which shall set out purpose, actions and measures covering the forthcoming year for each of their services.
- 6.1.4 Operational Managers shall complete project appraisal forms for all those capital funding bids identified in their Business Plan that require capital funding. All bids will then be evaluated in accordance with the Council's appraisal scheme, taking into account the revenue and capital costs, including land acquisition and the extent to which the project meets the Council's objectives. The decision on which projects will proceed will be taken as part of the budget setting process.
- 6.1.5 After the annual budgets have been approved any subsequent project proposal will be subject to the same appraisal process and evaluation method set out above. The project, its evaluation scores and sources of funding shall be reported to the appropriate Committees for consideration. Only projects approved by Community & Resources Committee shall proceed.
- 6.1.6 Where it appears that a Service's income budget may not be met or an expenditure budget exceeded the Operational Manager / Member of SMT will report immediately to the Section 151 Officer so that appropriate action can be taken and reported to Committee if required.

**6.1.7 The Section 151 Officer:**

- Shall provide each Operational Manager / Member of SMT with a monthly budget report showing receipts and payments against budget
- Shall provide quarterly summaries of the financial position to Internal Overview and Scrutiny.

**Budget Monitoring****6.1.8 Operational Managers are responsible for their budgets and the money they spend and should:**

- (a) Know what's in their budget
- (b) Receive training and have a good working knowledge of the financial management system
- (c) Be aware of all effects and influences on their budget, like seasonal variances
- (d) Let their accountant know quickly of any savings or potential overspends
- (e) Always seek advice from their accountant on ANY committee reports on financial implications.
- (f) ALL Committee reports that include financial implications must be approved by either the Section 151 Officer, or Chief Executive, and this approval to be recorded on the report.

**Budget Changes (Virements)****6.1.9 The amounts approved by the Council in the annual budgets shall not be diverted to other purposes except as set out at paragraph 6.1.11 and 6.1.12 below<sup>4</sup>.****6.1.10 There shall be no virements for amounts less than £2,000. Heads of Service shall however ensure that any overspent budget is reported promptly in accordance with paragraph 6.1.8(d).****6.1.11 Any proposed virement between £2,001 - £10,000 can be approved by the appropriate Operational Manager / Member of SMT provided;**

- It is within the same service budget,
- It does not affect income,
- It does not affect future financial years,
- It does not affect central department recharges or capital financing charges, and
- It is not a grant

Operational Managers shall notify the appropriate accountant in writing within 3 working days.

**6.1.12 All requests for virements that cannot be approved under paragraph 6.1.11, such as virements over £10,000 or virements between services, must be made in the first**

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<sup>4</sup> Virements are not required for the transfer of earmarked reserves from the reserve account to their relevant expenditure code.

instance to the Section 151 Officer and must be confirmed on form VIREMENT1 (V1) with all relevant information completed. Virements up to £30,000 must be approved by either the *Chief Executive* or the Section 151 Officer; virements over £30,000 must be approved by Community and Resources Committee

6.1.13 A record of all virements will be kept by the Section 151 Officer.

6.1.14 Windfall savings cannot be ploughed back into the service. These will be identified through managing the virements and will be referred to Senior Management Team for consideration.

## **6.2 Payroll – Officers and Members**

### **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 and that member's allowances are authorised in accordance with the scheme adopted by the full Council.

### **Risks:**

- Employees may be paid incorrectly;
- Payments may be made to fictitious employees; and
- Action could be taken against the Council by external agencies for failing to abide by statutory requirements in the employment and remuneration of employees.

### **Responsibilities and Key Controls**

6.2.1 The Section 151 Officer shall be responsible for the payment of all salaries, wages, pension, gratuities etc. to employees, former employees, members and former members of the Council. These payments shall be made directly to the employee's bank account or similar, no payments shall be made in cash.

6.2.2 The salary in respect of each full calendar month will be paid no later than the 25<sup>th</sup> of that month.

6.2.3 At the discretion of the Section 151 Officer, urgent notifications for changes to pay shall be considered not later than 5 working days before the pay date.

6.2.4 The Section 151 Officer shall be responsible for the maintenance and control of records relating to:

- P.A.Y.E.
- Statutory Sick Payments (with HR keeping detailed sickness records)
- Statutory Maternity Payments (with HR keeping detailed records)
- Other statutory entitlements e.g. paternity payments (with HR keeping detailed records)
- Trade Union deductions
- Pensions

- Any other additions or deductions to pay

This information is to be in such a form as the Section 151 Officer may prescribe and in accordance with UK legislation and tax requirements.

- 6.2.5 The Section 151 Officer and the Human Resources Manager shall submit a joint report to the appropriate committee on the financial implication of any pay award (other than cost of living awards) affecting employees of the Council.

### **Salaries and Wages – Amendments**

- 6.2.6 The Human Resources Manager or authorised officer/s within the Human Resources team, will advise as to any procedural or legal issues and notify the Section 151 Officer of all notifications requiring changes to pay normally within 2 working days on the appropriate form approved by the Section 151 Officer, and no later than 7th of the month.

- 6.2.7 Each Operational Manager / Member of SMT shall discuss with the Human Resources Manager as soon as possible details of any matter, which may affect the payment of such emoluments, in particular:

- Appointments, resignations, dismissals, suspensions, secondments, maternity leave, parental leave and transfers
- Absence from duty for other reasons, which may affect pay e.g. compassionate leave, time-off for dependants
- Changes in remuneration, other than normal increments and nationally negotiated pay awards
- Information required for pension, tax and national insurance purposes.

Changes in remuneration must be agreed with the Human Resources Manager

- 6.2.8 In applying scales of salaries, wages, allowances, compensation or other emoluments, Operational Managers shall confer with the Human Resources Manager. The Human Resources Manager will confer with the Section 151 Officer as appropriate. Arrangements for the detailed application will be set out in the Pay Rules. These shall be approved by the Human Resources Manager and the Section 151 Officer and copies will be lodged with HR, Payroll and Internal Audit teams.

- 6.2.9 After consultation with the Human Resources Manager or authorised officer/s within the Human Resources team, appointments of all employees shall be made in accordance with the Establishment, approved budgets, approved grades and rates of pay. Any proposal to seek to make an appointment outside of the Establishment or rates of pay must be approved by the Community & Resources Committee except as set out below.

- 6.2.10 Where a manager wishes to make a change to a post that is not resulting in an increase in costs, it will not be necessary to seek approval from the Community & Resources Committee. An example would be where a vacant Clerical Assistant post at Scale 3 is replaced with a Benefits Assessor at the same grade, where the need for a clerical post has diminished and the need for additional benefits assessment work



has increased. This flexibility also extends to accommodating requests for Flexible working where a request by one officer to reduce their working hours could be accommodated by considering increasing the administrative support within the section. Any such changes must be authorised by the Chief Executive, the Section 151 Officer and the Human Resources Manager.

- 6.2.11 In summary changes to the Establishment which do not result in overall increased costs to salaries budgets have been delegated, subject to compliance with any Establishment policies and Establishment budget.
- 6.2.12 In all instances the Operational Manager / Member of SMT must complete a general workforce authorisation form (GWAF) for approval by the Senior Management Team. This form can be found at <http://intranet.torridge.gov.uk/index.aspx?articleid=3239>
- 6.2.13 Where such changes are to be made, including if a post is no longer needed, authorisation must be obtained from both the Human Resources Manager and the Section 151 Officer prior to reporting to Senior Management Team..
- 6.2.14 If budgetary provision exists then overtime payments may be made to those officers on a pay scale up to, and including, Pay Point 23. Above that Spinal Point overtime payments may only be made for approved planned additional hours. The Operational Manager / Member of SMT in consultation with the Human Resources Manager may approve such planned additional hours, provided there is budgetary provision for this.
- 6.2.15 Overtime payments for covering vacant posts can be made to officers where budgetary provision exists, and the Human Resources Manager has been consulted. In these circumstances overtime will only be paid for that work carried out outside of the flexitime arrangements. Pay will be made in accordance with normal rates for evening and weekend working regardless of any flexi accrued.
- 6.2.16 **Claims for authorised overtime shall be made for each month and submitted to the *Section 151 Officer* by the 7th day of the following month with copies of relevant clock cards attached.**
- 6.2.17 **All wages timesheets must be submitted to the *Section 151 Officer* each week.**
- 6.2.18 Any organisational review will be subject to the approval of Community & Resources Committee where there are increased costs arising, which require additional funds.

### **Salaries and Wages – Operational Managers Responsibilities**

- 6.2.19 All time records or other pay documents shall be in a form prescribed by the Section 151 Officer and shall be certified by or on behalf of the Operational Manager / Member of SMT.
- 6.2.20 Each Operational Manager / Member of SMT shall provide the Section 151 Officer with a list of those officers authorised to sign on their behalf, together with specimen signatures. Any additions or deletions to the list shall be notified to the Section 151 Officer immediately..
- 6.2.21 The responsibility for authorising flexible working for employees is delegated to Operational Managers. However proposed changes should be discussed with the Human Resources section to assess whether there are any personnel implications (i.e. need to evaluate a revised post) or to consult with the trade union.



6.2.22 Each Operational Manager / Member of SMT shall maintain records of sickness and leave (flexi, annual, compassionate etc.) for all their respective staff. Sickness records shall be notified to the Human Resources team on a monthly basis. All original self-certification forms / medical certificates must be forwarded to the Human Resources team as soon as possible.

6.2.23 In all cases where sickness or injury allowances are paid to an employee who may have a legal right to damages, including loss of earnings, against a third party, it shall be the duty of the Operational Manager / Member of SMT concerned to notify the Human Resources Manager of the fact that a third party claim may be made. The Human Resources Manager in liaison with the *Section 151 Officer* shall follow up all such payments and ensure that, as appropriate, sickness pay is recovered from the employee.

6.2.24 The names and grades of all employees listed on the payroll shall be annually checked and signed as correct by the appropriate Operational Manager / Member of SMT to verify the accuracy of the payroll records

### **6.3 Insurances**

#### **Why is this important?**

Many services and activities of the Council are not without inherent risk of death, injury or financial loss to staff, members of the public or external organisations. The Council needs to assess and log these risks and then decide how to cover them, i.e. take out insurance with an external provider or cover the risk itself by making payments from Council funds as and when claims are made. These procedures should be read in conjunction with the Council's Risk Management Strategy.

#### **Risks:**

- The Council may be unable to meet large claims made against it, i.e. death or injury;
- The Council may be over insured, i.e. paying out higher premiums than it needs to and
- The Council may not be aware of all risks and has not, therefore, taken steps to reduce them or their effect.

#### **Responsibilities and Key Controls**

6.3.1 The Section 151 Officer shall effect all insurance cover and liaise with the Council's insurers on all matters including claims.

6.3.2 Operational Managers shall promptly advise the Section 151 Officer of all new risks, properties, vehicles or plant that may require insurance cover and of any alterations affecting existing insurances.

6.3.3 Operational Managers shall promptly notify the Section 151 Officer of any loss, liability, damage or event that may lead to a claim.

6.3.4 All appropriate Council employees shall be insured by fidelity guarantee insurances.

## 6 SECTIONS APPLICABLE TO ALL MANAGERS

- 6.3.5 The Section 151 Officer shall regularly<sup>5</sup> review all insurances in consultation with other Operational Managers.
- 6.3.6 No indemnities shall be given without the authority of the Section 151 Officer, and the Council's insurers.
- 6.3.7 Operational Managers shall promptly notify the Section 151 Officer of any property whose custody has been temporarily accepted on behalf of the Council.
- 6.3.8 All valuables held on behalf of a Third Party (e.g. jewellery, watches, documents of title, etc.) shall be deposited with the Section 151 Officer.
- 6.3.9 Operational Managers are responsible, in consultation with the Section 151 Officer, for the security of all buildings, stocks, stores, furniture, equipment, cash, etc., under their control.
- 6.3.10 Maximum limits for cash holdings shall be agreed with the Section 151 Officer and shall not be exceeded without his / her permission.
- 6.3.11 Keys to safes, offices, filing cabinets, etc., are to be carried by the person responsible. Any losses must be reported to the Section 151 Officer immediately. All office keys must be signed for and held securely by Officers.
- 6.3.12 The Data Protection Officer<sup>6</sup> is responsible for putting a framework of guidance and training in place to ensure compliance with the GDPR legislation.
- 6.3.13 Operational Managers are responsible for the security and privacy of the information held within their service and during transit.
- 6.3.14 Recipients of car allowances shall annually, on request, produce to the Section 151 Officer such policies and/or premium receipts as may be necessary to ensure adequate cover against any liability of the Council arising out of official use.
- 6.3.15 All Officers will be required to comply with the requirements of the ICT Handbook and the Code of Conduct for Local Government Employees.
- 6.3.16 With regard to contract insurance, relevant Contract Administrators must ensure that all contractors undertaking work on behalf of the authority maintain public liability and employer's liability insurance policies at the levels set by the Council's Risk Management Group.

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<sup>5</sup> Regularly means at least once each year.

<sup>6</sup> *The Data Protection Officer is the Monitoring Officer*

## 6.4 Partnerships

### Why is this important?

Partnerships can play a key role in delivering services and community strategies and in helping to promote and improve the well-being of the area.

The Council is working in partnership with other Councils, public agencies, private companies, community groups and voluntary organisations, to bring together the contributions of the various stakeholders to deliver a shared vision of services based on user wishes.

The Council will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations.

### **Risks:**

- The objective of a proposed partnership may not be achieved;
- A partnership arrangement may cost the Council more than an existing or singularly administered equivalent, or the quality of service may decline, or both and
- Important issues and problems are not addressed as roles and responsibilities were not clearly defined at the outset.

### **Responsibilities and Key Controls**

6.4.1 All partnerships will be brought up to the standards set out in the Council's Partnership Protocol as partnerships are reviewed or when new partnerships are entered into.

(These are a copy of the Rules included in the Risk Management section at 4.1)

6.4.2 The Council will seek to embed good practice in managing its risks in accordance with the Council's Risk Management Strategy. Procedures will ensure each service, each significant partnership and each major project is assessed and an operational risk register developed and maintained. The Risk Registers will reflect those current risks that cannot be adequately controlled or moderated.. Corporate risks will be recorded on the Corporate Risk Register.

6.4.3 Operational Managers, Service Managers and project officers will be responsible for maintaining their operational risk registers for their service(s), major project(s) and significant partnership(s) during the year, ensuring they reflect current risks and ensuring all identified actions to address significant risks are implemented in a timely manner.

## 6.5 Working for Third Parties

### Why is this important?

Current legislation enables the Council to provide a range of services to other bodies, but within certain parameters. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements should be put in place to ensure that any risks associated with this work is minimised and that such work is within the Council's legal powers.

#### **Risks:**

- Internal resources are tied up in providing external users a service with a resulting detrimental effect on the internal service provision and
- The Council could be held liable for uninsured actions of its staff.

### Responsibilities and Key Controls

6.5.1 Officers undertaking professional assignments for third parties as a Council approved duty shall ensure that adequate professional indemnity insurance for this purpose has been arranged by the Council where necessary, including run-off.

## 6.6 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 service providers. Funds from external agencies such as the National Lottery and the Single Regeneration Budget provide additional resources to enable the authority 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 authority's overall plan.

#### **Risks:**

- Statutory requirements are not complied with;
- Funds are acquired in respect of policies that have not been approved by the Council;
- The council signs up to long term agreements without securing match funding and
- Unforeseen risks could cause additional expenditure / staff time needed to manage funded projects

### Responsibilities and Key Controls

6.6.1 The Council may apply for external grant funding. All grant applications for external funding shall be approved by the Section 151 Officer. This shall be before any estimate

or claim accompanying an application form for grant is submitted to any government department or any other funding body. The Section 151 Officer or Chief Executive must sign all such grant applications. The Section 151 Officer will particularly ensure that a record of all income and expenditure in relation to these grants is maintained.

## 6.7 Land, Buildings, Plant and Equipment

### Why is this important?

The Council holds assets in the form of property, vehicles, equipment, furniture 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 and inventory is a prerequisite for sound asset management.

### Risks:

- Assets may be acquired without prior approval, for which there is no use and/or on financially unacceptable terms;
- Assets could be lost, stolen or used for non-Council business; and
- Assets are not available when required in the provision of a service.

### Responsibilities and Key Controls

6.7.1 The Property and Procurement Manager shall maintain a terrier record of all land and buildings owned by the Council, recording:

- Location and area
- Interest held (i.e. leasehold or freehold)
- Restrictive covenants applying
- Particulars of sales and tenancies granted
- Date of acquisition
- Reason for original purchase (from April 2009)
- Current use of land
- Cross reference to deeds packet
- GIS reference from the Local Land and Property Gazetteer (LLPG) system (as applicable)
- Any obligations arising from external funding sources

6.7.2 The Monitoring Officer shall have the custody of all title deeds with records being kept showing when and by whom documents are borrowed and returned, under arrangements agreed with the Section 151 Officer.

6.7.3 The Property and Procurement Manager in conjunction with the Asset and Capital Monitoring Working Group shall be responsible for the continual review of land holdings and identification of land surplus to requirements, the results being reported to the appropriate Committee.

6.7.4 The Property and Procurement Manager is empowered through the Scheme of Delegation on behalf of the Chief Executive to carry out various aspects of asset management. The Procurement Officer shall obtain best value for the Council from all such disposals, acquisitions, licences, easements and wayleaves. The limit for disposal being £10k without the prior approval of Community and Resources. .

- 6.7.5 The *Section 151 Officer* shall be responsible for maintaining the Council's Capital Assets Register, and this Register shall conform to the CIPFA Accounting Code of Practice.
- 6.7.6 All assets owned by the authority are to be valued in accordance with the Chartered Institute of Public Finance Accountants Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC).
- 6.7.7 Assets valued at over £10,000 must be entered onto the Capital Assets Register.
- 6.7.8 All buildings shall be adequately insured.
- 6.7.9 Each Operational Manager / Member of SMT shall ensure that accurate records exist for all vehicles, plant and/or equipment under their control. Records to include:-
- Registration/serial numbers
  - Council identification numbers/marks
  - Description
  - Responsible officer/department reference
  - Usual storage location
- 6.7.10 No private use is permitted of any item of plant/equipment under ownership or lease to the authority. (This reference does not relate to lease vehicles or personal use of computers or mobile phones where these are allowed by an approved Council policy.)

## **6.8 Disposal of Assets**

### **Why is this important?**

It would be uneconomic and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and the regulations of the Council with the objective of securing maximum residual value.

### **Risks:**

- Assets could be sold when there remains an operational use for them;
- Assets could be sold for far less than the market or expected residual value; and
- Assets could be disposed of to officers, members or others at no or very little cost, which could be construed as tantamount to theft;
- Compliance with Government directives such as Waste Electrical and Electronic equipment (WEEE).

### **Responsibilities and Key Controls**

- 6.8.1 When procuring vehicles for operational services an Operational Manager / Member of SMT may trade-in old vehicles if this provides greater efficiency and better value for money.
- 6.8.2 When disposing of plant, equipment and other vehicles that are estimated to be worth less than £5,000 then they may be sold through advertisement in trade journals or local press without requiring sealed bids. The value must be estimated by a professional, knowledgeable and experienced officer and the process must be agreed with the Section 151 Officer. Alternatively sales may be made through on-line competitive bidding facilities such as E-bay, provided arrangements are agreed in advance with the Section 151 Officer.

- 6.8.3 For those estimated to be under £5,000: if after the first attempt no income can be obtained then officers can offer the plant or equipment to freecycle <http://www.freecycle.org/> or other community group. Disposals without benefit shall be the last resort.
- 6.8.4 Disposal of land with a value of up to £10,000 is covered by the Officer Scheme of delegations, the power for which is assigned to the Section 151 Officer. Anything above £10,000 must be approved by the Community and Resources Committee.



## **Monitoring Officer**

### **7.1 Grants and Loans**

#### **Why is this important?**

Each year the Council receives applications from the public for grant aid or loans to assist them financially in renovating their property or associated work such as alterations for the installation of disabled facilities. Many of the grants or loans are for thousands of pounds and it is therefore essential that applications are correctly assessed, calculated and paid in accordance with the legal and Council requirements.

#### **Risks:**

- Applicants may receive and yet not be entitled to receive grant monies; and
- The grant scheme may be manipulated with fraudulent intent.

#### **Responsibilities and Key Controls**

7.2.1 The Council pays out grants for various housing matters and for conservation work. The approval of these grants is set out in part 3 of the Constitution under the relevant Operational Managers. These Operational Managers will be responsible for ensuring appropriate controls are operated for such grant applications and that approved budgets exist.

## **SECTION 151 OFFICER**

### **7.2 Accounting**

#### **Why is this important?**

Maintaining proper accounting records is one of the ways in which the Council discharges its responsibility for stewardship of public resources.

The Council has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year, which are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the Council's resources.

#### **Risks:**

- The Council may not account for all income received and expenditure made;
- Financial systems could provide inaccurate or misleading information leading to poor decision making;
- Insecure accounting or financial systems could give rise to opportunities for fraud or loss and
- Statutory requirements for reporting on the Council's financial affairs may not be met.

**Responsibilities and Key Controls**

- 7.2.1 All of the accounting procedures, accounting controls and records of the Council and its officers shall be determined by the Section 151 Officer. Where such procedures, controls and records are maintained outside of the Finance department, the Operational Manager / Member of SMT will comply with the directions of the Section 151 Officer.
- 7.2.2 All accounts and accounting records of the Council shall be compiled by, or under the direction of the Section 151 Officer.
- 7.2.3 The inputting, processing and output of financial information will be complete, accurate and timely.
- 7.2.4 All records and procedures shall comply with the Freedom of Information Act 2000, Data Protection Act 1998, and the Human Rights Act 1998, and such instructions as shall be issued from time to time by the Council's Data Protection Officer<sup>7</sup>.
- 7.2.5 The Section 151 Officer will ensure that accounting control systems include measures to prevent and detect inaccuracies and fraud and the ability to reconstitute any lost records. A documented and tested disaster recovery plan shall be in place to allow information processing of these records to resume quickly in the event of any interruption.

**Separation of Duties**

- 7.2.6 The main control mechanism to be applied to all accounting transactions will be to ensure division of responsibility. For example no one person may calculate, approve and record a transaction, or receipt payments, pursue arrears and write off debts. The following principles shall be observed in the allocation of accounting duties: -
- (a) The duties of providing information regarding sums due to or from the Council and of calculating, checking and recording those sums, shall be separated as completely as possible from the duty of collecting or disbursing them
  - (b) Officers with the duty of examining and checking the accounts of cash transactions should not be engaged in any of these transactions.
- 7.2.7 Where complete separation is not practical, alternative, monitoring mechanisms may be discussed and agreed with the Internal Audit Manager. Such monitoring mechanisms may not be used for significant transactions.

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<sup>7</sup> The Data Protection Officer is the Monitoring Officer

## 7.3 Treasury Management

### Why is this important?

Many millions of pounds pass through the Council's accounts each year. This led to the establishment of Codes of Practice for Treasury Management. 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 financial position.

### Risks:

- Money invested by the Council could be lost giving rise to the Council facing serious financial difficulty and/or failure to achieve its objectives;
- Funds could be misused by a member of staff for their own ends, resulting in a loss to the Council;
- Money could be borrowed or lent by the Council at less than advantageous interest rates thereby incurring higher than necessary expenditure or foregoing investment income; and
- The Council could fail to repay money borrowed on time thereby having penalties invoked against it.

### Responsibilities and Key Controls

- 7.3.1 An Annual Investment /Treasury Management Strategy will be agreed by Full Council each year, which sets out procedures and limits for managing the Council's treasury management activities. The Strategy will reflect the CIPFA Code of Practice on Treasury Management.
- 7.3.2 All investments of money under its control shall be made in the name of the Council or nominee approved by Full Council.
- 7.3.3 All securities owned by, or in the name of the Council, or its nominees, shall be held in safe custody by the Section 151 Officer.
- 7.3.4 All borrowings shall be in the Council's name.
- 7.3.5 The Section 151 Officer shall maintain the Council's register of stocks, bonds and mortgages and shall maintain a record of all Council borrowing.
- 7.3.6 The existence and title to investments shown in the annual accounts shall be verified and reconciled to the register of investments each year by the Section 151 Officer.
- 7.3.7 All trust funds shall wherever possible be in the Council's name.
- 7.3.8 Any officer acting as trustee by virtue of his / her official position shall, unless otherwise provided by deed, deposit all securities, etc., relating to the trust with the Section 151 Officer.

## 7.4 Government Grants and Subsidies

### Why is this important?

Grants and subsidies are a significant source of finance to the Council. As such it is essential that the Council receives all that is due to it and on time. Statistical returns often have a significant financial impact upon the authority in respect of the allocation of future grant funding streams. This section should be read in conjunction with the Council's Data Quality Strategy.

### **Risks:**

- Potential income from grants may not be received or received late, the Council thereby having to meet any shortfall in income;
- Grant claim forms may be incorrectly completed and
- The Council could be criticised by external audit for failing to claim and/or record grant income correctly.

### Responsibilities and Key Controls

- 7.4.1 All grant applied for, which have subsequent revenue expenditure implications for the Council must have approval from the appropriate committee before they are applied for, unless the relevant committee has granted delegated powers for this purpose.
- 7.4.2 All other grant applications can be approved by the Chief Executive or Section 151 Officer provided that they cover fully the expenditure to be incurred.
- 7.4.2 Operational Managers will liaise with the Section 151 Officer on relevant grants.

## 7.5 Maintenance of Reserves

### Why is this important?

The Council must decide the level of general reserves that it wishes to maintain before it can decide the level of Council Tax. Reserves are maintained as a matter of prudence. They enable the authority to provide for unexpected events and thereby protect it from overspending should such events occur. Reserves for specific purposes may also be maintained, such as the purchase or renewal of capital items.

### **Risks:**

- The Council may be unable to meet its financial commitments or any unforeseen costs that may arise during the year;
- The Council fails to comply with standard codes of practice on local authority accounting).

### Responsibilities and Key Controls

- 7.5.1 The Council maintains an approved Earmarked Reserves strategy including prudent levels of reserves for the Council.

7.5.2 The Section 151 Officer will comply with CIPFA guidance notes on Local Authority Reserves and Balances

7.5.3 Specific reserves shall only be used for the purpose for which they were created and intended.

7.5.4 Transfers to reserves will be subject to the following rules:

- Technical and accounting movements for example collection fund accounting for business rates and council tax, unused / un-allocated external grants shall approved by the Chief Executive and or Section 151 Officer.
- Surplus operating / service budgets up to £10,000 as at 31 March where there is a commitment / ongoing project and the reserve is being used to carry forward resources shall be approved by the Chief Executive and or Section 151 Officer.
- Surplus operating / service budgets over £10,000 and up to £25,000 as at 31 March where there is a commitment / ongoing project and the reserve is being used to carry forward resources shall be approved by the Chief Executive and or Section 151 Officer in consultation with the Lead Member.
- Movements in excess of £25,000 must be approved by the Community and Resources Committee.

7.5.5 Transfers from reserves will be subject to the following rules:

- General transfers from reserves where there is an appropriate Committee decision to use the reserve no further approval shall be required..
- All other transfers from reserves will be approved by the Chief Executive and or Section 151 Officer provided they are being used for the purpose that the resources were specifically set aside for.

7.5.6 All transfers between reserves must be approved by the Community and Resources Committee

The Reserve Transfer Form must be completed for all transfers to and from reserves in order to retain a complete record of all approved movements.

## 7.6 Payment of Housing Benefits and Council Tax Support<sup>8</sup>

### Why is this important?

The Council grants thousands of people millions of pounds in benefits to assist them in paying their rent and/or Council Tax bills. The Housing Benefit scheme is complex, requires people to declare both personal and financial details and is, as a result, open to error and

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<sup>8</sup> Reference to Council Tax Benefit will also include the Council Tax Support Scheme as adopted by the Council.

abuse. This being the case the assessment, calculation and payment of claimants needs to be carefully controlled.

**Risks:**

- Benefit could be paid to fraudulent claimants;
- Personal domestic and financial details relating to a claimant could be disclosed without authority to do so and
- Benefit entitlement could be incorrectly calculated
- Employees could set up fraudulent claims.

**Responsibilities and Key Controls**

7.6.1 The Customer Support Manager shall be responsible for the procedures, assessment and payment of benefit.

7.6.2 She/he shall ensure that periodic checks on the calculations and the entitlement for benefit in selected cases are carried out.

**Personal Data/Declaration of Interest**

7.6.3 All records and files of personal information relating to claims and the calculation of entitlement to benefit are to be held under arrangements that will prevent access by unauthorised persons.

7.6.4 Any information gained in the assessment and payment of benefit shall not be divulged by any member of staff to persons not authorised to receive that information. Any person seeking information on behalf of another must provide satisfactory evidence that they are authorised to do so within the confines of the GDPR regulations.

7.6.5 All Revenues and Benefits officers will complete an annual declaration setting out any interests in a benefit claim and access will then be appropriately restricted.

**Cheques**

7.6.6 All cheques in payment of benefit shall be crossed. Only in exceptional circumstances and with the approval of the *Section 151 Officer* will the subsequent opening of those cheques be permitted and this is subject to satisfactory identification being produced.

7.6.7 All benefit cheques returned to the Council, whether by hand or by post, shall be cancelled immediately by the Customer Services officer and passed to the Benefits team leader or other Revenues team leader. The accountants will also be promptly notified that any such cheques have been returned.

**7.7 Emergency Payments**

**Why is this important?**

In the event of an emergency it is important that officers have powers to deal with emerging situations to save lives, prevent worsening situations, and put in place emergency repairs.

**Risks:**

- Officers would be acting outside of their powers
- Emergency works may not be undertaken if there is no clear authority to act and incur expenditure.

**Responsibilities and Key Controls**

In the event of a defined emergency the Chief Executive, Section 151 Officer, will ensure where possible the Financial Procedure Rules are applied, however in the event that the relevant Silver Control Officer should need to incur expenditure relevant to the emergency he /she may do so without reference to Members and subject to a maximum of £20,000.

However, when doing so he / she shall record the type of expenditure incurred, providing full details of the decision made and reasoning. This will be reported to the Chief Executive and Section 151 Officer at the earliest opportunity.