

2016 **WYCHAVON**  
*Financial Regulations*



# WYCHAVON DISTRICT COUNCIL

## FINANCIAL REGULATIONS

Contents	Page
<b>Introduction, status, thresholds and responsibilities</b>	<b>5</b>
<b>Financial Regulations</b>	
<b>A: Financial Management</b>	
A1 Introduction	8
A2 Council	8
A3 Executive Board	8
A4 Committees of the Council: Overview and Scrutiny, Standards, Development Control, Licensing	9
A5 Head of Paid Service	9
A6 Monitoring Officer	10
A7 Chief Financial Officer	11
A8 Service Unit Managers	12
A9 Other financial accountabilities:	12
Virement	12

	Accounting policies, records and returns	12
	Annual Statement of Accounts	13
<b>B: Financial Planning</b>		
B1	Policy framework	14
B2	The budgetary system	14
B3	Budget format	15
B4	Budget preparation	15
B5	Budget monitoring and control	15
B6	Capital programme	15
B7	Maintenance of reserves	16
<b>C: Risk Management, Audit arrangements, and Control of Resources</b>		
C1	Introduction	17
C2	Risk management	17
C3	Internal control	17
C4	Internal audit arrangements	18
C5	External audit arrangements	18
C6	Prevention of fraud and corruption	19
C7	Assets	20
C8	Treasury management	20
C9	Staffing	21
<b>D: Financial Systems</b>		
D1	Introduction	22
D2	Income and expenditure	22
D3	Payments to employees and Members	23
D4	Taxation	23
D5	Trading accounts	23
D6	Leasing	23
D7	Banking and cheques	23
<b>E: External Arrangements</b>		
E1	Introduction	25
E2	Partnerships	25
E3	External funding	26

E4	Work for third parties	26
----	------------------------	----

## **Appendices: Financial Procedures**

### **Appendix A: Financial Management**

PA1	Financial management standards	28
PA2	Budgetary management and control	29
PA3	Scheme of virement	32
PA4	Treatment of year-end balances	34
PA5	Accounting policies	35
PA6	Accounting records and returns	36

### **Appendix B: Financial Planning**

PB1	Resource allocation	39
PB2	Budgeting	40
PB3	Capital programme	42
PB4	Maintenance of reserves	44

### **Appendix C: Risk Management, Audit arrangements and Control of Resources**

PC1	Risk management	46
PC2	Internal control	48
PC3	Internal Audit arrangements	50
PC4	External Audit arrangements	52
PC5	Preventing fraud and corruption	53
PC6	Security of assets	55
PC7	Stocks, stores, inventories and disposals	59
PC8	Insurance	60
PC9	Staffing	61

### **Appendix D: Financial Systems and Procedures**

PD1	General	63
PD2	Income and expenditure	66

PD3	Ordering and paying for works, goods and services	69
PD4	Advance accounts	75
PD5	Payments to employees and Members	77
PD6	Taxation	80
PD7	Trading accounts	81

#### **Appendix E: External Arrangements**

PE1	Partnerships	82
PE2	External funding	85
PE3	Work for third parties	86

#### **Appendix F: Document Retention Schedule**

Minimum period for retention of “financial” documents	88
---	----

# Introduction, status, thresholds and responsibilities

**1.1** Wychavon District Council is the largest District Council in Worcestershire with a population of over 119,000 and an area of 260 square miles. The main towns are Droitwich Spa, Evesham and Pershore and there are over 100 villages. The Council works in partnership with various other Councils and organizations to provide the following services for its residents and visitors:

- car parks
- economic development
- elections administration
- environmental health services
- grants administration
- housing services
- engineering services
- Housing Benefit ,Council tax and Business Rates administration
- parks and grounds maintenance
- planning services: local plans, development control
- public conveniences
- refuse collection, recycling and street cleaning
- sport, leisure and arts facilities
- tourism/leisure promotion.

**1.2** Following the Local Government Act 2000 Wychavon introduced what has become known as a “Leader and Executive Board” structure. The Executive Board is responsible for regulating and controlling the Council’s finances and ensuring that sound financial management policies are in place and are adhered to. This process includes establishing and maintaining financial regulations, which set out the Council’s financial policies, and are incorporated in the Council’s constitution along with various other codes and guidance. Wychavon also encourages innovation, within the regulatory framework, providing that necessary risk assessment and approval safeguards are in place.

- 1.3** These financial regulations clarify the financial accountabilities of the Executive Board, and the “statutory” officers ie the Managing Director (Head of Paid Service), the Deputy Managing Director (Chief Financial Officer) and the Legal Services Manager(Monitoring Officer). Each of the financial regulations sets out the overarching financial responsibilities.
- 1.4** Guidelines and procedures on how each regulation can be implemented are given in the appendices. The importance of each regulation is explained, along with key internal controls that set the framework for ensuring financial regulations are operating effectively. Responsibilities of the Deputy Managing Director and other key staff are also outlined.
- 1.5** Where values appear in these regulations, they are the same as the thresholds in the Council’s Contract Procedure Rules:
- Value A – up to £3,000  
Value B - over £3,000 and up to £10,000  
Value C - over £10,000 and up to £50,000  
Value D - over £50,000.
- Additionally, a benchmark value for write-offs has been established:  
Value E - £2,000.
- 1.6** Financial regulations apply to every member and officer of the Council and anyone acting on its behalf.
- 1.7** Executive Board members and Senior Officers should maintain a written record where decision making has been delegated to members of their staff, including seconded staff.
- 1.8** 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, and achieves best value for money.

- 1.9** The Deputy Managing Director is responsible for maintaining a regular review of the financial regulations and submitting any additions or changes necessary to the full Council for approval. The Deputy Managing Director is also responsible for reporting, where appropriate, breaches of the financial regulations to the Council and/or to the Executive Board.
- 1.10** The Council's Senior Management Team (SMT) are responsible for ensuring that all their staff are aware of the existence and content of these financial regulations and other internal regulatory documents and that they are complied with.
- 1.11** The Deputy Managing Director is responsible for issuing advice and guidance to underpin the financial regulations that members, officers and others acting on behalf of the Council are required to follow.
- 1.12** This edition of the regulations will apply from April 2016 and supersedes all previous editions.

# **FINANCIAL REGULATION A: FINANCIAL MANAGEMENT**

## **A1 Introduction**

**A1.1** Financial management covers all financial accountabilities in relation to the running of the Council, including the policy framework and budget.

## **A2 Council**

**A2.1** Council is responsible for adopting the Constitution and Members' Code of Conduct and for approving the policy framework and budget within which the Executive Board operates. It is also responsible for approving and monitoring compliance with the Council's overall framework of accountability and control, as set out in its Constitution. Council is also responsible for monitoring compliance with the agreed policy and related Executive Board decisions.

**A2.2** Council is responsible for approving procedures for recording and reporting decisions taken. This includes those key decisions delegated by and decisions taken by the Council and its committees. These delegations and details of who has responsibility for which decisions are set out in the Constitution.

## **A3 Executive Board**

**A3.1** The Executive Board is responsible for proposing the policy framework and budget to the full Council, and for discharging executive functions in accordance with the policy framework and budget.

**A3.2** Executive Board decisions can be delegated to an officer.

## **A4 Committees of the Council**

### Overview and Scrutiny Committee

- A4.1** The Overview and Scrutiny Committee is responsible for scrutinising Executive Board decisions before or after they have been implemented and for holding the Board to account. The Overview and Scrutiny Committee is also responsible for making recommendations on future policy options and for reviewing the general policy and service delivery of the Council.

### Audit Committee

- A4.2** The Audit Committee is established by Council and is a key aspect of good corporate governance. It reports direct to Council and helps raise the profile of internal control, risk management and financial reporting issues within the Council as well as providing a forum for the discussion of issues raised by internal and external auditors. This committee is independent of the executive and scrutiny arrangements.

### Member Conduct Committee

- A4.3** The Member Conduct Committee is established by Council and is responsible for promoting and maintaining high standards of conduct amongst Councillors. In particular, it is responsible for advising Council on the adoption and revision of the Members' Code of Conduct, and for monitoring the operation of the code.

### Other regulatory committees

- A4.4** Planning and licensing are not executive functions but are exercised through the Planning and Licencing Committees under powers delegated by Council.

## **A5 Head of Paid Service**

- A5.1** The Head of Paid Service (Managing Director) is the statutory officer responsible for the corporate and overall strategic management of the Council as a whole, and must report to and provide information for the Executive Board, Council, the Overview and Scrutiny Committee and other committees. He is responsible for establishing a framework for management direction, style and standards and for monitoring the Council's performance. The Head of Paid Service is also responsible, together with the Monitoring Officer, for the system of record keeping in relation to all Council decisions.

## **A6 Monitoring Officer**

- A6.1** The Monitoring Officer (Legal Services Manager) is the statutory officer responsible for promoting and maintaining high standards of conduct and provides support to the Member Conduct Committee. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to Council and/or to the Executive Board, and for ensuring that procedures for recording and reporting key decisions are operating effectively.
- A6.2** The Monitoring Officer must ensure that Executive decisions and the reasons for them are made public. He or she must also ensure that all Councillors are aware of decisions made by the Executive Board and of those made by officers who have delegated responsibility.
- A6.3** The Monitoring Officer is responsible for advising all Councillors and officers about who has authority to take a particular decision.
- A6.4** The Monitoring Officer is responsible for advising the Executive Board or Council about whether a decision is likely to be considered contrary to, or not wholly in accordance with, the policy framework.
- A6.5** The Monitoring Officer (together with the Deputy Managing Director) is responsible for advising the Executive Board or Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:
- initiating a new policy for which no budgetary provision has been made
  - committing expenditure in future years above the budget level
  - carrying out budget virements above agreed limits
  - causing the total expenditure financed from Council tax, grants and corporately held reserves to increase.
- A6.6** The Monitoring Officer is responsible for maintaining an up-to-date Constitution.
- A6.7** Another officer will be appointed Deputy Monitoring Officer in order to cover situations when the Monitoring Officer is unavailable.

**A6.8** The Local Government and Housing Act 1989 s1(6) requires the Council to provide the Monitoring Officer with such staff, accommodation and other resources, which are, in his opinion necessary to enable him to carry out his statutory duties.

## **A7 Chief Financial Officer**

**A7.1** The Chief Financial Officer (Deputy Managing Director) is the statutory officer with duties in relation to the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. The statutory duties arise from:

- Section 151 of the Local Government Act 1972
- Local Government Finance Act 1988
- Local Government and Housing Act 1989
- Local Audit and Accountability Act 2014
- Accounts and Audit Regulations 2015
- Local Authority (Capital Finance and Accounting) (England) Regulations 2003 (as amended)

**A7.2** The Deputy Managing Director is responsible for:

- the proper administration of the Council's financial affairs
- setting and monitoring compliance with financial management standards
- advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
- providing timely financial information
- preparing the revenue budget and capital programme
- treasury management
- banking arrangements.

**A7.3** Section 114 of the Local Government Finance Act 1988 requires the Deputy Managing Director to report to the Council, Executive Board and external auditor if the Council or one of its officers:

- has made, or is about to make, a decision which involves incurring unlawful expenditure
- has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Council
- is about to make an unlawful entry in the Council's accounts.

Section 114 of the 1988 Act also requires:

- the Deputy Managing Director to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under section 114 personally
- the Council to provide the Deputy Managing Director with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.

## **A8 Service Unit Managers**

**A8.1** Service Unit Managers are responsible for:

- ensuring that Councillors are advised of the financial implications of all proposals and that the financial implications have been agreed by the Deputy Managing Director.
- signing contracts (subject to Contract Procedure Rules) on behalf of the Council.
- consulting with the Deputy Managing Director to seek approval on any matter liable to affect the Council's finances materially, before any commitments are incurred.

## **A9 Other financial accountabilities**

### Virement

**A9.1** Council is responsible for agreeing procedures for virement of expenditure between budget headings.

**A9.2** Service Unit Managers are responsible for agreeing in-year virements within delegated limits. The Deputy Managing Director must agree all requests for virement in accordance with the thresholds set in the virement policy.

### Accounting policies, records and returns

**A9.3** The Deputy Managing Director is responsible for setting accounting policies and ensuring that they are applied consistently, in accordance with relevant legislation and guidance.

## Annual Statement of Accounts

- A9.4** The Deputy Managing Director is responsible for ensuring that the Council's annual statement of accounts is prepared in accordance with the CIPFA *Code of Practice on Local Authority Accounting in the United Kingdom*. The Audit Committee is responsible for approving the Annual Statement of Accounts.

# FINANCIAL REGULATION B:

## FINANCIAL PLANNING

### **B1 Policy Framework**

- B1.1** Council is responsible for establishing and approving a policy framework and budget, to incorporate the main issues facing the Council and to match policies with resources. In terms of financial planning, this will involve consideration of the Council's priorities, goals and promises, also commitments and forecasts for five years, including the annual budget. The annual budget will then be seen as the first year of a rolling five year Money Plan.
- B1.2** The policy framework comprises various statutory plans and strategies, for example the corporate plan, and community strategy.
- B1.3** Council is responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework.
- B1.4** Council is also responsible for setting the level at which the Executive Board may reallocate budget funds from one service to another. The Executive Board is responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by Council.

### **B2 The Budgetary System**

#### General

- B2.1** The Deputy Managing Director is responsible for establishing a timetable for the preparation of each year's budget estimates. The timetable will be agreed by Executive Board and will ensure that the Council will meet its annual statutory obligations in respect of setting its local tax.

### **B3 Budget format**

**B3.1** The general format of the budget will be approved by Council and proposed by the Executive Board on the advice of the Deputy Managing Director. The draft budget should include information regarding allocation of funds to different services and projects, proposed taxation levels, contingency funds and use of reserves.

### **B4 Budget preparation**

**B4.1** The Deputy Managing Director is responsible for ensuring that an annual revenue budget is prepared for consideration by the Executive Board, before submission to Council. Council may amend the budget or ask the Executive Board to reconsider it before approving it.

**B4.2** It is the responsibility of Service Unit Managers to ensure that budget estimates reflecting agreed service plans are prepared in line with guidance provided by the Deputy Managing Director.

### **B5 Budget monitoring and control**

**B5.1** The Deputy Managing Director is responsible for providing appropriate financial information to enable budgets to be monitored effectively. Expenditure will be monitored against budget allocations and the overall position reported to Council members on a regular basis.

**B5.2** Service Unit Managers are responsible for monitoring performance and controlling expenditure and income within their area, in accordance with the process agreed by the Deputy Managing Director. They must provide information on variances and take any action necessary to avoid exceeding their budget allocation, informing the Deputy Managing Director of any problems.

### **B6 Preparation of the capital programme**

**B6.1** The Deputy Managing Director is responsible for ensuring that an annual capital programme is prepared for consideration by the Executive Board before submission to Council.

**B7 Maintenance of reserves**

**B7.1** It is the responsibility of the Deputy Managing Director to advise the Executive Board and/or Council on prudent levels of reserves.

# **FINANCIAL REGULATION C: RISK MANAGEMENT, AUDIT ARRANGEMENTS AND CONTROL OF RESOURCES**

## **C1 Introduction**

**C1.1** It is essential that robust systems are developed and maintained for identifying and evaluating all significant strategic and operational risks facing the Council. This includes the proactive participation of all those associated with planning and delivering services.

## **C2 Risk Management**

**C2.1** The Audit Committee is responsible for approving the Council's risk management policy statement and strategy and for reviewing the effectiveness of risk management. The Executive Board is responsible for ensuring that proper insurance arrangements exist where appropriate.

**C2.2** The Deputy Managing Director is responsible for preparing the Council's risk management policy statement, for promoting it throughout the Council and for advising the Executive Board on adequate insurance cover.

## **C3 Internal Control**

**C3.1** Internal control refers to the systems of control operated by managers to help ensure the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.

- C3.2** The Deputy Managing Director is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.
- C3.3** Service Unit Managers are responsible for maintaining sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving performance targets.
- C3.4** The adequacy of internal control arrangements will be confirmed each year in the Council's Annual Governance Statement.

#### **C4 Internal Audit arrangements**

**C4.1** The Accounts and Audit Regulations 2015 require every local authority to maintain adequate and effective internal audit arrangements.

**C4.2** Internal Auditors will have authority:

- to enter any building, land, vehicle or plant owned or used by the Council
- to have access to any record, document, contract or correspondence relating to the affairs of the Council, including those stored by electronic means
- to possess or take copies of any record, document or correspondence
- to require and receive such explanations as are necessary from any Council officer concerning any matter under examination
- to require any employee of the Council to produce cash, stores, or any other Council property under their control.

#### **C5 External Audit arrangements**

**C5.1** The Audit Commission was responsible for appointing external auditors to each local authority. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by section 5 of the Audit Commission Act 1998.

**C5.2** The Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

**C6 Prevention of fraud and corruption**

**C6.1** The Deputy Managing Director is responsible for the development and maintenance of an anti-fraud and anti-corruption policy.

**C6.2** Any officer who suspects that an irregularity is being or has been perpetrated concerning the Council's affairs shall immediately inform their Service Unit Manager, the Managing Director and Deputy Managing Director, who will investigate and report as necessary.

**C6.3** Any Member who suspects that an irregularity is being or has been perpetrated concerning the Council's affairs shall immediately inform the Managing Director and Deputy Managing Director, who will investigate and report as necessary.

**C6.4** Where criminal proceedings might be necessary the Managing Director in consultation with the Deputy Managing Director and the Monitoring Officer will be responsible for deciding whether to refer a matter to the Police.

**C6.5** Any Member or officer who suspects that an irregularity concerning the Council's affairs is being or has been perpetrated by the Managing Director shall immediately inform the Monitoring Officer.

**C6.6** The Council has a Whistleblowing policy which aims to:

- provide confidential avenues for employees and others to raise concerns and receive feedback on action taken
- allow employees to take the matter further if they are dissatisfied with the Council's response
- reassure employees that they will be protected from reprisals or victimisation for whistleblowing in good faith.

**C6.7** For the purposes of the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007, the Deputy Managing Director will be the Council's Money Laundering Reporting Officer (MLRO) who will receive disclosures of suspected money laundering offences.

## **C7 Assets**

- C7.1** The Deputy Managing Director will maintain a terrier of all land and properties owned by the Council and will maintain an asset register of the Council's land and property holdings with a value in excess of £10,000 in accordance with current accounting requirements
- C7.2** Service Unit Managers will ensure that records and assets (both fixed and movable) are properly maintained and securely held. They must also ensure that contingency plans are in place for the security of assets and continuity of service in the event of disaster or system failure.

## **C8 Treasury management**

- C8.1** The Council has adopted CIPFA's *Code of Practice for Treasury Management in Local Authorities*.
- C8.2** Council is responsible for approving the treasury management policy statement setting out the matters detailed in paragraph 15 of CIPFA's *Code of Practice for Treasury Management in Local Authorities*. The policy statement is proposed to Council by the Executive Board. The Deputy Managing Director has delegated responsibility for implementing and monitoring the statement.
- C8.3** All money held by the Council is controlled by the officer designated for the purposes of section 151 of the Local Government Act 1972, ie the Deputy Managing Director.
- C8.4** The Deputy Managing Director is responsible for reporting to the Executive Board a proposed treasury management strategy for the coming financial year at or before the start of each financial year.
- C8.5** All decisions on borrowing, investment or financing shall be delegated to the Deputy Managing Director, who is required to act in accordance with CIPFA's *Code of Practice for Treasury Management in Local Authorities*.

**C8.6** The Deputy Managing Director is responsible for reporting to the Executive Board on the activities of the treasury management operation and on the exercise of delegated treasury management powers. This will include an annual report on treasury management for presentation by 30 September of the succeeding financial year.

**C9 Staffing**

**C9.1** Council is responsible for determining how officer support within the Council will be organised.

**C9.2** The Head of Paid Service (Managing Director) is responsible for providing overall management to staff and for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.

**C9.3** Service Unit Managers are responsible for controlling total staff numbers by:

- advising the Executive Board on the budget necessary in any given year to cover estimated staffing levels
- adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs
- the proper use of appointment procedures.

# **FINANCIAL REGULATION D: FINANCIAL SYSTEMS AND PROCEDURES**

## **D1 Introduction**

- D1.1** Sound systems and procedures are essential to maintain an effective framework of accountability and control.
- D1.2** The Deputy Managing Director is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. Service Unit Managers may not make changes to the existing financial systems or establish new systems without the approval of the Deputy Managing Director. Service Unit Managers are responsible for the proper operation of financial processes in their own departments.
- D1.3** Service Unit Managers should ensure that their staff receive relevant financial training that has been approved by the Deputy Managing Director.
- D1.4** Service Unit Managers must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation, and that all staff are aware of their responsibilities under this and other relevant legislation.

## **D2 Income and expenditure**

- D2.1** Service Unit Managers will ensure that a proper scheme of delegation has been established within their area and operates effectively. The scheme of delegation will identify staff authorised to act on the Service Unit Manager's behalf, in respect of payments, income collection and placing orders, together with the limits of their authority. The Deputy Managing Director is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

**D3      Payments to employees and Members**

**D3.1**    The Deputy Managing Director is responsible for all payments of salaries to all staff, including payments for overtime, and for payment of allowances to Members.

**D4      Taxation**

**D4.1**    The Deputy Managing Director is responsible for advising Service Unit Managers, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Council.

**D4.2**    The Deputy Managing Director is responsible for maintaining the Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

**D5      Trading accounts**

**D5.1**    The Deputy Managing Director will advise on the establishment and operation of any trading accounts.

**D6      Leasing**

**D6.1**    The Deputy Managing Director will advise on, and approve any leases entered into by the Council.

**D7      Banking and cheques**

**D7.1**    The Deputy Managing Director will operate bank accounts to carry out the Council's banking transactions at the bank nominated by the Council, and will be responsible for the authorised operation of all bank accounts, bank transfers and the issue of any cheques on behalf of the Council.

**D7.2**    No account will be opened on behalf or including the name of the Council except on the authority of a resolution by the Council. Accounts will only be opened when authorised by the personal signature of the Deputy Managing Director or other authorised officer.

- D7.3** Any Internal transfers of cheques will be recorded and a discharge of liability signature will be obtained.
- D7.4** Any necessary replacement cheques shall not be drawn until confirmation has been received in writing from the Council's bank that the original cheque has been "stopped".
- D7.5** All cheques drawn on a Council bank account will bear the Deputy Managing Director's facsimile signature, or be signed by the Deputy Managing Director or other authorised officer. All cheques over the value of £28,000 will require a bank signatory's manuscript signature.

# FINANCIAL REGULATION E:

## EXTERNAL ARRANGEMENTS

### **E1 Introduction**

**E1.1** The Council provides a distinctive leadership role for the community and brings together the contributions of various stakeholders. It also acts to promote or improve Wychavon's economic, social and environmental well-being.

### **E2 Partnerships**

**E2.1** The Executive Board is responsible for approving delegations, including frameworks for partnerships. The Executive Board is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.

**E2.2** The Executive Board can delegate functions – including those relating to partnerships – to officers. These are set out in the scheme of delegation that forms part of the Council's constitution. Where functions are delegated, the Executive Board remains accountable for them to Council.

**E2.3** The Deputy Managing Director is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the Council.

**E2.4** The Deputy Managing Director must ensure that the accounting arrangements adopted by partnerships and joint ventures are satisfactory. Consideration must be given to the overall corporate governance arrangements and legal issues when arranging contracts with external bodies, and all significant risks must be fully appraised before agreements are entered into.

**E2.5** Service Unit Managers are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

**E3 External funding**

**E3.1** The Deputy Managing Director is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts.

**E4 Work for third parties**

**E4.1** The Senior Management Team is responsible for approving the contractual arrangements for any work for third parties or external bodies.

# Appendices

## Financial Procedures

# Appendix A

## FINANCIAL MANAGEMENT

### PA1 FINANCIAL MANAGEMENT STANDARDS

#### Why these are important:

**pA1.1** All staff and Members have a duty to abide by the highest standards of probity in dealing with financial issues. Everyone must be clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

#### Key controls

**pA1.2** The key controls for financial management standards are:

- their promotion throughout the Council
- a monitoring system to review compliance with financial standards, and regular comparisons of performance indicators and benchmark standards that are reported to the Executive Board and Council.

#### Responsibilities of the Deputy Managing Director

**pA1.3** To ensure the proper administration of the Council's financial affairs

**pA1.4** To set financial management standards and to monitor compliance

**pA1.5** To act as head of profession in relation to the standards, performance and development of finance staff throughout the Council and to ensure that proper professional practices are followed

**pA1.6** To advise on the key controls necessary to secure sound financial management

**pA1.7** To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.

### **Responsibilities of Service Unit Managers**

**pA1.8** To promote the financial management standards set by the Deputy Managing Director in their departments and to monitor adherence to these standards and practices.

**pA1.9** To promote sound financial practices in relation to the standards, performance and development of staff in their departments.

## **PA2 BUDGETARY MANAGEMENT AND CONTROL**

### **Why this is important**

**pA2.1** Budgetary management ensures that once the budget has been approved by 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.

**pA2.2** By continuously identifying and explaining variances against budgetary targets, the Council can identify changes in trends and resource requirements at the earliest opportunity. The Council operates within an annual cash limit, approved when setting the overall budget. To ensure that the Council in total does not overspend, each service is required to manage its own expenditure within the cash-limited budget allocated to it.

**pA2.3** For the purposes of budgetary control by managers, a budget head will normally be a cost centre. However, budgetary control may take place at a more detailed level if this is required by individual Service Unit Managers.

### **Key controls**

**pA2.4** The key controls for managing and controlling budgets are:

- (a) there is a nominated budget officer for each cost centre heading, with authority to incur expenditure
- (b) budget officers should be responsible only for income and expenditure that they can influence
- (c) budget officers understand their financial responsibilities and accept accountability for their budgets and the level of service to be delivered
- (d) budget officers follow an approved certification process for all expenditure
- (e) income and expenditure are properly recorded and accounted for
- (f) performance and service levels are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget.

### **Responsibilities of the Deputy Managing Director**

**pA2.5** To establish an appropriate framework for budgetary management and control to ensure that:

- (a) budget management is exercised within annual cash limits
- (b) each Service Unit Manager has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities
- (c) expenditure is only committed against an approved budget head
- (d) all officers responsible for committing expenditure comply with relevant financial rules and guidance
- (e) each cost centre has a single named officer, with budget responsibility aligned as closely as possible to the decision-making process that commits expenditure
- (f) significant variances from approved budgets are regularly investigated and reported by budget officers.

**pA2.6** To administer the Council's scheme of virement.

**pA2.7** To submit reports to the Executive Board and to Council, in consultation with the relevant Service Unit Manager, where a Service Unit Manager is unable to balance expenditure and resources within existing approved budgets under his or her control.

**pA2.8** To prepare and submit regular reports on the Council's projected income and expenditure compared with the budget.

### **Responsibilities of Service Unit Managers**

**pA2.9** To maintain effective budgetary control within their service units, and to ensure that all income and expenditure is properly recorded and accounted for.

**pA2.10** To ensure that an accountable budget officer is identified for each item of income and expenditure under the control of the Service Unit Manager.

**pA2.11** To ensure that spending remains within the service's overall cash limit, and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.

**pA2.12** To ensure that an effective monitoring process is in place to review performance levels/levels of service in conjunction with the budget.

**pA2.13** To advise the Deputy Managing Director on the service's projected expenditure compared with its budget, especially when it likely that a budget will be over or underspent.

**pA2.14** To refer to the Deputy Managing Director any proposal to vary annual estimates by incurring expenditure not provided for in the original estimates, and which cannot be met by virement. A report will need to be considered by the Executive Board, who may approve a request for a supplementary estimate, or the use of the Council's general or earmarked balances.

**pA2.15** To ensure prior approval by the Council or Executive Board (as appropriate) for any new proposals, of whatever amount, that:

- (a) create financial commitments in future years
- (b) change existing policies, initiate new policies or cease existing policies
- (c) materially extend or reduce the Council's services.

**pA2.16** To ensure compliance with the scheme of virement.

**pA2.17** To agree with the relevant Service Unit Manager where it appears that a budget proposal, including a virement proposal, may impact materially on another service area.

### **PA3 SCHEME OF VIREMENT**

#### **Why this is important:**

**pA3.1** Virement means the switching of resources between approved budgets. This enables Service Unit Managers to manage budgets with a degree of flexibility within the overall policy framework determined by Council, optimising the use of resources. However there are rules covering the scheme, detailed below.

#### **Key controls**

**pA3.2** Key controls for the scheme of virement are:

- (a) it is administered by the Deputy Managing Director within guidelines set by Council. Any variation from this scheme requires Council approval.
- (b) the overall budget is agreed by the Executive Board and approved by Council. Service Unit Managers and budget officers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget.
- (c) virement must not create additional overall budget liability. Service Unit Managers are expected to exercise their discretion in managing their budgets responsibly and prudently. They should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Service Unit Managers must plan to fund such commitments from within their own budgets.

#### **Responsibilities of the Deputy Managing Director**

**pA3.3** To advise Service Unit Managers and jointly report on virements either actioned or proposed, in accordance with the thresholds and rules detailed below.

## **Responsibilities of Service Unit Managers**

**pA3.4 Value B** virements (up to **£10,000**) are delegated to Service Unit Managers in consultation with the Deputy Managing Director. These must be reported to members as part of budget monitoring..

**pA3.5 Value C** virements (**£10,000 to £50,000**) are also delegated to Service Unit Managers in consultation with the Deputy Managing Director, providing this is formally reported to the next Executive Board meeting.

**pA3.6 Value D** virements (over **£50,000**) will be subject to a report to, and the prior approval of the Executive Board.

**pA3.7** The prior approval of the Executive Board is required for any virement, of whatever amount, where it is proposed to:

- vire between budgets of different accountable Executive Board members
- vire between budgets managed by different Service Unit Managers
- vire into salary costs budgets.

**pA3.8** Virement that is likely to impact on the level of service activity of another Service Unit Manager should be implemented only after agreement with the relevant Service Unit Manager.

**pA3.9** The following are not permitted:

- virement relating to a specific financial year made after 31 March in that year
- virement between revenue and capital budgets
- virement from revenue income to revenue expenditure.

**pA3.10** Where an approved budget is a lump-sum budget or contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that:

- (a) the amount is used in accordance with the purposes for which it has been established
- (b) the Executive Board has approved the basis and the terms, including financial limits, on which it will be allocated. Individual allocations in excess of the financial limits should be reported to the Executive Board.

## **PA4 TREATMENT OF YEAR-END BALANCES**

### **Why this is important**

**pA4.1** The Council's treatment of year-end balances enable the transfer of resources between accounting years, ie "carry-forwards". These will only be approved in appropriate circumstances.

### **Key controls**

**pA4.2** Appropriate accounting procedures are in operation to ensure that carried-forward totals are correct.

**pA4.3** Any under or overspend on revenue budgets will be written to General Fund revenue balances at the year end.

### **Responsibilities of the Deputy Managing Director**

**pA4.4** To report all overspendings and underspendings on service budgets carried forward to the Managing Director and the Executive Board.

### **Responsibilities of Service Unit Managers**

**pA4.5** Any overspending on service estimates in total on budgets under the control of the Service Unit Manager must be carried forward to the following year, and will constitute the first call on service estimates in the following year.

**pA4.6** Any request to carry forward underspends of either revenue or capital resources must have the prior agreement of the Deputy Managing Director. Decisions on underspendings carried forward will be taken in the context of the Council's overall net expenditure and resource availability forecast.

## **PA5 ACCOUNTING POLICIES**

### **Why these are important**

**pA5.1** The Deputy Managing Director is responsible for the preparation of the Council's statement of accounts, in accordance with proper practices and as required by the CIPFA *Code of Practice on Local Authority Accounting in the United Kingdom*: for each financial year ending 31 March.

### **Key controls**

**pA5.2** The key controls for accounting policies are:

- (a) systems of internal control are in place that ensure that financial transactions are lawful
- (b) appropriate accounting policies are in place and are applied consistently
- (c) proper accounting records and financial statements are maintained which present fairly the financial position of the Council and its expenditure and income.

### **Responsibilities of the Deputy Managing Director**

**pA5.3** To adopt suitable accounting policies and to ensure that they are applied consistently. The accounting policies will be set out in the statement of accounts prepared at 31 March each year, and will cover such items as:

- separate accounts for capital and revenue transactions
- the basis on which debtors and creditors at year end are included in the accounts
- details of provisions and reserves
- property, plant and equipment
- depreciation
- capital charges
- work in progress
- accounting for value added tax
- government grants

- leasing
- pensions.

## **Responsibilities of Service Unit Managers**

**pA5.4** To adhere to the accounting policies and guidelines approved by the Deputy Managing Director.

## **PA6 ACCOUNTING RECORDS AND RETURNS**

### **Why these are important**

**pA6.1** The maintenance of proper accounting records is one of the ways in which the Council discharges its responsibility for the stewardship of public resources. The Council has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year. These are subject to scrutiny by external auditors, who provide assurance that the accounts are prepared properly, that proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of the Council's resources.

### **Key controls**

**pA6.2** The key controls for accounting records and returns are:

- (a) the Executive Board, finance staff and budget managers operate within the required accounting standards and timetables
- (b) all Council transactions, material commitments, contracts and other essential accounting information are recorded completely, accurately and on a timely basis
- (c) procedures are in place to enable accounting records to be reconstituted in the event of a systems failure
- (d) reconciliation procedures are carried out to ensure transactions are correctly recorded
- (e) prime documents are retained in accordance with legislative and other requirements.

## **Responsibilities of the Deputy Managing Director**

- pA6.3** To determine the accounting procedures and records for the Council, consulting and informing Service Unit Managers as appropriate.
- pA6.4** To compile all accounts and accounting records for the Council.
- pA6.5** To comply with the following principles when allocating accounting duties:
- (a) separating the duties of providing information about sums due to or from the Council and calculating, checking and recording these sums from the duty of collecting or disbursing them
  - (b) employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
- pA6.6** To make proper arrangements for the audit of the Council's accounts in accordance with current Accounts and Audit Regulations.
- pA6.7** To ensure that all claims for funds including grants are made by the due date.
- pA6.8** To prepare and publish the Council's audited accounts for each financial year, in accordance with the statutory timetable and with the requirement for Council to approve the statement of accounts before 30 September.
- pA6.9** To administer the Council's arrangements for agreeing any underspends that are to be written to General Fund balances.
- pA6.10** To ensure the proper retention of financial documents in accordance with the requirements set out in the Council's document retention schedule.

## **Responsibilities of Service Unit Managers**

- pA6.11** To consult and obtain the approval of the Deputy Managing Director before making any changes to agreed accounting records and procedures.
- pA6.12** To comply with the principles of separation of duties when allocating accounting duties.

**pA6.13** To maintain adequate records to provide an audit trail leading from the source of income/expenditure through to the accounting statements.

**pA6.14** To supply information required to enable the statement of accounts to be completed in accordance with guidelines issued by the Deputy Managing Director.

# Appendix B

## FINANCIAL PLANNING

### **PB1 RESOURCE ALLOCATION**

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

**pB1.1** A mismatch often exists between available resources and required resources. It is therefore imperative that needs/desires are carefully prioritised and that resources are fairly allocated, in order to fulfil all legal responsibilities. Resources may include staff, money, equipment, goods and materials.

#### **Key controls**

**pB1.2** The key controls for resource allocation are:

- (a) resources are acquired in accordance with the law, using an approved authorisation process
- (b) resources are used only for the purpose intended, to achieve the approved policies and objectives, and are properly accounted for
- (c) resources are securely held for use when required
- (d) resources are used with the minimum level of waste, inefficiency or loss.

#### **Responsibilities of the Deputy Managing Director**

**pB1.3** To advise on methods available for the funding of resources, such as grants from central government and borrowing requirements.

**pB1.4** To assist in the allocation of resources to managers.

### **Responsibilities of Service Unit Managers**

**pB1.5** To work within budget limits and to utilise resources allocated, and further allocate resources, in the most efficient, effective and economic way.

**pB1.6** To identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.

## **PB2 BUDGETING**

### **Why this is important**

**pB2.1** The Council is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. The budget is the financial expression of the Council's plans and policies.

**pB2.2** The revenue budget must be constructed to ensure that resource allocation properly reflects the Council's service plans and priorities. Budgets (spending plans) are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for a Council to budget for a deficit.

**pB2.3** Three to five year planning involves a cycle in which managers develop their own plans. As each year passes, another future year will be added: this ensures that the Council is always preparing for events in advance.

### **Key controls**

**pB2.4** The key controls for budgeting are:

- (a) specific budget approval for all expenditure
- (b) budget officers are consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the Executive Board for their budgets and the level of service to be delivered
- (c) a monitoring process is in place to review regularly the effectiveness and operation of budget preparation and to ensure that any necessary corrective action is taken.
- (d) Service budgets are zero based annually by Financial Services to ensure that service commitments are contained within approved cash limits.

### **Responsibilities of the Deputy Managing Director**

- pB2.5** To prepare and submit reports on budget prospects for the Executive Board, including resource constraints set by the Government. Reports should take account of medium-term prospects, where appropriate.
- pB2.6** To determine the detailed form of revenue estimates and the methods for their preparation, consistent with the budget approved by the full Council, and after consultation with the Executive Board and Service Unit Managers.
- pB2.7** To prepare and submit reports to the Executive Board on the aggregate spending plans of departments and on the resources available to fund them, identifying, where appropriate, the implications for the level of Council Tax to be levied.
- pB2.8** To advise on the availability of Government funding and the medium-term implications of spending decisions.
- pB2.9** To encourage the best use of resources and value for money by working with Service Unit Managers to identify opportunities to improve economy, efficiency and effectiveness.
- pB2.10** To advise the full Council on Executive Board proposals in accordance with responsibilities under section 151 of the Local Government Act 1972.

## **Responsibilities of Service Unit Managers**

**pB2.11** To prepare estimates of income and expenditure, in consultation with the Deputy Managing Director, to be submitted to the Executive Board.

**pB2.12** To prepare budgets that are consistent with any relevant cash limits, the Council's annual budget cycle and in the format prescribed by the Deputy Managing Director.

**pB2.13** To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.

**pB2.14** To consult with the relevant Service Unit Manager and the Deputy Managing Director when it is likely that a budget proposal will impact on another service.

## **PB3 CAPITAL PROGRAMME**

### **Why this is important**

**pB3.1** Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the Council, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and create future financial commitments such as financing costs and revenue running costs. They may also generate income.

**pB3.2** There are strict controls on the financing capacity of the Council. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

## **Key controls**

**pB3.3** The key controls for the capital programme are:

- (a) specific approval of the programme of capital expenditure by Council
- (b) expenditure on capital schemes is subject to the approval of the Deputy Managing Director
- (c) a scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared for each capital project, for approval by the Executive Board
- (d) proposals for improvements and alterations to buildings must be approved by the Deputy Managing Director
- (e) the development and implementation of asset management plans
- (f) accountability for each proposal is accepted by a named officer
- (g) monitoring of progress in conjunction with expenditure and comparison with approved budget
- (h) post – implementation review of major capital schemes.

## **Responsibilities of the Deputy Managing Director**

**pB3.4** To prepare capital estimates jointly with Service Unit Managers and to report them to the Executive Board, who will make recommendations to Council for approval.

**pB3.5** To issue guidance concerning capital schemes and controls, for example, on project appraisal techniques. The definition of 'capital' will be determined by the Deputy Managing Director, having regard to government regulations and accounting requirements.

**pB3.6** To obtain Executive Board authorisation for individual schemes where the estimated expenditure exceeds the capital programme provision.

**pB3.7** To prepare and submit regular capital monitoring reports to the Executive Board, clearly identifying budget variances, with explanations and recommended actions.

## **Responsibilities of Service Unit Managers**

- pB3.8** To comply with guidance concerning capital schemes and controls issued by the Deputy Managing Director.
- pB3.9** To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by the Deputy Managing Director.
- pB3.10** To ensure that adequate records are maintained for all capital contracts.
- pB3.11** To prepare and submit reports, jointly with the Deputy Managing Director, to the Executive Board, of any variation in contract costs greater than the approved limits. The Executive Board may meet cost increases of up to 5% by virement from savings elsewhere within their capital programme.
- pB3.12** To prepare and submit reports, jointly with the Deputy Managing Director, to the Executive Board, on completion of all contracts where the final expenditure exceeds the approved contract sum.
- pB3.13** To ensure that credit arrangements, such as leasing agreements, are not entered into without the prior approval of the Deputy Managing Director and, if applicable, approval of the scheme through the capital programme.
- pB3.14** To consult with the Deputy Managing Director and to seek Executive Board and Council approval where it is proposed to support expenditure that has not been included in the current year's capital programme.

## **PB4 MAINTENANCE OF RESERVES**

### **Why this is important**

- pB4.1** The Council must consider the level of general reserves it wishes to maintain before it can make a decision on the level of Council Tax. Reserves are maintained as a matter of prudence, providing for unexpected events to protect the Council from overspending.

## **Key controls**

**pB4.2** To maintain reserves in accordance with the Code of Practice on Local Authority Accounting and agreed accounting policies.

## **Responsibilities of the Deputy Managing Director**

**pB4.3** To advise the Executive Board and Council on prudent levels of reserves, taking into account any advice from the external auditor.

# Appendix C

## RISK MANAGEMENT, AUDIT ARRANGEMENTS and CONTROL OF RESOURCES

### PC1 RISK MANAGEMENT

#### Why this is important

**pC1.1** All organisations, whether in the private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure its continued financial and organisational well-being. In essence it is, therefore, an integral part of good business practice. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending the action the organisation needs to take to control these risks effectively.

#### Key controls

**pC1.2** The key controls for risk management are:

- (a) procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the Council
- (b) a monitoring process is in place to regularly review the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuous basis
- (c) managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives
- (d) provision is made for losses that might result from the risks that remain
- (e) procedures are in place to investigate claims within required timescales
- (f) acceptable levels of risk are determined and insured against where appropriate
- (g) the Council has identified business continuity plans for implementation in the event of a disaster that results in significant loss or damage to its resources.

### **Responsibilities of the Deputy Managing Director**

- pC1.3**
- (a) to prepare and promote the Council's risk management strategy
  - (b) to advise on risk management controls.
  - (c) to include all appropriate employees of the Council in a suitable fidelity guarantee insurance
  - (d) to effect corporate insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with other officers, where necessary.

## **Responsibilities of Service Unit Managers**

- pC1.4** (a) to notify the Deputy Managing Director immediately of any loss, liability or damage that may lead to a claim against the Council, together with any information or explanation required by the Deputy Managing Director or the Council's insurers.
- (b) to take responsibility for risk management, having regard to advice from the Deputy Managing Director and other specialist officers (eg internal audit, crime prevention, health and safety).
- (c) to ensure that there are regular reviews of risk within their Service Units.
- (d) to notify the Deputy Managing Director promptly of all new insurance based risks, properties or vehicles that require insurance and of any alterations affecting existing insurances
- (e) to consult the Deputy Managing Director on the terms of any indemnity that the Council is requested to give.
- (f) to ensure that employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

## **PC2 INTERNAL CONTROL**

### **Why this is important**

- pC2.1** The Council's services and functions are complex and beyond the direct control of individuals. Internal controls are therefore necessary to manage and monitor progress towards strategic objectives.
- pC2.2** The Council has statutory obligations, and, therefore requires internal controls to identify, meet and monitor compliance with these obligations.

**pC2.3** The Council faces a wide range of financial, administrative and business risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks.

**pC2.4** A system of internal controls is necessary in order to provide measurable and transparent achievement of:

- (a) efficient and effective operations
- (b) reliable financial information and reporting
- (c) compliance with laws and regulations
- (d) effective management of risks.

### **Key controls**

**pC2.5** The key controls for internal control systems are:

- (a) key controls should be reviewed on a regular basis and the Council should make a formal statement annually to the effect that it is satisfied that the systems of internal control are operating effectively
- (b) managerial control systems are in place, including defined policies, plans, objectives, roles and responsibilities, the monitoring of financial and other performance, and taking appropriate anticipatory and remedial action
- (c) financial and operational control systems and procedures are in place, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems
- (d) an effective internal audit function that is properly resourced. It should operate in accordance with all legislative requirements and current professional guidelines reflecting best audit practice.

### **Responsibilities of the Deputy Managing Director**

**pC2.6** To ensure that an appropriate control environment is in place, with adequate internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

## **Responsibilities of Service Unit Managers**

- pC2.7** To manage Service Unit processes to check that established controls are being adhered to, and to evaluate their effectiveness in order to be confident regarding the proper use of resources, achievement of objectives and management of risks.
- pC2.8** To review existing controls in the light of changes affecting the Council and to establish and implement new ones in line with guidance from the Deputy Managing Director. Service Unit Managers are also responsible for removing controls that are unnecessary or not cost or risk effective – for example, because of duplication.
- pC2.9** To ensure staff have a clear understanding of the consequences of lack of control.

## **PC3 INTERNAL AUDIT ARRANGEMENTS**

### **Why this is important**

- pC3.1** There is a statutory requirement for an internal audit function in local authorities as prescribed by The Accounts and Audit Regulations 2015. The responsibility for maintaining an adequate and effective system of internal audit of accounting records and control systems rests with the relevant body ie: the Council. This responsibility has been formally delegated to the responsible officer appointed under Section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. This officer is currently the Deputy Managing Director.
- pC3.2** Accordingly, a system of internal audit is necessary to carry out continuous, independent and objective review of the Council’s system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

### **Key controls**

- pC3.3** The key controls for internal audit are:
- (a) that it is independent in its planning and operation

- (b) the Head of the Worcestershire Internal Audit Shared Service (WIASS) has direct access as appropriate to the Head of Paid Service, all levels of management and directly to elected members
- (c) The internal auditors employed by the WIASS comply with current professional guidelines.

### **Responsibilities of the Deputy Managing Director**

**pC3.4** To ensure that WIASS staff have the authority to:

- (a) access Council premises at reasonable times
- (b) access all assets, records, documents, correspondence and control systems
- (c) receive any information and explanation considered necessary concerning any matter under consideration
- (d) require any employee of the Council to account for cash, stores or any other Council asset under their control
- (e) access records belonging to third parties, such as contractors, when required
- (f) directly access the Head of Paid Service, and the Executive Board as necessary.

**pC3.5** To approve the audit plan prepared by the Head of WIASS, which will take account of the characteristics and relative risks of the activities involved.

**pC3.6** To ensure that adequate resources and procedures are in place to investigate promptly any fraud or irregularity.

### **Responsibilities of Service Unit Managers**

**pC3.7** To ensure that WIASS internal auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.

**pC3.8** To ensure that WIASS auditors are provided with any information and explanations that they seek in the course of their work.

**pC3.9** To consider and respond promptly to recommendations in audit reports.

**pC3.10** To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient manner.

**pC3.11** To notify the Deputy Managing Director immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources. Pending investigation and reporting, the Service Unit Manager should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

**pC3.12** To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Head of WIASS and the Deputy Managing Director prior to implementation.

## **PC4 EXTERNAL AUDIT REQUIREMENTS**

### **Why this is important**

**pC4.1** The Local Government Finance Act 1982 set up the Audit Commission, which was responsible for appointing external auditors to each local authority in England and Wales. The external auditor has rights of access to all documents and information necessary for audit purposes.

**pC4.2** The Council's accounts, performance and effective use of resources are scrutinised by external auditors, who must be satisfied that the statement of accounts 'presents fairly' the financial position of the Council and its income and expenditure for the year in question and complies with legal requirements.

### **Key controls**

**pC4.3** External auditors were appointed by the Audit Commission normally for a minimum period of five years. The Comptroller and Auditor General prepares a code of audit practice, which external auditors follow when carrying out their audits.

## **Responsibilities of the Deputy Managing Director**

- pC4.4** To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider are necessary for the purposes of their work.
- pC4.5** To ensure there is effective liaison between external and internal audit.
- pC4.6** To work with the external auditor and advise the Executive Board, Council and Service Unit Managers of their responsibilities in relation to external audit.

## **Responsibilities of Service Unit Managers**

- pC4.7** To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.
- pC4.8** To ensure that all records and systems are up to date and available for inspection.

## **PC5 PREVENTING FRAUD AND CORRUPTION**

### **Why this is important**

- pC5.1** The Council will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Council.
- pC5.2** The Council's expectation of propriety and accountability is that members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- pC5.3** The Council also expects that individuals and organisations (eg suppliers, contractors, service providers) that it comes into contact with will act towards the Council with integrity and without thought or actions involving fraud and corruption.

## **Key controls**

- pC5.4** The key controls regarding the prevention of financial irregularities are that:
- (a) the Council has an effective anti-fraud and anti-corruption policy, which details responsibilities under the Bribery Act, and maintains a culture that will not tolerate fraud or corruption
  - (b) all members and staff act with integrity and lead by example
  - (c) senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Council or who are corrupt
  - (d) high standards of conduct are promoted amongst members by the Standards Committee
  - (e) the maintenance of a register of interests in which any hospitality or gifts accepted must be recorded
  - (f) whistle blowing procedures are in place and operate effectively.

## **Responsibilities of the Deputy Managing Director**

- pC5.5** To develop and maintain an anti-fraud and anti-corruption policy.
- pC5.6** To maintain adequate and effective internal audit arrangements.
- pC5.7** To ensure that all suspected irregularities are reported to the Managing Director, Monitoring Officer, Head of WIASS and the Executive Board as appropriate.
- pC5.8** To act as the Council's Money Laundering Reporting Officer (MLRO).
- pC5.9** To determine the scope of any internal enquiries or investigations, in consultation with the Managing Director, Monitoring Officer and the appropriate Service Unit Manager. This will include whether to refer a matter for police investigation.
- pC5.10** To ensure, in conjunction with the appropriate Service Unit Manager, that the Council's disciplinary procedures are followed where the outcome of an audit or other investigation indicates fraud or irregularity.

## **Responsibilities of Service Unit Managers**

- pC5.11** To ensure that all cases of suspected irregularity are reported to the Deputy Managing Director. This includes any suspicious payments (whatever the value or form of payment – cash, cheque, card, transfer etc).
- pC5.12** To instigate the Council's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- pC5.13** To maintain a departmental register of interests detailing hospitality and gifts received by officers (see Code of Conduct for all Staff – section 15).

## **PC6 SECURITY OF ASSETS**

### **Why this is important**

- pC6.1** The Council holds assets in the form of property, vehicles, equipment, furniture and other items worth millions of pounds. It is important that assets are safeguarded and used efficiently in the delivery of services, and that there are arrangements for the security of assets, service operations and the associated information needs. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management.

### **Key controls**

- pC6.2** The key controls for the security of resources such as land, buildings, equipment, software and information are:
  - (a) resources are used only for the purposes of the Council and are properly accounted for
  - (b) resources are available for use when required
  - (c) resources no longer required are disposed of in accordance with the law and the regulations of the Council so as to maximise benefits

- (d) an asset register is maintained for the Council, assets are recorded when they are acquired by the Council and this record is updated as changes occur with respect to the location and condition of the asset
- (e) all staff are aware of their responsibilities with regard to safeguarding the Council's assets and information, including the requirements of the Data Protection Act and software copyright legislation
- (f) all staff are aware of their responsibilities with regard to safeguarding the security of the Council's computer systems, including maintaining restricted access to the information held on them and compliance with the Council's computer and internet security policies.

### **Responsibilities of the Deputy Managing Director**

- pC6.3** To ensure that an asset register is maintained in accordance with good practice.
- pC6.4** To receive the information required for accounting, costing and financial records from Service Unit Managers.
- pC6.5** To ensure that assets are valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.
- pC6.6** To manage any acquisition of land or property by the Council, which will comply with relevant legislation and guidelines reflecting best practice, in accordance with the following:
  - (a) Value A, B and C acquisitions: in conjunction with the appropriate Executive Board member
  - (b) Routine acquisition of Value D land or property will be authorised  
  
by a prior resolution of the Executive Board
  - (c) Urgent acquisition of Value D land or property will require a meeting of the Executive Board to be convened, and the advice of the Local Member will be sought before any decision is taken

- (d) The Deputy Managing Director will exercise a delegation up to value C to deal with property management issues such as lease renewals and rent reviews. Decisions on Value D property management issues will be taken in conjunction with the appropriate Executive Board member and reported to the next Executive Board.

**pC6.7** To manage any disposals of Council land or property, in compliance with relevant legislation and current guidelines reflecting best practice, in accordance with the following

- (a) Value A, B and C disposals: in conjunction with the appropriate Executive Board member
- (b) Routine disposal of any Value D Council land or property will require the prior approval of the Executive Board, who will consider a report on the financial, legal and other consequences of the proposed disposal
- (c) Value D disposals will be subject to the invitation of competitive bids. The land/property will be advertised on a scale and in locations calculated to reach the relevant sectors of the property market.
- (d) © Disposal of assets, or granting of long leases on assets, of over £500,000 in value will require the approval of Council
- (e) Where land is to be disposed of by auction, it should be subject to a reserve price not less than the valuer's current valuation. Where land is to be disposed of by public tender or sealed offers, Contract Procedure Rules will be applied.

### **Responsibilities of Service Unit Managers**

**pC6.8** To consult with the Deputy Managing Director and Legal Services Manager, to ensure that prospective lessees and occupiers of Council land enter into an appropriate lease or agreement.

**pC6.9** To ensure the proper security of all buildings and other assets under their control.

- pC6.10** Where land or buildings are surplus to requirements, a recommendation for sale should be the subject of a joint report by the Service Unit Manager and the Deputy Managing Director.
- pC6.11** To pass title deeds to the Legal Services Manager who is responsible for their custody.
- pC6.12** To ensure that no Council asset is subject to personal use by an employee without proper authority.
- pC6.13** To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the Council.
- pC6.14** To ensure that the service unit maintains a register of moveable assets.
- pC6.15** To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.
- pC6.16** To consult with the Deputy Managing Director in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- pC6.17** To ensure cash holdings on premises are kept to a minimum. Maximum limits of cash holdings will be agreed with the Deputy Managing Director and will not be exceeded without written permission.
- pC6.18** To ensure that keys to Council property, including safes, cash boxes, strong rooms, security systems and any other secure item or area, are held in safe custody. Keys will be issued by the Deputy Managing Director to named individuals who will confirm receipt in a register, and immediately report the loss of any key.
- pC6.19** To ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the Council in some way.

## **PC7 STOCKS, STORES, INVENTORIES AND DISPOSALS**

### **Why this is important**

**pC7.1** To openly account for, and maximize the use of the Council's resources, and to ensure that redundant assets are disposed of at the most appropriate time.

### **Responsibilities of the Deputy Managing Director**

**pC7.2** To advise on the arrangements for the care and custody of stocks and stores and the method of stock valuation to be used where appropriate.

**pC7.3** To advise on the form and content of inventory records to be maintained by the Council.

**pC7.4** To ensure that Council property is only used in the course of the Council's business.

**pC7.5** To advise on best practice for disposal of assets.

**pC7.6** To ensure that appropriate accounting entries are made, for example to remove the value of disposed assets from the Council's records.

### **Responsibilities of Service Unit Managers**

**pC7.7** To make arrangements for the care and custody of stocks and stores, and the maintenance of inventories, to adequately record and describe furniture, fittings, equipment, plant and machinery.

**pC7.8** To ensure stocks are maintained at reasonable levels and are subject to a regular independent physical check. Any discrepancies should be investigated and pursued to a satisfactory conclusion.

**pC7.9** To seek advice on the disposal of surplus or obsolete materials, stores, equipment and other assets.

**pC7.10** To write off and dispose of unserviceable inventory items of little value and items past their useful life. This must involve agreement by:

- the Deputy Managing Director if the item is estimated not to exceed Value E (see Introduction, para 1.5)
- the Deputy Managing Director in consultation with the appropriate Executive Board member if the item exceeds Value E but is not greater than Value B (see para 1.5)
- the full Executive Board if the item exceeds Value B.

Disposal of written off inventory items will normally be by competitive tender, public auction, or such other manner which is most beneficial to the Council.

## **PC8 INSURANCE**

### **Why this is important**

**pC8.1** Insurance is an important means of protecting against incidences of loss, whether they result from crime or accident. With effective risk management, the Council can benefit from lower insurance costs and less staff time spent on dealing with losses and claims.

### **Key controls**

**pC8.2** Acceptable levels of residual risk are evaluated and arrangements are in place for their funding, either internally or by external insurance as appropriate.

**pC8.3** Adequate records of all risks are kept, and a review of all insurances takes place at least annually to ensure that they remain adequate.

### **Responsibilities of the Deputy Managing Director**

**pC8.4** To arrange all necessary insurances for the Council in accordance with agreed policy.

**pC8.5** To deal with all claims against or on behalf of the Council.

## **Responsibilities of Service Unit Managers**

- pC8.6** To notify the Deputy Managing Director immediately in writing of any loss, liability or damage , or any other event likely to lead to a claim, and will provide full supplementary information relating to the claim within 10 working days. Where necessary, the appropriate Service Unit Manager, having consulted with the Deputy Managing Director, will inform the Police.
- pC8.7** To promptly inform the Deputy Managing Director, in writing, of any new risks, properties or vehicles, and any material alterations to existing properties or vehicles.
- pC8.8** To consult the Deputy Managing Director in respect of the terms of any indemnity which the Council is required to give.

## **PC9 STAFFING**

### **Why this is important**

- pC9.1** In order to provide the highest levels of service, it is crucial that the Council recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level.

### **Key controls**

- pC9.2** The key controls for staffing are:
- (a) an appropriate pay and workforce strategy exists, in which staffing requirements and budget allocation are matched
  - (b) procedures are in place for forecasting staffing requirements and cost
  - (c) controls are implemented that ensure that staff time is used efficiently and effectively
  - (d) checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy.

### **Responsibilities of the Deputy Managing Director**

- pC9.3** To ensure that budget provision exists for all existing and new employees.
- pC9.4** To act as an advisor to Service Unit Managers on areas such as National Insurance and pension contributions, as appropriate.
- pC9.5** To ensure that an annual staffing budget is produced which is based on the Council's agreed establishment.

### **Responsibilities of Service Unit Managers**

- pC9.6** To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.
- pC9.7** To ensure that agreed levels of service are provided without exceeding the approved staffing budget.
- pC9.8** Under no circumstances to appoint additional posts to the agreed establishment without first agreeing the source of finance with the Deputy Managing Director and obtaining the approval of the Senior Management Team.

# Appendix D

## FINANACIAL SYSTEMS AND PROCEDURES

### PD1 GENERAL

#### Why this is important

**pD1.1** The Council has a range of systems and procedures relating to the control of its assets, services and functions, including purchasing, cash receipting and financial ledger systems. Therefore it is imperative that information is accurate and systems are sound and well administered. They should contain controls to ensure that transactions are properly processed and errors are detected promptly.

**pD1.2** The Deputy Managing Director has a professional responsibility to ensure that the Council's financial systems are sound and should therefore be notified of any new developments or changes.

#### Key controls

**pD1.3** The key controls for systems and procedures are:

- (a) basic data exists to enable the Council's objectives, plans, targets and budgets to be formulated
- (b) performance is communicated to the appropriate managers on an accurate, complete and timely basis
- (c) early warning is provided of deviations from plans, targets and budgets that require management attention
- (d) operating systems and procedures are secure.

## **Responsibilities of the Deputy Managing Director**

- pD1.4** To make arrangements for the proper administration of the Council's financial affairs, including:
- (a) issuing advice, guidance and procedures for officers and others acting on the Council's behalf
  - (b) determining the accounting systems, form of accounts and supporting financial records
  - (c) establishing arrangements for audit of the Council's financial affairs
  - (d) approving any new financial systems to be introduced and any changes to be made to existing financial systems.

## **Responsibilities of Service Unit Managers**

- pD1.5** To ensure that accounting records are properly maintained and held securely.
- pD1.6** To ensure that any documents with financial implications are not destroyed, except in accordance with arrangements approved by the Deputy Managing Director.
- pD1.7** To ensure that a complete audit trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.
- pD1.8** To incorporate appropriate controls to ensure that, where relevant:
- (a) all input is genuine, complete, accurate, timely and not previously processed
  - (b) all processing is carried out in an accurate, complete and timely manner
  - (c) output from the system is complete, accurate and timely.
- pD1.9** To ensure that organisational structures provide for an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.
- pD1.10** To ensure that systems are documented and staff are trained adequately.

- pD1.11** To consult with the Deputy Managing Director before changing any existing system or introducing new systems.
- pD1.12** To establish a scheme of delegation identifying officers authorised to act upon the Service Unit Manager's behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.
- pD1.13** To supply lists of authorised officers, with specimen signatures and delegated limits, to the Deputy Managing Director, together with any subsequent variations.
- pD1.14** To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building.
- pD1.15** To ensure that, where appropriate, computer systems are registered in accordance with data protection legislation and that staff are aware of their responsibilities under the legislation.
- pD1.16** To ensure that relevant standards and guidelines for computer systems issued by the Deputy Managing Director are observed.
- pD1.17** To ensure that computer equipment, software and storage devices are protected from loss and damage through theft, vandalism, etc.
- pD1.18** To comply with the copyright, designs and patents legislation and, in particular, to ensure that:
- (a) only software legally acquired and installed by the Council is used on its computers
  - (b) staff are aware of legislative provisions.

## **PD2 INCOME AND EXPENDITURE**

### **Income**

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

**pD2.1** Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Council's cashflow and also avoids the time and cost of administering debts.

#### **Key controls**

**pD2.2** The key controls for income are:

- (a) all income due to the Council is identified and charged correctly, in accordance with an approved charging policy, which is reviewed annually
- (b) all income is collected from the correct person, at the right time, using approved procedures
- (c) all money received by an employee on behalf of the Council is paid without delay into one of the Council's cash offices, or, if instructed by the Deputy Managing Director, direct to the Council's bank account, and properly recorded. The responsibility for cash collection should be separated from that:
  - for identifying the amount due
  - for reconciling the amount due to the amount received
- (d) effective action is taken to pursue non-payment within defined timescales
- (e) formal approval for debt write-off is obtained
- (f) appropriate write-off action is taken within defined timescales
- (g) appropriate accounting adjustments are made following write-off action
- (h) all appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule (Appendix F).

- (i) money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.

### **Responsibilities of the Deputy Managing Director**

- pD2.3** To agree arrangements for the collection of all income due to the Council and to approve the procedures, systems and documentation for its collection.
- pD2.4** To authorise the write-off of an individual debt (or the cumulative total of related debts) of up to Value E in consultation with the relevant Service Unit Manager, reporting all such write-offs to the Executive Board. Where individual debts (or the cumulative total of related debts) exceed Value E, prior authorisation from the Executive Board will be required.
- pD2.5** To ensure that appropriate records of sums written off are kept and accounting adjustments are made following write-off action.

### **Responsibilities of Service Unit Managers**

- pD2.6** To establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, and to review it annually, in line with corporate policies.
- pD2.7** To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- pD2.8** To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.
- pD2.9** To issue official receipts or to maintain other documentation for income collection.
- pD2.10** To ensure that money received by post is properly identified and recorded.
- pD2.11** To hold securely receipts, tickets and other records of income for the appropriate period.

- pD2.12** To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling.
- pD2.13** To ensure that income is paid fully and promptly into the Council's cash office (or if instructed direct to the Council's bank account) in the form in which it is received. Appropriate details should be recorded on paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a regular basis.
- pD2.14** To record any cash receipts in excess of £2,500 and send details to the Deputy Managing Director in his role as Money Laundering Reporting Officer. Cash receipts exceeding £5,000 for goods or property must be notified to HM Revenue and Customs.
- pD2.15** To ensure income is not used to cash personal cheques or other payments.
- pD2.16** To record correctly the sums due to the Council and to ensure accounts are sent out promptly.
- pD2.17** To monitor recovery of income and assist the Deputy Managing Director in collecting debts that they have originated.
- pD2.18** To keep a record of every transfer of money between employees of the Council. The receiving officer must sign for the transfer in a register or pro forma maintained for this purpose.
- pD2.19** To recommend to the Deputy Managing Director all debts to be written off and to keep a record of all sums written off under delegated authority. Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.
- pD2.20** To consult with and obtain the approval of the Deputy Managing Director when writing off debts up to Value E, obtaining the approval of the Executive Board in excess of this limit.

**pD2.21** To notify the Deputy Managing Director of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Deputy Managing Director and not later than 30 April.

### **PD3 ORDERING AND PAYING FOR WORKS, GOODS AND SERVICES**

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

**pD3.1** Public money should be spent with demonstrable probity and in accordance with Council policy. 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.

#### **General**

**pD3.2** Every officer and Member of the Council has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council, in accordance with appropriate codes of conduct.

**pD3.3** Official orders must only be placed by authorised officers and will be in a form approved by the Deputy Managing Director. Official orders must be issued for all work, goods or services to be supplied to the Council, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions approved by the Deputy Managing Director.

**pD3.4** All orders placed will take account of the Council's sustainability policies and commitments. These seek to minimize the environmental impact of goods and services. Where appropriate suppliers will be asked to highlight any environmentally significant features of their goods and services, such as life expectancy, energy efficiency, source of timber, recyclability

- pD3.5** Each order must conform to approved guidelines on central purchasing, the standardisation of supplies and materials, and the use of electronic means such as internet ordering and purchasing cards. Standard terms and conditions must not be varied without the prior approval of the Deputy Managing Director and the Legal Services Manager.
- pD3.6** No verbal orders will be placed unless by reason of urgency (for example where delays might cause loss to the Council or endanger public health and safety). Any such orders must be confirmed within two working days with a written order, clearly marked “confirmation”.
- pD3.7** The normal method of payment from the Council shall be by BACS or by other electronic methods drawn on the Council’s bank account, as approved by the Deputy Managing Director. The use of direct debit shall require the prior agreement of the Deputy Managing Director.
- pD3.8** Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Council contracts.

### **Key controls**

- pD3.9** The key controls for ordering and paying for works, goods and services are:
- (a) details of all suppliers of goods and services are set up prior to, or at the time of, an order being raised. Requests for a new creditor to be set up must be by an approved officer via the Financial Services section
  - (b) all goods, works and services are ordered only by authorised persons and are correctly recorded
  - (c) all goods, works and services shall be ordered in accordance with the Council’s Procurement Strategy and Contract Procedure Rules. Split ordering to avoid having to obtain quotations or tenders is forbidden
  - (d) all orders for goods and services will be placed using the Council’s purchasing system, apart from the exceptions detailed in pD3.3.
  - (e) goods and services received are checked to ensure they are in accordance with the order. Ideally, goods should not be received by the person who placed the order

- (f) payments are not made unless goods have been received by the Council to the correct price, quantity and quality standards
- (g) all payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method
- (h) all appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention schedule
- (i) all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected
- (j) processes are in place to maintain the security and integrity of data for transacting business electronically.

### **Responsibilities of the Deputy Managing Director**

- pD3.10** To ensure that all the Council's financial systems and procedures are sound and properly administered.
- pD3.11** To approve any changes to existing financial systems and to approve any new systems before they are introduced.
- pD3.12** To approve the form of official orders and associated terms and conditions.
- pD3.13** To make payments from the Council's funds on the appropriate authorisation that expenditure has been duly incurred in accordance with Financial Regulations.
- pD3.14** To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.
- pD3.15** To make payments to contractors on the certificate of the appropriate Service Unit Manager, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- pD3.16** To provide advice and encouragement on making payments by the most economical means.

## **Responsibilities of Service Unit Managers**

- pD3.17** To ensure that unique pre-numbered official orders are used for all goods and services (other than the exceptions specified in pD3.3), and to ensure proper use of the ordering system.
- pD3.18** To ensure that orders are only used for goods and services provided to the Service Unit. Individuals must not use official orders to obtain goods or services for their private use.
- pD3.19** To approve appropriate staff as authorised signatories for official orders, to ensure that only those staff actually place orders and to maintain an up-to-date list of such authorised staff, including specimen signatures identifying in each case the limits of their authority. The authoriser of the order should be satisfied that the goods and services ordered are necessary and appropriate, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Best value principles should underpin the Council's approach to procurement: value for money should always be achieved.
- pD3.20** To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. This check should, where possible, be carried out by a different officer to the person who authorised the order. Appropriate entries should be made in inventories or stores records.
- pD3.21** To ensure that payment is not made unless a proper invoice (including VAT where appropriate) has been received, checked, coded and certified for payment, confirming:
- (a) receipt of goods or services
  - (b) that the invoice has not previously been paid
  - (c) that expenditure has been properly incurred and is within budget provision
  - (d) that prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices
  - (e) correct accounting treatment of tax. (To comply with VAT requirements, where it is necessary to amend an invoice, it must either be returned to the supplier, or a credit note/supplementary invoice should be requested prior to payment being made. The use of correcting fluid etc to amend invoices is forbidden).

- (f) that the invoice is correctly coded
- (g) that discounts have been taken where available
- (h) that appropriate entries will be made in accounting records.

- pD3.22** To ensure that two authorised officers are involved in the ordering, receiving and payment process. If possible, a different officer to the person who signed the order, and in every case, a different officer to the person checking a written invoice, should authorise the invoice.
- pD3.23** To ensure that the Service Unit maintains and reviews periodically a list of staff approved to authorise invoices. Names of authorising officers together with specimen signatures and details of the limits of their authority shall be forwarded to the Deputy Managing Director (Internal Audit Section).
- pD3.24** To ensure that payments are not made on a photocopied or faxed invoice, statement or other document other than the formal invoice. Any instances of these being rendered should be reported to the Internal Audit Section. Any copies of an invoice made prior to payment, for example a file copy, will be scored through and marked to clearly identify it as a copy.
- pD3.25** To encourage suppliers of goods and services to receive payment by the most economical means for the Council. It is essential, however, that payments made by direct debit have the prior approval of the Deputy Managing Director.
- pD3.26** To ensure that the Service Unit obtains best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, in line with best value principles contained in the Council's code of practice for tenders and contracts.
- pD3.27** To utilise the central purchasing procedures established by the Deputy Managing Director in putting purchases, where appropriate, out to competitive quotation or tender. These will comply with the Council's Contract Procedure Rules and will cover:
- (a) authorised officers and the extent of their authority
  - (b) advertisement for tenders
  - (c) procedure for creating, maintaining and revising a standard list of contractors

- (d) selection of tenderers
- (e) compliance with UK and EC legislation and regulations
- (f) procedures for the submission, receipt, opening and recording of tenders
- (g) the circumstances where financial or technical evaluation is necessary
- (h) procedures for negotiation
- (i) acceptance of tenders
- (j) the form of contract documentation
- (k) cancellation clauses in the event of corruption or bribery
- (l) contract records.

**pD3.28** To ensure that employees are aware of the national code of conduct for local government employees and the Council's code of conduct for all staff.

**pD3.29** To consult and obtain the agreement of the Deputy Managing Director regarding any proposed loans, leasing or rental arrangements. This is to take account of the potential impact on the Council's borrowing powers, to protect the Council against entering into unapproved credit arrangements and to ensure that value for money is obtained.

**pD3.30** To notify the Deputy Managing Director of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Deputy Managing Director and, in any case, not later than 30 April.

**pD3.31** With regard to contracts for construction and alterations to buildings and for civil engineering works:

- (a) to keep a register of all formal contracts relevant to their activities, and a record of payments to contractors and of all contract fees and related professional fees
- (b) to ensure that all contract payments are made by an authorised officer and only if a valid contract exists
- (c) to authorise any contract variations in writing. A note of the financial effects of any variation must be recorded with the contract documentation. Any verbal variation orders must be confirmed in writing within 2 working days

- (d) to check final accounts fully prior to issuing the final completion certificate, and to provide such information and explanations as may be required by the Deputy Managing Director regarding the accuracy of the accounts
- (e) document and agree with the Deputy Managing Director the systems and procedures to be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of subcontractors' tax status
- (f) to notify the Deputy Managing Director as soon as there are indications that costs are likely to exceed the approved contract sum, and submit a report to the next Executive Board containing an explanation. Similarly, all cases where final costs have exceeded the approved contract sum will be reported to the Executive Board following agreement of the final account.

**pD3.32** To notify the Deputy Managing Director immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.

**pD3.33** To ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the document retention schedule (Appendix F).

## **PD4 ADVANCE ACCOUNTS**

### **Why this is important**

**pD4.1** Advance accounts provide petty cash for incidental purchases, where this is the most appropriate method of making payments.

### **Key controls**

**pD4.2** The key controls for advance accounts are:

- (a) accounts will be maintained using the imprest system

- (b) petty cash floats/imprests will only be raised following the approval of the Deputy Managing Director (Internal Audit Section) who will record and reconcile all accounts held
- (c) All payments will have the prior agreement of the account holder and will be supported by a receipted voucher.

### **Responsibilities of the Deputy Managing Director**

- pD4.3** To provide authorised employees of the Council with advance accounts to meet minor expenditure on behalf of the Council, and to prescribe rules for operating these accounts (see below). Minor items of expenditure should not exceed the prescribed amount, and no advances will be used by account holders other than for official purposes.
- pD4.4** To determine the petty cash limit (see below) and to maintain a record of all transactions and petty cash advances made, and periodically to review the arrangements for the safe custody and control of these advances.
- pD4.5** To reimburse imprest holders as often as necessary to restore the imprests, but normally not more than monthly.

### **Responsibilities of Service Unit Managers**

- pD4.6** To ensure that employees operating an imprest account are authorised and:
  - (a) limit individual payments from the account to 20% of the value of the account or £100, whichever is the lesser
  - (b) obtain and retain vouchers to support each payment from the imprest account. Where appropriate, an official VAT receipt must be obtained
  - (c) make adequate arrangements for the safe custody of the account
  - (d) produce upon demand by the Deputy Managing Director cash and all vouchers to the total value of the imprest amount
  - (e) record transactions promptly
  - (f) reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder

- (g) provide the Deputy Managing Director with a certificate of the value of the account held at 31 March each year
- (h) ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made
- (i) on leaving the Council's employment or otherwise ceasing to be entitled to hold an imprest advance, an employee shall account to the Deputy Managing Director for the amount advanced.

## **PD5 PAYMENTS TO EMPLOYEES AND MEMBERS**

### **Why this is important**

**pD5.1** Staff costs are the largest item of expenditure for most Council services. It is therefore important that payments are accurate, timely, made only where they are due for services to the Council and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that Members' allowances are authorised in accordance with the scheme adopted by the Council.

### **Key controls**

- pD5.2** The key controls for payments to employees and Members are:
- (a) proper authorisation procedures are in place and corporate policies and procedures are followed in relation to starters, leavers and any changes in remuneration, other than pay awards.
  - (b) payments are only made where there is a valid entitlement, supported where appropriate by timesheets or claims
  - (c) frequent reconciliation of payroll expenditure against approved budget
  - (d) all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule
  - (e) HM Revenue and Customs regulations are complied with.

## **Responsibilities of the Deputy Managing Director**

- pD5.3** To arrange and control secure and reliable payment of salaries and emoluments to employees, in accordance with prescribed procedures, on the due date.
- pD5.4** To record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions.
- pD5.5** To make arrangements for payment of all travel and subsistence claims and applicable allowances.
- pD5.6** To make arrangements for paying members' travel or other allowances upon receiving the prescribed form.
- pD5.7** To secure payment of salaries by the most economical means.
- pD5.8** To ensure that there are adequate arrangements for administering payroll related matters on a day-to-day basis.

## **Responsibilities of Service Unit Managers**

- pD5.9** To ensure appointments are only made in accordance with Council approved establishments, grades and scale of pay and that adequate budget provision is available for the current financial year and subsequent years.
- pD5.10** To notify the Deputy Managing Director of all matters affecting the payment of salaries and emoluments, and in particular:
- appointments, resignations, dismissals, suspensions, secondments, retirements and redundancies;
  - absences from duty for sickness or other reason apart from approved leave;
  - changes in remuneration other than normal increments and pay awards
  - any information necessary to maintain records of service for superannuation, income tax, national insurance etc.

- pD5.11** To ensure that adequate and effective systems and procedures are operated, so that:
- payments are only authorised to bona fide employees
  - payments are only made where there is a valid entitlement
  - conditions and contracts of employment are correctly applied
  - employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- pD5.12** To ensure that payroll transactions are processed only through the payroll system. Service Unit Managers should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. HM Revenue and Customs apply clear guidelines for employee status, and in cases of doubt, advice should be sought from the Deputy Managing Director.
- pD5.13** To ensure that details of any employee benefit in kind are notified to the Deputy Managing Director to enable full and complete reporting in accordance with statutory requirements.
- pD5.14** To certify travel and subsistence claims and other allowances on a monthly basis, forwarding claims to the Payroll Section within 5 working days following the end of the month to which the claim relates. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the Council, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications, informing the Deputy Managing Director as appropriate.
- pD5.15** To ensure that a clearance certificate is forwarded to the Payroll Section within 2 working days of receiving formal notice that an employee's employment will be terminating, to ensure any debts incurred by the employee have been repaid, eg car loan/lease car, post entry training expenses, leave taken over entitlement etc.
- pD5.16** To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.

## **Responsibilities of Members**

**pD5.17** To submit claims for Members' travel and subsistence allowances within 5 days of the end of each month.

## **PD6 TAXATION**

### **Why this is important**

**pD6.1** Like all organisations, the Council is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers to be aware of their role.

### **Key controls**

**pD6.2** The key controls for taxation are:

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

## **Responsibilities of the Deputy Managing Director**

**pD6.3** To complete all HMRC returns regarding PAYE.

**pD6.4** To complete a monthly return of VAT inputs and outputs to HMRC.

**pD6.5** To provide details to HMRC regarding the construction industry tax deduction scheme.

**pD6.6** To maintain up-to-date guidance for Council employees on taxation issues.

## **Responsibilities of Service Unit Managers**

- pD6.7** To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HMRC regulations.
- pD6.8** To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- pD6.9** To ensure that all persons employed by the Council are added to the Council's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.
- pD6.10** To follow the guidance on taxation issued by the Deputy Managing Director.

## **PD7 TRADING ACCOUNTS**

### **Why this is important**

- pD7.1** Trading accounts are becoming more common as local authorities develop a more commercial culture.

### **Responsibilities of the Deputy Managing Director**

- pD7.2** To advise on the establishment and operation of trading accounts.

### **Responsibilities of Service Unit Managers**

- pD7.3** To consult with the Deputy Managing Director where it is proposed that trading accounts are set up.

# Appendix E

## EXTERNAL ARRANGEMENTS

### PE1 PARTNERSHIPS

#### Why this is important

**pE1.1** Partnerships are likely to play a key role in delivering community strategies and in helping to promote and improve the well-being of the area. Local authorities are working in partnership with others – public agencies, private companies, community groups and voluntary organisations. Local authorities still deliver some services, but their distinctive leadership role is to bring together the contributions of the various stakeholders. They therefore need to deliver a shared vision of services based on user wishes.

**pE1.2** Local authorities will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations. Local authorities will be measured by what they achieve in partnership with others.

#### General

**pE1.3** The main reasons for entering into a partnership are:

- (a) the desire to find new ways to share risk
- (b) the ability to access new resources
- (c) to provide new and better ways of delivering services
- (d) to forge new relationships.

- pE1.4** A partner is defined as either:
- (a) an organisation (private or public) undertaking, part funding or participating as a beneficiary in a project
- or
- (b) a body whose nature or status give it a right or obligation to support the project.

- pE1.5** Partners participate in projects by:
- (a) acting as a project deliverer or sponsor, solely or with others
  - (b) acting as a project funder or part funder
  - (c) being the beneficiary group of the activity undertaken in a project.

- pE1.6** Partners have common responsibilities:
- (a) to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation
  - (b) to act in good faith at all times and in the best interests of the partnership's aims and objectives
  - (c) to be open about any conflict of interests that might arise
  - (d) to encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors
  - (e) to safeguard any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature
  - (f) to act wherever possible as ambassadors for the project.

## **Key controls**

- pE1.7** The key controls for Council partners are:
- (a) if appropriate, to be aware of their responsibilities under the Council's Financial Regulations and Contract Procedure Rules
  - (b) to ensure that risk management processes are in place to identify and assess all known risks
  - (c) to ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise

- (d) to agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences
- (e) to communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.

### **Responsibilities of the Deputy Managing Director**

- pE1.8** To advise on effective controls that will ensure that resources are used effectively.
- pE1.9** To advise on the key elements of funding a project. They include:
- (a) a scheme appraisal for financial viability in both the current and future years
  - (b) risk appraisal and management
  - (c) resourcing, including taxation issues
  - (d) audit, security and control requirements
  - (e) carry-forward arrangements.
- pE1.10** To ensure that the accounting arrangements are satisfactory.

### **Responsibilities of Service Unit Managers**

- pE1.11** To maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the Deputy Managing Director.
- pE1.12** To ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared for the Deputy Managing Director.
- pE1.13** To ensure that such agreements and arrangements do not impact adversely upon the services provided by the Council.
- pE1.14** To ensure that all agreements and arrangements are properly documented.

**pE1.15** To provide appropriate information to the Deputy Managing Director to enable a note to be entered into the Council's statement of accounts concerning material items.

## **PE2 EXTERNAL FUNDING**

### **Why this is important**

**pE2.1** 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 provide additional resources to enable the Council to deliver services to the local community. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the Council's overall plan.

### **Key controls**

**pE2.2** The key controls for external funding are:

- (a) to ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood
- (b) to ensure that funds are acquired only to meet the priorities approved in the policy framework by the Council
- (c) to ensure that any match-funding requirements are given due consideration prior to entering into long-term agreements and that future revenue budgets reflect these requirements.

### **Responsibilities of the Deputy Managing Director**

**pE2.3** To ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts.

**pE2.4** To ensure that the match-funding requirements are considered prior to entering into agreements and that future revenue budgets reflect these requirements.

**pE2.5** To ensure that audit requirements are met.

### **Responsibilities of Service Unit Managers**

**pE2.6** To ensure that all claims for funds are made by the due date.

**pE2.7** To ensure that the project progresses in accordance with the agreed project plan and that all expenditure is properly incurred and recorded.

## **PE3 WORK FOR THIRD PARTIES**

### **Why this is important**

**pE3.1** Current legislation enables the Council to provide a range of services to other bodies. Such work may enable a Service to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work are minimised and that such work is intra vires.

### **Key controls**

**pE3.2** The key controls for working with third parties are:

- (a) to ensure that proposals are costed properly and financial aspects are considered in accordance with guidance provided by the Deputy Managing Director
- (b) to ensure that contracts are drawn up using appropriate guidance, eg from the Deputy Managing Director and Legal Services Manager, and that the formal approvals process is adhered to.

### **Responsibilities of the Deputy Managing Director**

**pE3.3** To provide guidance with regard to the financial aspects of third party contracts.

## **Responsibilities of Service Unit Managers**

- pE3.4** To ensure that the approval of the Executive Board is obtained before any negotiations are concluded to work for third parties.
- pE3.5** To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Deputy Managing Director.
- pE3.6** To ensure that appropriate insurance arrangements are made.
- pE3.7** To ensure that the Council is not put at risk from any bad debts.
- pE3.8** To ensure that no contract is subsidised by the Council.
- pE3.9** To ensure that, wherever possible, payment is received in advance of the delivery of the service.
- pE3.10** To ensure that the Service Unit has the appropriate expertise to undertake the contract.
- pE3.11** To ensure that such contracts do not impact adversely upon the services provided for the Council.
- pE3.12** To ensure that all contracts are properly documented.
- pE3.13** To provide appropriate information to the Deputy Managing Director to enable a note to be entered into the statement of accounts.

# Document Retention Schedule

## Minimum period for retention of “financial” documents

Note: the following is based on the CIPFA Financial Information Service list which incorporates the results of a number of local agreements with HM Revenue and Customs.

Type of Document	Retention Period (Years)
<b>Accountancy/Financial</b>	
Budgetary monitoring reports	2 + current
Estimate working papers	2 + current
Financial ledgers (including year end reports)	6
Grant claim records	6
Investment records	6 after maturity
Journals etc	6
Leasing records	2 + current
Statement of accounts	6
VAT claims	6
VAT records	6
<b>Bank Related Records</b>	
Bank paying-in books/slips	6
Bank reconciliation papers	6
Bank statements	6
Cheque books and counterfoils	6
Cheque lists (creditors/payrolls)	2 + current
Cheques - cancelled	2 + current
Cheques – returned	2 + current
Loan records and correspondence	2 + current
<b>Contracts</b>	
Contract registers	Retain indefinitely
Final accounts:	
contracts executed under hand	6
contracts issued under seal	12
Successful tenders	6 after final payment
Unsuccessful tenders	Until final payment
<b>Creditor Records</b>	
BACS records	6

Copy orders	6
Credit notes	6
Creditor invoices	6
Delivery notes	6
Periodic payment records	6
Petty cash floats & imprest documentation	6

### **Income Records**

Cash receipting reconciliation records	6
Collection and deposit books	6
Correspondence (income)	6
Debtor records (non-current accounts)	6
Miscellaneous income receipts	6
Receipt books & record of books issued	6
Sales records	6

### **Insurance Records**

Insurance claims, correspondence	6
Insurance contracts – expired	Retain indefinitely
Insurance policy documentation	Retain indefinitely

### **Miscellaneous Records**

Capital works monitoring reports	2 + current
Car leasing and mileage records	6 from end of lease
Car loans	6
Community Charge records (non-current)	6
Computer system documentation	2 + current
Council Meetings: reports and agendas	Retain indefinitely
Council Tax records (non-current)	6
Departmental files for Building Control, Planning, and Trees (for Latent Damage Act purposes)	16
HM Revenue and Customs documentation	6
Inventory records	6
Land and property – purchase and disposal	Retain indefinitely
Land charges records	Retain indefinitely
Members' statutory registers (non-current)	4
Minutes - Council meetings: reference copy	Retain indefinitely
Mortgages: records/correspondence (non-current)	2 + current
Postal remittance lists	2 + current
Road fund licence records	2 + current
Stock lists	2 + current

Travelling and subsistence claims – officers, members	2 + current
Vehicle logs	2 + current
Vehicle/machinery leasing records	2 +current

### **Payroll**

BACS records and output	3
Building Society reports	3
Copy pay slips	6
Correspondence	6
NI number changes	3
Overtime records	6
Payroll adjustment documentation	6
Payroll reconciliations	6
Part time employees' documentation	6
Pension records	Retain indefinitely
SSP and SMP records	4
Staff transfer and leaver records	6
Starters' forms	2
Tax and National Insurance records	6
Tax code notifications	2 + current
Timesheets	6
Union records	2 + current

### **Personnel**

Flexible Working Hours records	1 + current
Personnel files (non-current)	6 + current
Staff contracts (non-current)	6
Unsuccessful candidates' job application forms	1