

FINANCIAL INSTRUCTIONS

INTRODUCTION

These Financial Instructions have been prepared for all staff of the Council who are responsible for financial matters during the course of their duties and must be observed at all times.

The Instructions equally apply to Governing Bodies and Headteachers who are responsible for the management of delegated budgets. Where applicable, all references to Strategic Directors / Officers should read to include the "Governing Body of a School".

Full compliance with the Instructions is also expected when Council Officers are operating in partnership with other external bodies. Where specific partnership arrangements prohibit this, there is a responsibility on relevant officers to ensure that the standards of financial administration are consistent with those operated by the Council and the approval of the Deputy Chief Executive and Strategic Director (Corporate Services) sought in arriving at alternative procedures and processes.

The Financial Instructions concentrate on the basics and give general guidance only. Detailed Departmental procedures, applicable to different areas of financial control, may supplement these (e.g. Financial Procedures for Support Workers, Direct Payments Financial Administrative Procedures). Unless otherwise approved by the Deputy Chief Executive and Strategic Director (Corporate Services), Financial Instructions prevail over any Departmental procedures that may have been issued.

These Financial Instructions should be considered in conjunction with the Council's Constitution, Rules of Procedure, Health and Safety Guidelines and other guidance issued by the Council.

Strategic Directors / Governing Bodies shall designate appropriate officers as authorised for the purpose of certifying financial transactions and shall agree these, including any limitations on their scope of authority, with the Deputy Chief Executive and Strategic Director (Corporate Services).

Employees have a duty if they suspect incidences of fraud, bribery, misappropriation, corruption or irregularity which impact on the Authority, to report such matters. This would normally be to a Strategic Director, Assistant Director, or equivalent or to the Internal Audit Section of the Corporate Services Department. However, if an employee has concerns with this approach then specific procedures for confidential reporting are contained within the 'Confidential Reporting Policy'.

Where there is doubt about any instruction, the Departmental Business Support Manager will offer guidance, or advice should be sought from the Deputy Chief Executive and Strategic Director (Corporate Services), where necessary.

The requirements of the Financial Instructions should be adhered to at all times. Failure to do so could, and probably will, lead to disciplinary action.

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SECTION ONE

ACCOUNTING AND BUDGETARY CONTROL

"The Council must be able to account for its actions and the expenditure of Public Money properly"

- 1.1 Strategic Directors shall identify and designate the holders of relevant posts as being authorised to certify financial transactions and / or be accountable for the management of budgets in accordance with Financial Procedure Rules. Business Support Managers shall be responsible for ensuring that appropriate processes are in place to ensure the recording of this designation is accurate and available to other relevant Officers at all times.
- 1.2 No Officer shall authorise or attempt to authorise the certification of a financial transaction where this would exceed the authority assigned to them.
- 1.3 Appropriately designated Officers shall ensure that all payments are correct, properly incurred, legal and within existing budget limits.
- 1.4 All payments shall be coded correctly in line with the coding structures prevailing at the time and after ensuring that there is sufficient budgetary provision remaining within the relevant budget head against which expenditure is to be incurred. This is vital to ensure accuracy of accounting and budgeting information and disclosure under the Government's Transparency agenda.
- 1.5 Similarly, Officers responsible for the accounting of income transactions shall ensure that a valid, appropriate code is attached to each transaction.
- 1.6 Designated responsible Officers shall ensure that they receive and review budget monitors on a regular basis (at least monthly). These should be derived, directly or indirectly, from the Council's Financial Information System (F.I.S.) which shall at all times be regarded as the prime record of budgetary control in terms of approved budgets and expenditure.

Designated responsible Officers shall also have the responsibility to:

- (i) Make arrangements for the accurate assessment of expenditure committed but not yet recorded as having been paid in F.I.S.; and
 - (ii) Make arrangements for the accurate assessment of income receivable where that income has not yet been recorded as having been received in F.I.S.;
 - (iii) Ensure that conditions attached to external funding sources are:
 - a. Notified to the relevant Departmental Business Support Unit;
 - b. Constantly consider any financial issues and any arising are reported promptly (e.g. repayment or clawback arising from a failure or projected failure to meet agreed outputs / outcomes);
 - c. That a certified return is completed and returned in a timely manner.
- 1.7 The designated Officers shall ensure that the periodic information provided from F.I.S. represents accurately the transactions they have incurred and that all necessary maintenance of F.I.S. has been carried out. Business Support Managers will be required to monitor the position to ensure that the integrity of F.I.S. is not undermined by the misuse of coding, through the existence of inadequate processes, or as a result of any other issue.

- 1.8 Business Support Managers will also be responsible for controlling the rectification of wrong codings and inaccurate budgets and will ensure that all suspense items are cleared promptly on an ongoing basis.
- 1.9 Designated responsible Officers shall have a duty to manage their budgets in order to obtain best value for money and ensure that the policies and priorities of the respective service areas are achieved efficiently and cost effectively. In doing so they must ensure that they discuss with and / or inform the Business Support Manager whenever issues of a budgetary nature arise. This will include circumstances where new or additional areas of expenditure or income are identified, or matters relating to the appropriateness of current budgets determine.
- 1.10 Business Support Managers are responsible for ensuring that there are regular and comprehensive monitoring meetings with designated responsible Officers to cover each and every budget heading. They are also responsible for reporting variations and pressures against approved budgets to their relevant Strategic Director and the Deputy Chief Executive and Strategic Director (Corporate Services) on a frequency to be determined by the Deputy Chief Executive and Strategic Director (Corporate Services); this frequency should be no greater than monthly.
- 1.11 Business Support Managers will be responsible for the preparation of Annual Final Accounts and budget estimates, in compliance with Financial Procedure Rules and all relevant Strategies, Plans, Policies and priorities of the Council, and in accordance with the timetable determined by the Deputy Chief Executive and Strategic Director (Corporate Services).
- 1.12 Strategic Directors are responsible for the provision of Quarterly Monitoring Information in relation to payments made to the voluntary sector or other outside organisations by way of grant or for services in support of Council priorities for which service is being delivered but is not governed by formal contract agreements.
- 1.13 It should be noted that these Instructions apply equally to revenue and capital items of income and expenditure.

SECTION TWO

INCOME

"All income received should be receipted"

2.1 GENERAL

- 2.1.1 Strategic Directors shall identify and ensure that only specifically authorised Officers are engaged in the receipt and collection of cash. Non-employees of the Council (for example, people undertaking work-based learning schemes with the Council) should not be required to collect cash unless they operate under close supervision and within the Insurance arrangements of the Council.
- 2.1.2 At all times those Officers involved in the administration of income must have regard to the overriding need for their personal safety and the safety of others; and the safe custody of that income. Compliance with any security / insurance arrangements that the Authority has in place must be ensured at all times. Those managers who are responsible for staff who are required to handle cash / cheque / cards, in liaison with the Deputy Chief Executive and Strategic Director (Corporate Services) and the Corporate Risk Management Section, shall ensure that a risk assessment has been undertaken on all cash and cheque handling duties to ensure all potential risks have been identified.

Where this assessment reveals weaknesses in procedures these need to be addressed immediately.

This risk assessment should be reviewed at least on an annual basis, but also with changing circumstances (e.g. new starters, change of location).

- 2.1.3 Each Officer involved in the receipt and collection of cash should have access to, and be familiar with these Financial Instructions and comply with these Instructions alongside any Departmental instructions that may be in force. Any advice or training should be provided via the relevant Departmental Business Support Unit.

2.2 CHEQUE PAYMENTS

- 2.2.1 Customers should be advised that cheques and postal orders should be fully completed by the payer with the necessary details i.e. payee (St. Helens Council) date, amount in words and figures, signature. On any occasion where the payee details are incomplete they should be completed with the words 'St. Helens Council'. Should other elements be incomplete then the cheque / postal order must immediately be returned to the customer.
- 2.2.2 Customers should be advised that cheques should be made payable to St. Helens Council and **not** to a Department, Division or Section. In no circumstances whatsoever should a cheque made payable to an individual Officer be cashed.
- 2.2.3 Post Dated Cheques must not be accepted unless by prior arrangement with the Deputy Chief Executive and Strategic Director (Corporate Services).
- 2.2.4 Cheques should be scrutinised to ensure their validity, in particular the matching of words and figures and verifying the date as valid. Special care should be taken when a cheque is received early in the new Calendar Year.

- 2.2.5 Cheque guarantee cards are no longer valid. A cheque payment for sales, fees or charges must not be accepted if:
- (i) The identity of the payer cannot be established with certainty;
 - (ii) The service for which the payment is in consideration cannot subsequently be cancelled without loss to the Authority.
- 2.2.6 Where a cheque is accepted, the name and address of the payer should be written on the back of the cheque, together with an appropriate reference number and the name or stamp of the establishment receiving the cheque.
- 2.2.7 Individual cheques received for over £1,000 must be passed to the appropriate banking point by 2.00 p.m. on the day of receipt whenever possible.

2.3 CREDIT/ DEBIT PAYMENTS

- 2.3.1 Credit/ Debit payments can only be received through the Council's cash receipting system. The Deputy Chief Executive and Strategic Director (Corporate Services) must approve all devices and locations used in the receipt of card payments.
- 2.3.2 Copies of card authorisation receipts issued at point-of-sale transactions must be kept in a secure location at all times and forwarded to the Accountancy & Financial Management Section in accordance with the security policy and standards prescribed by the Income Manager.
- 2.3.3 Where an additional fee is levied on customers using credit or debit cards, the customer must be made aware of this prior to the transaction taking place.
- 2.3.4 Staff receiving customer facing and telephone payments must do so only using the Council's cash receipting system. The Deputy Chief Executive and Strategic Director (Corporate Services) shall control access to this system. Only authorised and properly trained staff shall be permitted to transact card payments. Upon completion of a telephone payment transaction, the customer must be provided with the card authorisation code and the customer reference number as receipt of payment. On completion of a point of sale transaction (chip and pin payment) the customer must be provided with a paper transaction receipt and a card authorisation receipt.
- 2.3.5 It is a managers' responsibility to ensure that training is provided through the Council's Accountancy & Financial Management Section for all staff engaged in the receipt of telephone payments and customer facing transactions.
- 2.3.6 All staff involved in the acceptance of payments by credit / debit card must comply with the Payment Card Industry Data Security Standard (PCI DSS) Policies and Procedures as approved by the Deputy Chief Executive and Strategic Director (Corporate Services).
- 2.3.7 Internet payments must only be accepted through the Council's secure on-line payments site, following the approval of the Deputy Chief Executive and Strategic Director (Corporate Services) and agreement of the Council's I.T. Section. An email confirming payment must be sent to the customer via the email address provided during the payment process.
- 2.3.8 Other internet payments arranged via a third party must firstly be PCI DSS compliant; Attestation of Compliance must be provided by the Service Provider. The internet payment system also needs to be approved by the Deputy Chief Executive and Strategic Director (Corporate Services).

2.4 CARD PAYMENT KIOSK

- 2.4.1 The use of a Kiosk to accept credit / debit card payments can only be approved by the Deputy Chief Executive and Strategic Director (Corporate Services).
- 2.4.2 Kiosks must integrate with the Council's approved cash receipting system to ensure all income received by the Council is correctly recorded and reconciled within the general ledger.
- 2.4.3 The use of a card payment Kiosk must conform to the PCI DSS as approved by the Deputy Chief Executive and Strategic Director (Corporate Services).

2.5 CASH

- 2.5.1 Income accepted in cash should be in current Bank of England Notes and coinage, but may also include notes issued by the Banks of Scotland and Isle of Man.

The Council may also accept payments in Euro currency – advice as to prevailing conversion rates would be provided by the Council's Income Section.

- 2.5.2 As a protection against forged notes and coins, the Council reserves the right to refuse certain denominations of note, or types of currency on advice from the Bank of England or the police, where there is a high risk of forgery (see Section 2.15).
- 2.5.3 The Council will maintain a limit beyond which it will not accept cash payments without the permission of the designated Proceeds of Crime Reporting Officer. Further detail is provided in Section 2.16.

2.6 AUTOMATED PAYMENTS

- 2.6.1 Automated payments include payments received by BACS transfer, and Direct Debits, and are the most cost-effective method of receiving income.
- 2.6.2 Arrangements to receive BACS payments must be made through the Accountancy & Financial Management Section of the Finance Division. Where payments are anticipated, Departments must inform the Accountancy & Financial Management Section of Finance in advance (via email to treasury@sthelens.gov.uk), and provide a valid code and VAT indicator, against which the income can be associated with.
- 2.6.3 Direct Debit arrangements must be made through the Council's Debtors system, or through other approved financial systems. Services offering payment by direct debit may only do so on the approval of the Deputy Chief Executive and Strategic Director (Corporate Services).
- 2.6.4 Customers must be informed of any changes in direct debit amounts, or dates, in writing, at least 10 working days plus postage time before the changes are to become effective.

2.7 USE OF THIRD PARTY COLLECTION AGENTS

- 2.7.1 Third parties may only be used to collect income for the Council on the approval of the Deputy Chief Executive and Strategic Director (Corporate Services), and any arrangements must be subject to appropriate contractual arrangements, which protect the Council from any loss of income. All third parties must provide the Council with appropriate documentation to demonstrate amounts and timings of payments, and all income must be paid into the Council's bank account in accordance with

contractual arrangements.

2.8 RECEIPTING OF PAYMENTS

2.8.1 Receipt Books and Paying In stationery must be obtained from the Deputy Chief Executive and Strategic Director (Corporate Services). The following instructions apply in respect of official receipts for Council payments:

- (i) A receipt / ticket must be issued to the customer whenever a payment is received* and a record / copy of this must be retained;
- (ii) Only official receipts / tickets must be used;
- (iii) Receipts / tickets should be issued consecutively;
- (iv) Receipts must be fully completed, showing the customers name, the date, the amount, the cheque number if applicable and a description / reference relating to the sum received;
- (v) The receiving Officer should sign the receipt;
- (vi) Cancelled receipts should be retained;
- (vii) Receipts / tickets should be reconciled to the cash received and recorded in F.I.S.;
- (viii) If appropriate, Collecting Officers should sign for stocks of receipts and tickets, ensure they are stored securely and that they are issued / used consecutively.

* See Section 2.3 for receipting of telephone, point of sale and internet payments.

2.9 USE OF CASH REGISTERS AND OTHER TRANSACTION RECORDING DEVICES

2.9.1 Where a till, or similar device, is used to collect cash, a change float of a reasonable amount, and approved by an authorised Officer should be placed in the cash drawer prior to any transactions. Cash Registers should be checked to ensure that a suitable till roll is in place.

Only authorised Officers should retain Cash Register keys and appropriate recordings and readings should be made. These control readings should be taken, recorded and signed by two Officers at each shift changeover, and at the end of each working day.

2.9.2 The authorised Supervisor should sign the cash discharge sheet and indicate that the takings have been satisfactorily reconciled, accounting for any 'unders' and 'overs' and the Cash Register should be reset to zero before any further transactions take place. Where necessary, copies of control readings should be forwarded to the relevant Business Support Unit on a weekly basis, or retained on site in accordance with retention guidelines.

2.9.3 Discrepancies at a shift changeover should be recorded and investigated by the authorised Supervisor and appropriate under / over banking procedures followed.

2.9.4 All transactions should be entered via the Register for the correct amount and should appear on the till roll.

2.9.5 A receipt must be issued for each entry unless otherwise agreed by the Deputy Chief Executive and Strategic Director (Corporate Services).

2.9.6 Till rolls, and control readings, must be retained in accordance with retention guidelines.

2.10 COIN BOXES AND VENDING MACHINES

- 2.10.1 This covers any form of vending machine for drinks and snacks and also telephone coin boxes, photograph booths, pool tables or any machine which dispenses goods, whether owned by the Council, or for which Officers hold keys.
- 2.10.2 For machines for which keys are not held by the Council but are on Council premises, an Officer should be present when the representative of the machine owner opens that machine, particularly where a proportion of the income is due to the Council.
- 2.10.3 Keys to coin boxes and vending machines should be retained by an authorised Officer.
- 2.10.4 Machines should be emptied at regular intervals and excessive amounts of cash should not be left in machines.
- 2.10.5 Two Officers should be present when cash is emptied from machines and the cash should be counted in the presence of the two Officers. At the same time, meter readings should be taken and recorded.
- 2.10.6 The following information should be recorded when a machine is opened:
- (i) Date;
 - (ii) Amount emptied;
 - (iii) Meter readings where appropriate;
 - (iv) The signatures of the two Officers present;
 - (v) Any discrepancies.
- 2.10.7 The Supervising Officer should check records on a regular basis.
- 2.10.8 Records and meter readings should be retained in accordance with retention guidelines.

2.11 POSTAL REMITTANCES

- 2.11.1 The sending of cash through the post should be discouraged. If cash is received, it should be verified in the presence of another Officer and recorded on a Remittance Register before being paid promptly into the Council's bank account.
- 2.11.2 Cash remittances should be recorded in the Register immediately after the mail is opened and record the following details:
- (i) Date (of receipt of payment);
 - (ii) Name of payer;
 - (iii) Amount;
 - (iv) Comments / details of payments;
 - (v) Details of when passed for banking.
- 2.11.3 Cash remittances should be banked in accordance with the requirements of Section 2.13 and reference to the corresponding 'paying in' slip should be recorded on the Remittance Register.

2.12 SECURITY

- 2.12.1 All Officers involved in collecting / paying in cash from / to Council offices, banks, post offices etc must have regard to both personal safety (of themselves and all others) and the security of the Council's monies. Reference should be made to the Council's Health and Safety Guidelines on cash handling.
- 2.12.2 Every Officer involved in the handling of money is responsible for its correctness and safe custody.
- 2.12.3 Both parties / Officers should sign or otherwise obtain an appropriate form of discharge when custody of money is transferred from one party / Officer to another.
- 2.12.4 This requirement also applies to the transfer of money from one Officer to an Agent acting for the Council e.g. Security Firm. Officers should properly satisfy themselves as to the official identity and status of a third party prior to any transfer being made.
- 2.12.5 All monies must be locked in a safe receptacle and not left unattended unless safely stored. The practices applicable within each location should, in no instance, compromise the Authority's insurance arrangements, and managers have a responsibility to ensure this is adhered to.
- 2.12.6 Access to monies should be restricted to designated personnel and Officers should properly satisfy themselves as to the official identity and status of a third party (e.g. auditors) when required.

Keys giving access to safes, drawers, etc. should only be retained by designated Officers.
- 2.12.7 Amounts retained in premises overnight should be kept to a minimum, and must be within the appropriate insurance cover limits.
- 2.12.8 Collecting Officers should have their own key and their own cash drawer or box (if possible).
- 2.12.9 Council money must be kept separate from private or unofficial monies at all times. Private or unofficial monies are not covered by the Council's insurance. Council money must not be used for unofficial purposes.
- 2.12.10 Unless express and specific approval has been given to the contrary all monies collected must remain intact and not be used for reimbursements or purchases.
- 2.12.11 Official monies should not be used to cash personal cheques or make personal advances. Any contravention of this regulation constitutes gross misconduct, and may also result in police action against the individual concerned.
- 2.12.12 Officers should not retain large sums of money on their person.
- 2.12.13 Where the facility exists for monies to be collected via the Authority's cash transit arrangements, managers have a responsibility to ensure that this is exercised.
- 2.12.14 Cash should also be scrutinised to guard against forgeries. The Bank of England guide on forged notes should be read and displayed to the public (see Section 2.15).

2.13 BANKING AND DEPOSITS

- 2.13.1 Every Collecting Officer must pay in all cash, cheques and postal orders in such a manner and at such frequent intervals as determined by the Deputy Chief Executive and Strategic Director (Corporate Services). In any event, the frequency of banking cash must have regard to the requirements of Section 2.12.5, whilst cheques totalling in excess of £1,000 should be banked within 24 hours of receipt. Cheques totalling below this limit and all cash receipts should be banked on a minimum weekly basis.
- 2.13.2 Where the volume or value of cash / cheque receipts received by a particular section / establishment is low, or the regularity of such receipts is infrequent, arrangements must be made with the relevant Business Support Unit or the Income Manager to transact bankings via another appropriate section whose transactional values / volumes demand more timely or frequent banking. In these instances, a discharge for the transfer of cash / cheques should be received.
- 2.13.3 All bankings must be balanced to receipts and any under or over banking recorded on the relevant accounting documents. A record of a cashier's / establishment's under or over banking shall be maintained by the Income Section and, where circumstances determine, this shall be disseminated to relevant service managers for review and the implementation of appropriate actions.
- 2.13.4 Cash should be counted and reconciled in the presence of two officers who should sign supporting records so as to confirm to cash total.
- 2.13.5 All relevant documentation must be fully and accurately completed.
- 2.13.6 Bankings should be paid direct to the Council's Bank Account, to the Council's Post Office Account or to any Security Firm engaged by the Council for this purpose.
- 2.13.7 A NatWest cash and cheque and Post Office banking procedure manual has been drafted and is regularly updated by the Income Section – the content of this Manual should be followed when making deposits with the Authority's bankers.
- 2.13.8 For all monies deposited at a Post Office or other authorised collection point, a receipt must be obtained. No monies must be left without obtaining an appropriate form of discharge.
- 2.13.9 Information on a Bank Paying-in Slip or Post Office Paying-in Slip should be in accordance with the requirements of each bank or Post Office. The department or section paying in should be noted on the slip for identification purposes and the slip must be signed. The slip should also record the amount(s) of each individual cheque and the receipt number / debtor's name. The name of the drawer of the cheque (if different from the name of the debtor) should be recorded.

2.14 EXTERNAL ACCOUNTS

- 2.14.1 All external accounts raised relating to income due to the Council should be raised promptly and in accordance with the detailed procedures laid down within the Council's Debt Recovery Policy and the related Debt Recovery Procedures & Practices. The Debt Recovery Policy identifies all such accounts as covering:
- (i) Council Tax;
 - (ii) Business Rates (National Non Domestic Rates);
 - (iii) Housing Benefit Overpayment;
 - (iv) Car Parking Fixed Penalty Notices;

- (v) Sundry Debts;
- (vi) Environmental Fixed Penalty Notices;
- (vii) Salary Overpayments.

2.14.2 Unless otherwise approved by the Deputy Chief Executive and Strategic Director (Corporate Services), all Sundry Debt accounts must be processed through the Ash Debtors system; application for access to the system must be made via the I.T. Licensing Database and will only be granted following mandatory training.

2.14.3 All new debtor numbers within the Ash Debtors system will be created solely by the Accountancy & Financial Management Section and will only be raised following completion of a pro forma request form by client departments.

2.14.4 All accounts should contain sufficient information to allow the debtor to confirm the charge raised and to facilitate prompt payment.

2.14.5 All accounts will be sent out to clients by the arrangement of the Council's Accountancy & Financial Management Section except where prior agreement has been made with the Deputy Chief Executive and Strategic Director (Corporate Services) for departments / sections to send out their own accounts (primarily where additional documentation needs appending).

2.14.6 Retention of supporting documentation should be kept for a minimum three years, but indefinitely where an account is subject to Legal dispute or ongoing recovery processes.

2.14.7 Any requests from the Accountancy & Financial Management Section or the Council's Legal Section to enable outstanding sums to be recovered must be dealt with promptly. This will include the provision of full supporting documentation when required.

2.14.8 Any requests for information / advice to ensure the correct treatment and application regarding VAT should be addressed via Departmental Business Support Units.

2.14.9 A full audit trail should be available and retained when any account is subject to the raising of a credit note and the Authorising Officer must ensure that credit notes are valid in all instances prior to providing that authorisation.

2.15 FORGED CURRENCY

2.15.1 Where facilities have been provided for the scrutiny of bank notes, these must be used at all times.

2.15.2 Currency identified or suspected as being forged should be dealt with in accordance with prevailing Bank of England guidance. The Council's Income Section will provide guidance as to what actions need to be taken in such an event.

2.15.3 On advice from the Bank of England, or from the Police, the Council may refuse certain denominations, or types of currency, where there is an increased risk of forgery. In such circumstances, an instruction may be issued by the Deputy Chief Executive and Strategic Director (Corporate Services), and prominently displayed in all facilities where cash is received.

2.16 MONEY LAUNDERING REGULATIONS / PROCEEDS OF CRIME ACT

2.16.1 The Council has appointed a Money Laundering Reporting Officer, in compliance

with the legislative requirements. This role is the responsibility of the Income Manager.

- 2.16.2 In assessing the statutory requirements, the Council has set a relevant limit at £2,000. The Deputy Chief Executive and Strategic Director (Corporate Services) will review this amount at frequent intervals.
- 2.16.3 Receipts of cash in excess of this amount should be refused unless in exceptional circumstances. Where it may be necessary to accept cash in excess of this amount, the transaction must be referred to the Council's Money Laundering Reporting Officer for approval.
- 2.16.4 The Council must take reasonable steps to protect itself from receiving the proceeds of crime, whether in cash, or in other transactions. The Money Laundering Reporting Officer is responsible for providing training and guidance on the Act to staff involved in receiving, or negotiating, transactions.
- 2.16.5 Staff involved in receiving or negotiating transactions should be familiar with the Council's Proceeds of Crime / Anti Money Laundering Policy and have regard for unusual transactions, or business practices such as:
- (i) Use of cash where other means of payment would be more usual;
 - (ii) Unusual transactions or ways of conducting business;
 - (iii) Secretiveness / evasiveness;
 - (iv) Use of overseas companies;
 - (v) New companies;
 - (vi) Companies with nominee directors;
 - (vii) Payment of deposits, which are wanted back;
 - (viii) Lack of 'traceability';
 - (ix) Lack of a track record for companies / individuals;
 - (x) Approach to Council to be involved in novel sorts of business or transaction;
 - (xi) Involvement in developments with unusually generous terms;
 - (xii) High bids for land sales or other assets;
 - (xiii) Request to structure a deal a particular way 'for tax purposes'.
- 2.16.6 Where suspicion is aroused, the staff involved must refer the transaction to the Money Laundering Reporting Officer, who will decide whether to accept the transaction, or to make a referral to the National Crime Agency.
- 2.16.7 Officers should be aware that even unwitting receipt of the proceeds of crime, may lead to personal liability for prosecution.

2.17 CASH FLOATS

- 2.17.1 Change Floats held shall be the responsibility of a specified Officer. Business Support Units must approve the creation of additional cash floats; should retain a list of all floats held within their respective department; and be notified of any discrepancy, authorised transfer of responsibility or new specified Officer.
- 2.17.2 Strategic Directors have a responsibility to ensure adequate procedures are in place to ensure floats are properly controlled and accounted for, and periodic reviews are undertaken to ensure probity.
- 2.17.3 Floats must be retained in a secure environment, separate from other Council monies and comply with the Council's insurance arrangements.

2.17.4 Floats should not be used to reimburse any cash expenditure (see Petty Cash) or personal requirements under any circumstances.

2.17.5 Specified Officers must certify a form each year issued by their Business Support Unit stating the value of the float held at their respective establishment. Any discrepancies between amounts recorded and returns received must be investigated and reported, as appropriate, by the Business Support Manager.

2.18 FEES AND CHARGES

2.18.1 Strategic Directors shall identify and delegate Officers of relevant posts as having certain responsibilities in respect of fees and charges. These responsibilities include:

- (i) The need to review all fees and charges on a (minimum) annual basis and ensure that approval to charges is secured;
- (ii) (For key income generating areas) the need to conduct and gain approval to a fundamental charging review at prescribed intervals;
- (iii) The need to ensure that fees and charges are recovered or billed on a timely basis, and wherever possible at the point of, or in advance of, the provision of goods / services;
- (iv) The need to maintain up-to-date charging data on the Council's official systems.

2.18.2 The review of fees and charges must be undertaken in line with the Corporate Charging Policy (Intranet>Workplace>Document Library).

2.18.3 For the avoidance of doubt, and in relation to 2.18.1:

- (i) the requirements will apply equally to income arising from all Service Level Agreements (SLA's) and/or equivalent arrangements; and
- (ii) Strategic Directors shall ensure that services that are subject to a NIL charge are identified and reviewed on an (minimum) annual basis.

SECTION THREE

EXPENDITURE

"Expenditure must be legal, appropriate, necessary and within budget provision"

3.1 EXPENDITURE - GENERAL

- 3.1.1 No commitment to incur expenditure should be made before ascertaining that the purpose and extent of the expenditure is legal, properly authorised and is covered by an approved budget provision, or specifically approved by the Deputy Chief Executive and Strategic Director (Corporate Services). The Constitutional requirements of the Council must be observed at all times, including compliance with Financial and Contract Procedure Rules.
- 3.1.2 No arrangements for the rental, hire or leasing of property, plant or equipment shall be made without the express approval of the Deputy Chief Executive and Strategic Director (Corporate Services).
- 3.1.3 The awarding of any grant to a third party must be made in full compliance with the provisions of the Financial Procedure Rules.
- 3.1.4 The Council's Corporate Procurement Section will specify the official systems by which requisitions and / or orders must be submitted and will issue relevant guidance and procedural requirements, which must be followed at all times. Currently, these systems will include the E-Proc System and specific systems relating to Agency Staff and Travel & Accommodation.
- 3.1.5 Official orders must be issued for all goods and services with the exception of recurring payments e.g. insurances, rents, rates, telephone charges, gas, electricity, water, petty cash purchases, or any other services specifically approved by the Deputy Chief Executive and Strategic Director (Corporate Services) e.g. barrister's instructions. Any verbal orders must be kept to an absolute minimum and be confirmed immediately by an official order. All orders must be issued in accordance with approved Purchasing Procedures and Practices and should, wherever possible, fully comply with the Council's procurement processes.

Unless agreed with the Service Manager - Accounts Payable, under no circumstances should requisitions or orders be raised 'retrospectively' upon or after the receipt of an invoice for goods and / or services.

- 3.1.6 All requisitions exceeding £500 made via the E-Proc system will require authorisation by the appropriate Strategic Director (or a duly delegated member of their Management Team). This limit has been set so as to tie in with the requirements of the Government's Transparency Code (see Section 3.19). It is imperative that orders placed are requisitioned for the full amount of goods and services ordered. There should be no artificial splitting of orders in an attempt to circumvent the requirement for orders exceeding £500 to be approved by a Strategic Director.
- 3.1.7 All goods and services must be checked on receipt or completion, the delivery note or other record signed by the person receiving the goods, and any discrepancies notified immediately in writing to the supplier.
- 3.1.8 It is acknowledged that the Council may, in certain instances, be prepared or forced to enter into an arrangement of payment in advance of provision. In those limited

circumstances where it is appropriate for payments to be made in advance of the provision of services or receipt of goods or services, the arrangement must be formalised by way of an Administrative Decision in consultation with the Deputy Chief Executive and Strategic Director (Corporate Services). In doing so, risk management and review mechanisms should be incorporated to ensure that any potential liabilities are minimised.

3.1.9 Certification of sums for payment can only be provided by an Officer authorised to do so. An adequate and appropriate separation of duties must be adhered to at all times throughout the ordering, receipting and payment authorisation process.

3.1.10 In the event of a supplier going into administration or liquidation, the Accounts Payable Section should be contacted immediately in order that the supplier's account is placed on hold pending confirmation and instruction from the administrator.

3.2 PROCESS FOR THE PAYMENT OF INVOICES (WHERE OFFICIAL ORDER HAS BEEN RAISED VIA THE E-PROC SYSTEM)

3.2.1 Signed delivery notes should be retained by the appropriate Officer and the Council's E-Proc system should be updated to that effect immediately upon receipt. Proper and timely entries must be made in the inventories or stores records where appropriate. This record should only be made after ensuring that the goods, works or services have been ordered, received, examined and approved as to quality and quantity.

3.2.2 Unless other arrangements have been specifically approved by the Deputy Chief Executive and Strategic Director (Corporate Services), suppliers will be automatically requested, via the official order, to send invoices to the address at which the Council's Accounts Payable Section is located and must include the name of the Council, Department, order number(s), details of the works, goods or services supplied, and any reference to delivery notes (where applicable).

3.2.3 Upon receipt of the invoice, the Council's Accounts Payable Section will extract all the relevant data from the invoice to match against data held on the E-Proc system and, where matches are in accordance with defined Business Rules (relating to correctness of supplier, receipt of goods / services* and invoiced prices), the payment of that invoice will be made through the appropriate payment systems. An electronic copy of the document will be held in a legally permissible format to satisfy any relevant obligations.

* Subject to the provisions of Section 3.1.8

3.2.4 Where a full match is not feasible, the invoice will be referred to requisitioning / approving Officers (of the original requisition) and an electronic copy of the invoice provided to assist in resolving whether the invoice should be paid or not.

3.2.5 The Council's official E-Proc system must be used, as instructed, to record actions taken by the respective Officers upon receipt of a notification of a non-match. This will subsequently determine whether the invoice is to be paid or not.

3.2.6 Responsibility for resolving any incorrect invoices (by way of requesting credit notes or any other action) rests with the authorising Officer of the original requisition. At all times, the official systems must be used to record the steps taken in undertaking this resolution. All actions must be undertaken in a prompt manner.

3.2.7 Non-compliance with official system procedures will result in an escalation of the matter to senior management in a timely fashion.

- 3.2.8 Unless agreed by the Service Manager - Accounts Payable, no invoices relating to official purchase orders should be paid via any other mechanism and it is the responsibility of the authorising Officer to ensure that this is the case.
- 3.3 PROCESS FOR THE PAYMENT OF INVOICES (WHERE NO OFFICIAL ORDER HAS BEEN RAISED VIA THE E-PROC SYSTEM)
- 3.3.1 It is appropriate for some goods and services not to be ordered via the Council's official procurement systems (see 3.1.2 above) and in such circumstances the subsequently received invoice will not relate to an official purchase order. The processes relating to these invoices will be subject to change, but currently the suppliers must be requested to send invoices to the address of the Council Section that is the formal recipient of those goods, works or services. Invoices must include the name of the Council, Department, details of the works, goods or services supplied and any reference to delivery notes (where applicable).
- 3.3.2 A Strategic Director or his / her authorised representative shall be responsible for the certification of invoices having taken appropriate checks to ensure:
- (i) The goods, works or services to which the invoice relates have been ordered, received, examined and approved as to quality and quantity or that the work has been done satisfactorily in accordance with the order (subject to provisions of 3.1.8);
 - (ii) That the prices, trade discounts, arithmetic, expenditure code and V.A.T. allocation are correct;
 - (iii) The expenditure is lawful;
 - (iv) The expenditure complies with all requirements of the Council Constitution, with particular regard to both Contract and Financial Procedure Rules;
 - (v) That appropriate entries have been made in inventories, stores records or stock records as appropriate;
 - (vi) That no previous payment has been made in relation to the invoice in question;
 - (vii) The invoice is appropriately addressed to the Council; and
 - (viii) That VAT is correctly treated, where appropriate (see Section 6).
- 3.3.3 Authorised invoices, together with a properly completed input document ('Type 1'), must be passed to the Accounts Payable Section at the earliest opportunity and, in all instances, in sufficient time to enable payment to be processed within agreed payment terms (see also 3.5.1 below). Copy invoices must be endorsed with an adequate explanation for the non-availability of the original invoice and confirmation given that the amount has not been previously paid. Under no circumstances should payment be made purely on the basis of supplier statements having been received.
- 3.3.4 All 'Type 1' requisition documents must clearly indicate whether the payment relates to services provided under the provisions of the HMRC Construction Industry Tax Deduction Scheme. The manner of so doing will be that as instructed by the Deputy Chief Executive and Strategic Director (Corporate Services).
- 3.3.5 No invoices should be paid via 'Type 1' requisition documents when they relate to an official order that has been requisitioned through the Procurement System.
- 3.3.6 Credit notes must be authorised in the same way as invoices and should refer to an original invoice to ensure that there is a complete audit trail. The Credit Note Indicator should be CR and amounts on the input slip ('Type 1') should be written in red.

3.4 PROCESS FOR THE PAYMENT OF SUMS WHERE NO INVOICE HAS BEEN RECEIVED

- 3.4.1 No payment should be made to parties without good reason for not having obtained an official invoice. Where official invoices are definitively unobtainable, a payment requisition to the Accounts Payable Section shall be made via the corporate 'Type 2' system.
- 3.4.2 In these circumstances, the Officer requisitioning the payment must attach all other documentation that can be used to fully substantiate payment. This documentation must be available to, and thoroughly checked by the relevant authorising and certifying Officers (and the relevant Strategic Director where the payment exceeds £500, the limit set by the Government's Transparency Code – see 3.4.9). The provisions of Section 3.1.8 must also be considered, where appropriate.
- 3.4.3 The 'Type 2' system must be completed with sufficient narrative detail to explain the exact nature of payment. Authorising and Certifying Officers have a responsibility for ensuring this is enforced. VAT cannot be recovered through the 'Type 2' system. If VAT is paid through the 'Type 2' system, the VAT element must be coded to suspense and a VAT receipt obtained. This should be passed to the relevant Business Support Unit for clearance.
- 3.4.4 In completing 'Type 2' requisitions, it is imperative that all related guidance provided by the Finance Division is adhered to. This will include the critical need to ensure that an invoice cannot be received relating to the sum payable and that payment has not already been made via any other means.
- 3.4.5 Claims for Officer travel or subsistence reimbursement cannot be processed via the 'Type 2' system – these claims must be made in accordance with the appropriate processes, as contained in the official Guidance prepared by the Council's Human Resources Division.
- 3.4.6 Payment of other claims (by Officers of the Council or external parties) must be subject to the completion of an appropriate form submitted by the recipient and wherever possible paid in accordance with the provisions of Section 3.3 of this document, as opposed to via a 'Type 2' method.
- 3.4.7 Except where specific approval to the contrary has been secured, payment of grants to third parties may only be made after an appropriate decision has been made in accordance with the Council's Constitutional requirements (i.e. via Delegated Executive, Executive, or Council decision). In doing so, and where appropriate, the provisions as stipulated in the Council's Financial Procedure Rules must be complied with and robust procedures must be in place in relation to the grant awarding process including, where appropriate:
- (i) Advertisement of grant opportunity;
 - (ii) Application processes and timescales;
 - (iii) Defined eligibility criteria;
 - (iv) Assessment of application;
 - (v) Decision making process;
 - (vi) Approval processes;
 - (vii) Notification procedures;
 - (viii) Monitoring and reporting procedures;
 - (ix) Repayment and clawback arrangements.

Payment must be preceded by formally agreed Service Level Agreements (Funding agreements), which should outline, amongst other things, Purpose of Spend /

Services provided, payment dates, outcomes / outputs expected, termination / breach arrangements. Copies of these Funding Agreements need to be forwarded to the Accountancy Section for checking and retention prior to payments being made.

- 3.4.8 The Deputy Chief Executive and Strategic Director (Corporate Services) has the right to reject, cancel, or put on hold any individual requisition where it is considered appropriate to do so. This will include instances where there is a lack of documentation attached to the requisition and / or where payment should be made by other means. The Deputy Chief Executive and Strategic Director (Corporate Services) will nominate Officers to be provided with authority to undertake this task.
- 3.4.9 All payments exceeding £500 made via the 'Type 2' system will require authorisation by the appropriate Strategic Director (or a duly delegated member of their Management Team). This limit has been set so as to tie in with the requirements of the Government's Transparency agenda (see Section 3.19). It is imperative that payment requisitions are for the full sum due. There should be no artificial splitting of payments in an attempt to circumvent the requirement for payments exceeding £500 to be approved by a Strategic Director.

3.5 PROCESS FOR THE PAYMENT OF INVOICES (GENERAL)

- 3.5.1 All invoices that are considered appropriate for payment must be paid within agreed payment terms. To ensure that late payments are minimised, invoices received from suppliers must be considered immediately upon receipt and either passed to the Accounts Payable Section for processing or be subject to appropriate actions to resolve any dispute or other issue requiring resolution (see Section 3.20 re Prompt Payment). When passing invoices for payment, the 'Type 1' input slip must be clearly marked to that effect whenever the invoice has been subject to a dispute with the provider that has held up the processing of the invoice.
- 3.5.2 The Accounts Payable Section will control the timing of payment in accordance with the payment terms established for each vendor, and will calculate and deduct early payment discount as appropriate.
- 3.5.3 Any variation to the standard 30-day payment terms must be agreed and approved by the Deputy Chief Executive and Strategic Director (Corporate Services), or representative, prior to any payments being made.

The Accounts Payable Section should be notified in the earliest instance when payment terms other than the standard 30 days have been agreed.

- 3.5.4 The Deputy Chief Executive and Strategic Director (Corporate Services) will specify the method of dealing with regular periodical payments and information concerning any change in, or the cessation of such liability, must be notified by the designated responsible Officer immediately, as soon as such arises.
- 3.5.5 For all suppliers, vendor records including payment terms will be established by the Accounts Payable Section on receipt of a properly authorised vendor requisition together with the initial account payable. For that purpose, a vendor amendment / approval system will exist and be maintained at all times.
- 3.5.6 Every attempt should be made to facilitate the payment of sums by BACS and suppliers should be encouraged to provide full account details on official supplier stationery as part of the vendor requisition process.

- 3.5.7 The Service Manager - Accounts Payable will design and implement robust processes and checks around the creation and amendment of bank details where payments are to be made by way of BACS. These must be applied at all times.
- 3.5.8 No VAT must be reclaimed without sufficient detail included on the relevant documentation to substantiate the transaction, and steps must be taken to ensure that the coding of VAT is appropriate in all cases - including the necessary liaison with the Officers of the Departmental Business Support Unit or the Authority's Principal Accountant (Taxation). Under no circumstances should the VAT on a supplier's invoice be amended – it must be returned to the supplier if such amendments are required alongside a request for a revised invoice to be resubmitted.
- 3.5.9 Cheques will **not** be returned to Originating Officers without sufficient justification and an appropriate Officer must certify any such requests. Such instances must be considered as exceptional, since provision exists within processes and procedures for documentation required to accompany cheques to be posted directly from the Accounts Payable Section.
- 3.5.10 Credit notes, refunds or other appropriate redress must be obtained where payments have been made and goods are subsequently deemed faulty, services considered unsatisfactory or payment has resulted in an overpayment.
- 3.5.11 All payments to individuals may only be made after full consideration of, and in full compliance with, those procedures specified by the Head of Human Resources. Detailed Guidance Notes will be prepared and maintained that will assist in ensuring that the Council's obligations in determining whether individuals undertaking work on behalf of the Council are to be treated as employed or self-employed and the associated treatment of payments due in relation to tax and National Insurance deductions.
- 3.5.12 No payments should be made in advance of the receipt of goods or services subject to the provisions of Section 3.1.8.
- 3.5.13 The Service Manager - Accounts Payable will implement a system of control for all un-presented cheques and will put processes in place that may lead to the cancellation of un-presented cheques after a defined period, after consulting with other Officers. It is incumbent on all Officers to respond promptly to requests of the Service Manager - Accounts Payable as part of this process.
- 3.5.14 The Service Manager - Accounts Payable will implement a system of control for the identification of potential duplicate payments and will put processes in place that may lead to the cancellation or delay of payment. It is incumbent on all Officers to respond promptly to requests of the Service Manager - Accounts Payable as part of this process. Where it is confirmed that requisitions that have resulted / would result in duplicate payments have been passed to the Accounts Payable Section it is the responsibility of the relevant Business Support Unit to ensure that a full analysis of the circumstances is made and actions implemented to prevent this occurring again at some future stage.
- 3.6 INSTANCES WHERE ORIGINAL (PAPER) INVOICES ARE REQUIRED TO BE RETAINED
- 3.6.1 It is the responsibility of the respective project managers to ensure the retention of original (paper) invoices where scheme / project funding requirements dictate this to be a necessity. Timely liaison with the Service Manager - Accounts Payable is required to satisfy these requirements so as to protect the interests of the Authority.

3.7 ACCOUNTS PAYABLE - FEEDER SYSTEM PAYMENTS

- 3.7.1 Officers responsible for the control and management of systems capable of generating payment instruction files for interface to the Accounts Payable system (e.g. Benefits, Electoral Services, Payroll) must ensure that:
- (i) File formats conform to Accounts Payable system requirements and any subsequent changes are previously agreed with the Service Manager - Accounts Payable and I.T. Development;
 - (ii) Files are properly validated before passing to the Accounts Payable Section;
 - (iii) Properly authorised control totals are passed to the Accounts Payable Section in advance of the payment dates and used to confirm the authenticity of files received.;
 - (iv) Be satisfied that the control total reconciles to F.I.S.

3.8 ACCOUNTS PAYABLE - YORKSHIRE PURCHASING ORGANISATION (Y.P.O.)

- 3.8.1 The Authority has purchasing arrangements in place with Y.P.O. covering a wide range of goods and services. Controls applying to general invoices will generally apply, and purchase orders to Y.P.O. must be raised through the Council's E-Proc System wherever possible.
- 3.8.2 Arrangements are in place with Y.P.O. whereby delivery of goods will automatically trigger payment and accounting through a magnetic tape billing process linked to a direct debit payment arrangement.
- 3.8.3 The budget holder's nominated Officer must ensure that payments extracted from the Authority's Bank Account through the direct debit arrangement, as per the Automatic Payment Schedule, are reconciled to delivery notes. Advice of payments made will be provided to designated Budget Managers via the Council's I.T. infrastructure or via Departmental Business Support Units where access is not available through the I.T. network. Any discrepancy on delivery should be taken up with Y.P.O. directly. Any payment queries should be directed to the Departmental Business Support Unit.
- 3.8.4 For a limited number of specific supplies Y.P.O. has organised contractual call-off arrangements, which will be ordered from the nominated supplier directly, by the use of the Authority's E-Proc system. Payment will be made directly to the supplier in the normal way.

3.9 ACCOUNTS PAYABLE - OTHER 'AUTOMATED PAYMENT MECHANISMS'

- 3.9.1 Arrangements are in place for the 'automatic' payment of sums to other creditors upon receipt of appropriate VAT documentation and electronic invoice files (e.g. Matrix, Capita, Scottish Power, HP, British Gas).
- 3.9.2 The nominated budget holder will be informed via the Lotus Notes network, or Departmental Business Support Units, of the charges debited against their budget and have the responsibility to ensure that any charges made are fair and proper. Where the charges are considered not to be so, the budget holder has the responsibility for contacting the relevant supplier and arranging appropriate action relating to the charge, with the additional responsibility for ensuring that such actions are carried through.
- 3.9.3 All considerations relating to the potential use of automated payment mechanisms with additional creditors must fully involve the Service Manager - Accounts Payable,

and cannot proceed without the express permission of the Deputy Chief Executive and Strategic Director (Corporate Services).

3.10 ACCOUNTS PAYABLE - SELF-BILLING ARRANGEMENTS

3.10.1 Arrangements have been agreed with Her Majesty's Revenue and Customs (HMRC), and are in place within Council procedures, for the operation of a self-billing scheme in relation to major building, construction and engineering contract works.

3.10.2 All staff involved in the making of payments to contractors under these arrangements must be fully conversant and compliant with the detailed self-billing instructions prepared by the Deputy Chief Executive and Strategic Director (Corporate Services). All contracts entered into where self-billing arrangements are to apply must include approved provisions. The Deputy Chief Executive and Strategic Director (Corporate Services) will agree such wording via the Council's Principal Accountant (Taxation).

3.10.3 The Accounts Payable Section will process payment to the contractor upon receipt of the appropriately completed and certified payment certificate.

3.10.4 Schools must be aware of their specific responsibilities in relation to these arrangements and seek advice from their Business Support Manager where appropriate.

3.11 BUSINESS CARDS (incorporating Credit and Debit Cards)

3.11.1 Certain Officers / Members will be authorised to transact in specific circumstances via Council Business Cards, with credit limits being determined by the Deputy Chief Executive and Strategic Director (Corporate Services).

3.11.2 Procedure rules governing the use and control of these cards are in place and issued by the Deputy Chief Executive and Strategic Director (Corporate Services), with the responsibility for adherence by the individual cardholder being of the utmost importance.

3.11.3 Those rules will also determine the arrangements by which individual transactions are recorded in the Authority's financial systems and the obligations on the part of the cardholder to evidence all such transactions.

3.11.4 Cardholders will be reminded of their obligations on a periodic basis, a copy of the 'Indemnity Form for the use of Council Business Cards' will be emailed to each.

3.12 PAYMENT OF SALARIES, WAGES AND ALLOWANCES

3.12.1 All arrangements for the payment of salaries, wages and other emoluments to Members, employees or former employees of the Council shall be approved and controlled by the Head of Human Resources.

3.12.2 Any instructions by an authorised Officer to amend payroll records should be either by use of the appropriate pre-formatted payroll document, fully completed and duly authorised, or an alternative document in a form previously approved by the Head of Human Resources.

3.12.3 All claims for remuneration such as timesheets, overtime, expenses, college and subsistence allowances, mileage and lump sum, by individual employees, must be made on the appropriate pre-formatted documentation, fully completed and signed by the employee and certified by an authorised Officer. This document may be in

electronic form. All claims should be submitted by the processing deadlines set by the Head of Human Resources and checked for appropriateness by Human Resources staff prior to being processed.

3.12.4 Budget Managers must promptly satisfy themselves that payroll transactions in respect of their budget are accurate in terms of value and coding, that all employees exist, all leavers have been terminated and suspensions have been accounted for. The Head of Human Resources should be advised immediately where any related issues arise.

3.12.5 All claims by Members of the Council for allowances shall be in accordance with the current Scheme of Allowances and shall be paid only on receipt of the appropriately completed and certified documentation.

3.12.6 Any claims for remuneration from Agency workers must be via those arrangements approved by the Head of Human Resources in the procurement of agency services.

3.13 WAGES PAYMENT BY CASH

3.13.1 No wages will be paid by cash; the payment will be made by BACS or cheque.

3.14 STOCKS AND STORES MANAGEMENT

3.14.1 Purchases and Receipt

The instructions contained in Sections 3.1 to 3.9 are applicable to the purchase and receipt of goods that may be held in a Stores/Inventory system.

All stocks should be held in secure premises / locations, and access restricted to authorised Officers. A proper recording process should be in place for all stock related transactions.

3.14.2 Issues

All issues from Stores must be supported by an official Council order or stores issue voucher (including electronic vouchers where this is practicable), and must contain the following information:

- (i) Unique voucher number or order number;
- (ii) Description of issue;
- (iii) Quantity of issue;
- (iv) Expenditure code or job number;
- (v) Signature of authorised requisitioning Officer;
- (vi) Signature of issuing Officer;
- (vii) Signature of receiving Officer.

3.14.3 Stock Checks

Regular stock checks should be carried out to ensure the accuracy of stock records, identify obsolete items and to safeguard assets. These may take the form of complete stock-takes of all items at agreed intervals, or alternatively a perpetual stock check of a number of items on a rolling programme basis to ensure that all items are checked at least once in a financial year. High value / high turnover items should be subject to stock checks on a more regular basis. Officers independent of the system should undertake a complete stock-take at the end of each financial year and the physical stocks certified at 31 March each year. Strategic Directors have the

responsibility to ensure that procedures exist to review stock levels and ensure that excessive working stocks are not carried.

Where the value or level of stocks held is such that the full stores issues system identified in Paragraph 3.14.2 is not justified, a system should be in place for recording the replenishment of items and their consumption. This level of control would be appropriate for stocks of food or stationery for example.

3.14.4 Stock Adjustments

Strategic Directors should ensure that procedures exist to record stores surpluses and discrepancies. Stores records should only be adjusted by authorised Officers and should follow procedures agreed with the Deputy Chief Executive and Strategic Director (Corporate Services). Any deficiency exceeding £500 in value should be notified in writing to the Deputy Chief Executive and Strategic Director (Corporate Services), who will determine the subsequent actions that need to be taken. In any event, the proposed write-off of goods in excess of £5,000 will constitute an Executive Decision of the Council and the appropriate provisions of the Constitution need to be adhered to when any such situation arises.

3.15 PETTY CASH

- 3.15.1 All expenditure incurred via petty cash transactions must be properly controlled and accounted for and reimbursements must be processed through official Accounts Payable systems, which operate on a daily routine. In this context, petty cash should be reserved for small value purchases and those exceptional circumstances where the normal procurement and payment routines cannot satisfy operational requirements e.g. emergency cash payment out of hours.

Where VAT is payable on any items purchased, every effort should be made to obtain a receipt that would be valid for VAT recovery purposes. Not doing so results in a real, unavoidable and unacceptable cost to the Council.

- 3.15.2 Unless the approval of the Deputy Chief Executive and Strategic Director (Corporate Services) has been obtained, petty cash should not ordinarily be used for:
- (i) Reimbursement of staff travel expenses incurred such as car mileage claims' bus fares, taxi fares, tube fees, car parking. In accordance with Local Conditions of Service, these should be claimed by the completion of Travel & Subsistence Claims submitted via Departmental HR Sections;
 - (ii) Payments for staffing costs (including casuals);
 - (iii) Reimbursement of staff subsistence claims, which should also be submitted on Travel & Subsistence Claims;
 - (iv) Gifts for staff.
- 3.15.3 Petty cash imprests will be held by, and be the responsibility of, a specified Officer. Only nominated Managers in liaison with the relevant Business Support Manager may grant approval for the creation of a petty cash imprest.
- 3.15.4 Where petty cash imprests are no longer required, or are of a higher amount than is needed anymore, the Departmental Business Support Unit must be notified promptly in order to make the necessary arrangements to properly close / reduce the account.

3.15.5 Petty cash imprests should be subject to official cash handover procedures when shift changes are in operation. If other Officers have access to the imprest they should be made aware of and adhere to the procedures outlined below to ensure that sound administration and control exists:

- (i) Cash must always be held in a secure place and commensurate with the Council's insurance arrangements;
- (ii) Every person receiving cash must sign a voucher detailing the amount and purpose of the expenditure and submit a receipted voucher from the supplier client. VAT invoices / receipts must be obtained from suppliers whenever possible. All vouchers must be coded to the appropriate head of expenditure, the amount of VAT being coded separately;
- (iii) Receipts must be numbered consecutively, signed by the Officer undertaking the expenditure and entered in the Petty Cash Book / spreadsheet as soon as possible, at least daily or prior to handover;
- (iv) A single payment from petty cash should not normally exceed £40. Only the Deputy Chief Executive and Strategic Director (Corporate Services) or his / her nominated representative should agree exceptions to this;
- (v) Petty cash must not be used for personal requirements under any circumstances e.g. cashing personal cheques, giving IOUs or for any other unofficial purpose;
- (vi) Payments to claimants must never be made from any other float;
- (vii) Reimbursement of imprests must be made at regular intervals using the official systems provided for that purpose;
- (viii) All vouchers and related receipts / documentation must be retained for the specified retention period and be available for inspection at any reasonable time;
- (ix) Annually, any Officer responsible for petty cash must certify a form issued by their Business Support Unit stating the total imprest amount held at an establishment;
- (x) Service Managers have a responsibility to ensure that adequate division of duties exist in the operation of petty cash floats, and that periodic reviews of petty cash transactions / processes are undertaken to ensure probity;
- (xi) All guidance contained in the Lotus Notes Petty Cash system must be followed at all times and Business Support Managers must arrange for the ongoing review of petty cash usage within their areas of responsibility.

3.15.6 Officers purchasing goods through official Council petty cash should not accept points on any (e.g. supermarket / store) reward card.

3.16 VOUCHERS

3.16.1 The purchase and / or use of store / shopping vouchers (or their equivalent) shall only be permitted in a very limited number of circumstances, and only with the prior approval of the Deputy Chief Executive and Strategic Director (Corporate Services). The Deputy Chief Executive and Strategic Director (Corporate Services) must approve any use of external grant monies to purchase vouchers.

3.16.2 Where the purchase and / or use of such vouchers is approved, there must be robust processes in place to ensure accountability for:

- (i) The security of the vouchers prior to their distribution or use;
- (ii) The application of vouchers to be used as gifts or prizes;
- (iii) The appropriate application of the vouchers to procure goods / services.

3.16.3 Vouchers shall at all times be regarded as valuable assets, and similar controls shall be in place as would be expected in relation to cash. In particular, the following

procedures should be observed:-

- (i) Vouchers must always be held in a secure place and commensurate with the Council's insurance arrangements;
- (ii) There must be a comprehensive record of vouchers obtained and subsequently used / distributed, to include dates, amounts and purpose;
- (iii) Usage and distribution of vouchers must be subject to the written approval of an appropriately authorised Officer, and receipts must be obtained and retained to evidence the transaction being entered into;
- (iv) Vouchers must not in any circumstances be used for personal requirements or any other unofficial purpose, including the exchange of vouchers for cash;
- (v) Vouchers must not be used to purchase goods where other proper procurement methods are available;
- (vi) Service Managers have a responsibility to ensure adequate division of duties exist in the operation of vouchers; and that periodic reviews of transactions / processes are undertaken to ensure probity.

3.17 CASH ADVANCES

3.17.1 Cash advances shall only be used in a limited number of and / or exceptional circumstances (e.g. in the delivery of children's or adult's social care). In such instances, Strategic Directors have a responsibility to ensure that there are proper documented procedures in place governing financial administration and control. A full and comprehensive audit trail must exist for all cash advances made, including the provision, recording and retention of all receipts, discharges and repayments. Proper approval procedures must be in place at all appropriate points in such processes.

3.17.2 All staff involved in handling cash advances must at all times fully comply with the detailed operational guidance and instruction prepared.

3.17.3 Officers purchasing goods through official Council cash advances should not accept points on any (e.g. supermarket / store) reward card.

3.18 CLIENTS MONIES

3.18.1 All staff who have any involvement with the administration of Clients monies must at all times fully comply with the relevant detailed operational guidance and instruction prepared for that purpose.

3.19 TRANSPARENCY

3.19.1 The Council will publish specific data in accordance with the requirements of the Local Government Transparency Code. One element of the requirements relates to the publication of expenditure in excess of £500.

3.19.2 The Deputy Chief Executive and Strategic Director (Corporate Services) shall determine the processes and systems by which this requirement is managed (see also 3.4.9). Strategic Directors have a responsibility, on a monthly basis, and in accordance with the timescales specified by the Deputy Chief Executive and Strategic Director (Corporate Services) to consider the draft publication schedules and to liaise with their respective Business Support Manager in the event of any queries or in identifying any changes that are considered to be required prior to official publication of data on the Council's internet site.

3.19.3 The Council is also obliged to display particular data relating to contracts entered into / managed by the Council -as determined by the Deputy Chief Executive and

Strategic Director (Corporate Services), Officers responsible for arranging / managing such contracts must create a corresponding record in the Council's Corporate Contracts Database.

- 3.19.4 Whilst some of the provisions of the Local Authority Transparency Code are financial, the key driver behind the Code is to increase local accountability and therefore places responsibilities on authorities to publish a wide range of financial and non-financial data. This includes but is not limited to data on Senior Officer's salaries, information on Council assets, Members Allowances and details on parking provisions. Consequently, Strategic Directors should ensure that they are familiar with all the provisions of the Code and ensure that there is continued compliance with the publication requirements enshrined within the Code.

3.20 PROMPT PAYMENT

- 3.20.1 As detailed in 3.5.1, it is the responsibility of each Strategic Director and Budget Manager to ensure that late payments are minimised, and therefore invoices received from suppliers must be considered immediately upon receipt and either passed to the Accounts Payable Section for processing or be subject to appropriate actions to resolve any dispute or other issue requiring resolution.
- 3.20.2 Strategic Directors and Budget Managers will receive automated reports each month advising them of the 'performance' of their respective area(s) of responsibility in relation to prompt payments. These reports will include specific detail of each individual late payment and it is the responsibility of the Budget Manager to investigate and record the reasons for the apparent lateness on the Lotus Notes database. Where it is accepted that lateness has occurred, they should also take necessary actions to ensure that the potential for future repeat late payments is minimised.

3.21 GIFTS AND HOSPITALITY

- 3.21.1 The purchase of gifts and hospitality are not permitted without prior approval of the Deputy Chief Executive and Strategic Director (Corporate Services) being obtained. Where approval of the Deputy Chief Executive and Strategic Director (Corporate Services) is requested, as a minimum the following information must be provided:
- (i) For whom the gift or hospitality is intended;
 - (ii) Details of the gift or hospitality to be procured;
 - (iii) The value of the gift or hospitality; and
 - (iv) The purpose for which the gift or hospitality is intended.
- 3.21.2 Evidence of approval must be retained on file, together with the procurement documentation.

SECTION FOUR

BANK ACCOUNTS

"Must be balanced and solvent"

4.1 **OFFICIAL FUNDS**

- 4.1.1 No income or expenditure should be processed through any accounts other than the Authority's Bank Accounts unless the approval to do so has been obtained from the Deputy Chief Executive and Strategic Director (Corporate Services).
- 4.1.2 No income or expenditure should be processed through any account other than the Authority's main Creditors (General) or Income Account unless the approval to do so has been obtained from the Deputy Chief Executive and Strategic Director (Corporate Services). Restrictions will be placed on the extent / type of expenditure to be incurred through this approval.
- 4.1.3 No Officer shall open any bank account for official funds without the approval of the Deputy Chief Executive and Strategic Director (Corporate Services) who shall specify the administrative arrangements governing the use of all accounts.
- 4.1.4 No variations to the mandate of any individual account shall be made without the permission of the Deputy Chief Executive and Strategic Director (Corporate Services).
- 4.1.5 The title of any bank account should include "St. Helens Council" and should not include the title or name of an individual.
- 4.1.6 A minimum of two Officers shall be required to authorise payment from an account except the Authority's main payments accounts or other account duly authorised by the Deputy Chief Executive and Strategic Director (Corporate Services).
- 4.1.7 The approval of the Deputy Chief Executive and Strategic Director (Corporate Services) is required before initiating arrangements for:
- (i) The incurring of bank charges;
 - (ii) The setting up of direct debit or standing order payments;
 - (iii) Any other means of debiting an account not referred to in (i) or (ii).
- 4.1.8 A list of authorised signatories should be maintained for each account along with specimen signatures. Authorised signatories should, in general, be designated Senior Officers and their numbers should be restricted to four or five per account.
- 4.1.9 Strategic Directors and Business Support Managers shall ensure that each account has a nominated Officer responsible for bank reconciliations, cheque control, accounting for transactions, preparing reimbursement claims, security, and submitting request changes for variations to the mandate. Strategic Directors and Business Support Managers shall also ensure that regular independent checks are undertaken by other Officers to verify and demonstrate proper stewardship.
- 4.1.10 Bank reconciliation should be undertaken no less frequently than once per month. Where the nature of the account, the requirements of the Deputy Chief Executive and Strategic Director (Corporate Services), or departmental procedures determine the need for more frequent reconciliations, these should be adhered to.

- 4.1.11 All records should be recorded in a secure and appropriate format and shall be accessible for inspection at all times.
- 4.1.12 Where there are detailed departmental procedures available in administering bank accounts, Officers should ensure they are complied with at all times.
- 4.1.13 All monies, cheque books and other bank account stationery shall be securely stored at all times with access restricted to appropriately authorised Officers.
- 4.1.14 Blank cheques should never be signed. Cheques must be signed only when properly authorised and checked requisitions have been received, cheques have been made out, and transactions recorded. The authorised signatories should also sign all supporting documents.
- 4.1.15 Sufficient division of duties should be maintained in undertaking all transactions, and appropriate documented evidence must be available, and retained, to support.
- 4.1.16 Where bank accounts are no longer required, the Deputy Chief Executive and Strategic Director (Corporate Services) must be informed promptly in order to make the necessary arrangements to properly close those accounts.
- 4.1.17 Individual Officer access to electronic bank statement / transactional detail should be subject to the agreement of the Deputy Chief Executive and Strategic Director (Corporate Services) and administered solely by the Accountancy & Financial Management Section of the Finance Division.
- 4.1.18 Direct debit and standing order arrangements for each account must be reviewed at least quarterly and evidence of this check retained. Where they are no longer relevant, any direct debit or standing order arrangements on the account must be cancelled.
- 4.2 VOLUNTARY FUNDS (E.G. SCHOOL FUNDS, BREAKFAST PRE-SCHOOL, AFTER SCHOOL CLUBS, AMENITY FUNDS, TRUST FUNDS, RECEIVERSHIP ACCOUNTS)
- 4.2.1 Such funds are to be operated to the same standards as official funds of the Council and be available for / subject to audit as required.
- 4.2.2 Designated Officers should be responsible for the existence, review and maintenance of written procedures relating to the objectives, administration and use of private funds.
- 4.2.3 Annual accounts should be produced for presentation to the appropriate Management Committee, Governing Body or other appropriate governance forum.

SECTION FIVE

ASSET CONTROL

"The Council must safeguard its assets and use them effectively"

5.1 **INSURANCES**

5.1.1 **Notification of new risk to be insured (and expiry of insured risks)**

It is the responsibility of Service Managers to ensure that risks are identified and properly insured and to notify the Insurance Officer of any new or expired risks. Full disclosure of new and changing risks is a requirement of the Insurance Act 2015 and failure to disclose any new or changing risks could significantly impact upon the level of insurance cover. This will include items purchased or disposed of, and any changes in the level or nature of activities that might affect the risk to be insured. Managers should consider, from a value-for-money point of view, the desirability of insuring low-value items of property as opposed to bearing the risk, and should consult with the Insurance Officer in this regard.

Strategic Directors should ensure that a comprehensive review of the insured risks relating to their service areas is conducted at least annually, and make arrangements, via the Deputy Chief Executive and Strategic Director (Corporate Services), for any necessary revisions.

Any decision to carry out work for other bodies or reorganise services by (for instance) entering into partnership arrangements or joint working must be notified to the Insurance Officer in advance to enable the necessary insurance arrangements to be made and the cost to be taken into account.

Any events run by the Council, or by third parties utilising Council's assets, must be subject to adequate insurance cover and the Insurance Officer should be consulted on proposed cover. Where insurance cover is to be obtained directly by third parties, responsibility lies with the Service Department to ensure that the necessary insurance is in place prior to the event taking place and to provide the Insurance Officer with evidence upon request.

5.1.2 **Insurance Procurement / Renewals**

Strategic Directors must arrange for the provision of information and data to support the process for Insurance procurement and / or renewal.

5.1.3 **Notification of Potential Claims**

Incidents (actual or potential) of a serious nature that may lead to major claims should be reported to the Insurance Officer as soon as possible in a form determined by him / her. The Insurance Section will determine the timing of notification to Insurers.

5.1.4 **Limit of Insurance Cover on Safes / Cash**

All Officers responsible for safes or cash administration should ensure the upper limit of cash covered by the Authority's insurance policies is not exceeded. Personal monies are not covered by the Authority's insurance policies.

5.1.5 Claims Procedure

Claims should be made as soon as the loss is discovered. It should be noted that the Insurer might refuse to deal with claims that are unreasonably delayed.

General procedures are as follows:

- (i) All cases involving the theft of cash must be reported to a Senior Manager of the Service Department and to the Internal Audit Section.
The Service Department must notify the Insurance Section of the Corporate Services Department who will forward an insurance claim form to the relevant Officer.
On completion, the form should be returned by the Service Department to the Insurance Section (and not sent direct to the Insurers).
- (iii) If theft of equipment occurs the respective Strategic Director and Internal Audit must be notified in writing at the earliest opportunity; if it is theft of I.T. equipment the I.T. Service Desk must be informed immediately on ext. 6525 or via the I.T. Service Desk Portal.
Where the item was insured, the Service Department must notify the Insurance Section of the Corporate Services Department who will forward an insurance claim form to the establishment.
On completion, the form should be returned by the Service Department to the Insurance Section (and not sent direct to the Insurers).
- (iii) Claims against the Authority by employees or members of the public should be forwarded to the Insurance Officer as soon as possible. No admissions of liability should be made. Correspondence from claimants or their Solicitors should be referred unanswered to the Insurance Officer to be acknowledged and forwarded to the appropriate insurers or their agents, unless alternative arrangements have been specifically agreed with the insurers or their agents. This complies with our legal obligations under the Civil Procedure Rules.
- (iv) Where Schools have arranged insurance policies independent of the Authority and in accordance with their delegated powers, claims should be returned direct to the relevant insurers, except where they have an arrangement to forward them via the Property Section within the Environmental and Trading Services Department.
- (v) Correspondence from the Council's insurers or their agents must be dealt with promptly and in consultation with the Authority's Insurance Section. Any relevant information they require in order to settle a claim must be fully provided.

5.1.5 Any additional information or guidance can be obtained from the Insurance Section of the Corporate Services Department.

5.1.6 It is the responsibility of Service Managers, in conjunction with Corporate Procurement, to ensure third party contractors have the necessary insurance arrangements in place, prior to the contract being awarded or works undertaken. The Insurance Officer must be consulted in respect of any arrangements falling outside the Council's usual practices, in terms of levels of indemnity.

5.2 DISPOSALS

5.2.1 Disposal of Furniture and Equipment

The responsible Strategic Director should determine those items that are surplus to requirements and inform the Corporate Procurement Manager, or representative, of his / her decision.

All disposals should be made in accordance with the following sequential procedure.

The relevant Strategic Director or representative, in consultation with the Corporate Procurement Manager or representative, should decide, which may necessitate the need for inspection:

- (i) If they can be re-used in their existing condition, in which case they should be publicised for re-use to all Departments including schools via the Council Noticeboard;
- (ii) The approximate value of the items, if appropriate.

5.2.2 If no Council Department or School has expressed an interest in a surplus item, its sale by tender should be advertised via the Corporate Procurement Manager, or representative, in appropriate media within the locality and formal bids invited by a specified closing date. A reserve price may be specified.

Unless the bidding process is undertaken via the CHEST or other appropriate e-tendering portal / system, bids should be submitted in pre-addressed envelopes and, kept unopened until the last day of return, when the envelopes should be opened by two Officers from the Corporate Services Department, one of whom should be from the Corporate Procurement Unit.

The bids should be recorded in a register for this purpose.

The highest offer should ordinarily be accepted and the proposed disposal should be subject to approval in accordance with Constitutional requirements.

If the item(s) for disposal are of a technical or specialised nature, the Corporate Procurement Manager may supplement / substitute as appropriate the local advertisement by inviting bids, sealed where appropriate, from organisations:

- (i) Who have previously registered an interest in equipment of the type for disposal and have been held on a relevant list;
- (ii) Who have responded to an advert placed in a relevant trade journal;
- (iii) Believed by the Corporate Procurement Manager, or representative, to be possibly interested in the items for disposal, when no list exists;
- (iv) Via an approved auction facility.

5.2.3 Should there be no interest following the closing date of an advertising process then, subject to reasonableness and value, the responsible Strategic Director or representative may dispose of the goods appropriately.

5.2.4 Any non-adherence to this procedure should be exempted via an Administrative Decision or Delegated Executive Decision, as appropriate to the disposal value.

5.2.5 Disposal of Land and Property

Strategic Directors or their designated representatives should regularly review the use of land and property under their control. Any such assets, which are considered to be surplus to requirements, should be dealt with in accordance with the Council Constitution - Land and Property Disposal Procedure Rules.

5.3 INVENTORIES

The responsible Officer should maintain an up-to-date register of equipment and

property at every establishment. This record should contain:

- (i) Description of item;
- (ii) Locations;
- (iii) Dates purchased (if available);
- (iv) Purchase price (if available);
- (v) Serial numbers;
- (vi) Dates of disposal;
- (vii) Method of disposal.

Items purchased from non-official funds should be included, but clearly identified as non-Authority items. The inventory is not intended to include consumables of small value.

An off-site copy should be maintained in case of fire. This may take the form of an electronic copy (rather than a hard copy), provided it is stored on a secure Council network drive / external server.

The inventory should be subject to annual certification as to its accuracy and completeness by the responsible Senior Officer / Head teacher.

5.4 REMOVAL OF PROPERTY AND EQUIPMENT

No property of the Council should be used for personal purposes. Any Officer, who removes property and equipment for official purposes from the establishment where it is normally kept, shall obtain initial permission of the responsible Officer prior to removal. Individuals have a duty to take reasonable care of the Council's equipment whilst it is in their possession and ensure that it is not exposed to any unnecessary risks.

Any Officer who removes property and equipment for official purposes from the establishment where it is usually kept must also ensure that the equipment is secured in compliance with the Council's Data Protection Policy and Code of Practice.

5.5 VALUABLE DOCUMENTS

Valuable documents and documents which have a monetary value are subject to the same personal responsibility and security arrangements that apply to cash.

Such documents include admission tickets, receipt books, various forms of licences, duplicate posting receipt slips, deeds, legal documents, etc.

Officers are responsible for their safe custody and correct use and will be held responsible for any misuse or failure to control whilst under their control.

The level of detail maintained should be commensurate with the risk of loss from the theft of an item.

5.6 LOST PROPERTY

- (i) Each Department should make arrangements for a lost property record at an establishment or Departmental level.
- (ii) All items found should be recorded in the lost property record; this should identify the date, nature of the item and the name and address of the person who found the property. The property should then be held in a secure place.

- (iii) Cash should be paid in immediately, a receipt obtained and maintained with the lost property record.
- (iv) Where the owner's identity is known, he / she should be notified in writing and requested to collect the property. In all cases, proper identification must be provided (and a copy retained) and a signature must be obtained for items returned to the owner.
- (v) If for any reason goods are not claimed as described above, they should be disposed of after the relevant period of six months has expired in accordance with the disposal procedure. (See 5.2 Disposals)
- (vi) Goods considered of material value i.e. cash, jewellery, watches, rings audio / visual equipment value should be forwarded to the Police if they have not been claimed within a month of being recorded in the lost property record. A record of receipt should be obtained from the Police and retained with the lost property record.

SECTION SIX

TAXATION

"Taxation should be applied where required and clearly accounted for"

6.1 VALUE ADDED TAX (VAT)

Any advice required in relation to VAT can be obtained via the Departmental Business Support Unit or the Authority's Principal Accountant (Taxation).

It is essential that advice is sought in relation to the treatment of VAT on any new income sources or additional / significant change in service provision.

No Officer shall act contradictory to any specific advice / instruction provided by the Deputy Chief Executive and Strategic Director (Corporate Services) in relation to the treatment of VAT.

6.1.1 Coding

It is essential that all VAT is coded correctly, as failure to do so can result in loss of monies to the Authority. Where VAT is being reclaimed, it is essential that a valid tax invoice is held, otherwise the VAT suspense code should be used until an invoice is obtained. To be a VAT invoice, it must contain a VAT number.

For goods and services of a value in excess of £250, a full tax invoice is required.

A full tax invoice **must** satisfy the criteria prescribed by Her Majesty's Revenue and Customs (HMRC). The current criteria are as set out below:

- (i) Identifying number (invoice number or reference);
- (ii) Date of supply (i.e. tax point);
- (iii) Name, address and VAT registration number of the supplier;
- (iv) Name and address of the person to whom the goods or services are supplied;
- (v) Type of supply (i.e. sale, loan, etc.);
- (vi) Description sufficient to identify the goods or services;
- (vii) Quantity of goods or, extent of service, rate of tax and amount payable;
- (viii) Gross amount payable excluding tax; and
- (ix) Amount of tax chargeable.

Less detailed tax invoices may be used to reclaim VAT when the supply is less than £250 in value. The following details must be shown on each invoice:

- (i) Name, address and VAT registration number of supplier;
- (ii) Date of supply;
- (iii) Description of goods / services;
- (iv) Total amount payable including VAT; and
- (v) Rate of tax.

VAT Regulations stipulate that invoices must be kept for a minimum of 6 years. Where storage is a problem, electronic copies may be accepted, but must be subject to specific approval of the Deputy Chief Executive and Strategic Director (Corporate Services) having been gained and must be available to HMRC VAT Officers at any time.

6.1.2 Calculation

The amount of VAT payable on a transaction is determined by the rate of VAT and the nature of the transaction. Goods and services will either be subject to VAT at the Standard Rate; at Zero Rate; at a rate other than the Standard Rate; or exempt.

These rates, and the goods and services to which they apply, are determined by statute and enforced by HMRC.

Details of current rates of VAT, and the goods and services to which they apply, are available to staff through the Authority's VAT Manual. This is available on-line, via the Council's intranet (Workplace>Document Library>Taxation).

6.1.3 Proforma Invoices

Where invoices received are stated to be Proforma Invoices / Application for Payment or contain text equivalent to "This is not a tax invoice" then VAT cannot be claimed at time of payment and appropriate, additional documentation must be secured to enable the reclaim. In such circumstances it is the responsibility of the individual Officer, in consultation with their Departmental Business Support Manager and / or the Authority's Principal Accountant (Taxation), to obtain the relevant documentation and follow approved procedures for the recording of such transactions.

6.1.4 Third Party / Irrecoverable VAT

Where the Council makes a payment on behalf of Third Parties, it is likely that the Authority cannot recover any associated VAT and the transaction must be recorded to reflect this.

6.1.5 Self-Billing Arrangements

The Authority has arrangements in place with HMRC in relation to self-billing on certain payment types. Such payments must be compliant with the detailed arrangements, and more detail is provided within Section 6 of the VAT manual.

6.1.6 Any correspondence or queries with HMRC should be dealt with via the Accountancy & Financial Management Section, Finance Division, Corporate Services Department.

6.2 INCOME TAX

6.2.1 All payments to individuals may only be made after full consideration of, and in full compliance with, those procedures specified by the Head of Human Resources.

6.2.2 Detailed Guidance Notes will be prepared and maintained that will assist in ensuring that the Council's obligations in determining whether individuals undertaking work on behalf of the Council are to be treated as employed or self-employed and the associated treatment of payments due in relation to tax and National Insurance deductions. All payments made payable to an individual will first be countersigned by the Head of Payroll to ensure that the correct application of PAYE is applied.

6.2.3 The responsibility is on the Council service provider to obtain permission from HMRC to be paid on a different basis to that determined by the Authority. Each case has its own circumstances and HMRC will consider them individually.

6.2.4 If there is any doubt about how to deal with such an issue, contact should be made with the Council's Payroll Section. Failure to carry out the correct action could result in financial penalties against the Authority.

6.3 CONSTRUCTION INDUSTRY TAX DEDUCTION SCHEME

6.3.1 Certain payments to third party contractors will involve the potential deduction of tax. HMRC's Tax Deduction Scheme applies to construction work and certain maintenance work including installation, repairs, decoration and demolition.

6.3.2 Officers involved in the payment of invoices for such work should establish whether the payment falls within the Scheme and indicate this clearly on the payment requisition by ticking the yes box on the Accounts Payable input slip. Further guidance on the types of work covered can be obtained from the HMRC Booklet CIS 340, via the Council's Intranet (Workplace>Document Library>Taxation>Construction Industry Scheme> Comprehensive CIS Guide), or via the Accountancy & Financial Management Section.

6.3.4 All sub-contractors to be commissioned to provide works falling within the scheme must be verified by the Accountancy & Financial Management Section, (as regards their tax status) prior to any payment being instigated. It is the responsibility of individual Officers to undertake sufficient checks as to whether verification of the individual sub-contractor has taken place prior to commissioning the works and to liaise with the Authority's Principal Accountant (Taxation) where this proves to not be the case. A Lotus Notes database is maintained corporately and access is available for any Officer in the pursuance of this responsibility.

6.3.5 Verification will determine whether payment can be made to the sub-contractor with or without deduction of tax. In those cases, where deduction is required then payment requisitions must be passed to the Authority's Principal Accountant (Taxation) prior to submission to the Accounts Payable Section.

6.3.6 The Authority's Principal Accountant (Taxation) will be responsible for the implementation of appropriate corporate controls in scheme administration, deduction of tax (where appropriate), issuance of guidance and advice and return of statutory returns.

SECTION SEVEN

FINANCIAL RECORDS – RETENTION AND SECURITY

"All income and expenditure should be supported by adequate documentation"

- 7.1 All financial records, should be stored in a safe environment, and must be available and readily accessible. This principle applies to both electronic and paper records.
- 7.2.1 The vast majority of financial transactions are generated electronically, and as such are stored and backed-up in accordance with I.T. back-up and recovery protocols. Where any financial information is recorded outside the main accounting systems, information should not be stored on 'stand alone' personal computers. Nor should this information be stored on the 'C' drive of a computer. In such cases, all relevant files should be stored on shared drives; if this is not possible contact the I.T. Service Desk for suitable alternatives.
- 7.3 Where manual records are held, the Manager of each service must ensure that the storage medium is appropriate, secure, and complies with legislative requirements, or the requirements of any authorised inspection agency. In particular, all information held must comply with Data Protection obligations and requirements of our external auditors.
- 7.4 The manner in which financial information is retained, must, where applicable, be able to support any legal action that may be taken by, or against, the Council relating to financial transactions.
- 7.5 All information retained, and the timescales for retention, are included on the Council's Corporate Retention Schedule in accordance with the Information and Records Management Policy. It is the responsibility of each Manager to ensure that this Policy is regularly reviewed and updated, to take into account any changes in legislative or audit requirements relating to their service.
- 7.6 Retention and disposal of information are subject to the requirements of the Data Protection Act and the General Data Protection Regulation and the Information and Records Management Policy reflects these requirements.

SECTION EIGHT

ADVICE AND ASSISTANCE

"If in doubt, seek advice!"

- 8.1 Financial Instructions attempt to provide advice and assistance for Officers in relation to financial matters. Further advice on the application of these Instructions, interpretation of the contents of the Instructions and the impact of these Instructions on Departmental procedures is available from a number of sources. In the first instance your immediate Line Manager or Departmental Business Support Unit should be contacted. Staff within the Finance Division of the Corporate Services Department can provide further advice if it is required.
- 8.2 Specific or specialist advice is also available from the following sources:

<u>Issue</u>	<u>Contact</u>	<u>Contact Officer</u>
Procurement of Goods and Services	Corporate Procurement	Rob Banks
Payments and Invoices	Accounts Payable Section	Amanda Owen
Income	Income Section	Claire Harland
Accounting and Budgeting	Departmental Business Support Unit	Departmental Business Support Manager
Banking	Income Section	Claire Harland
Proceeds of Crime Reporting	Income Section	Claire Harland
Capital and Assets	Insurance Section	Bev Hankinson
	Internal Audit	Carol McDonnell / Barbara Aspinall
	Asset Management Section	Steve Littler
Payroll and Income Tax	Corporate Payroll Section	Sarah Myers
VAT & Construction Industry Scheme (CIS)	Accountancy & Financial Management	Sheila Ellam
	Departmental Business Support Unit	Departmental Business Support Manager
Fraud, Misappropriation, Loss and Error	Internal Audit	Carol McDonnell / Barbara Aspinall
Grant Claims	Accountancy Departmental Business Support Unit	Departmental Business Support Manager

- 8.3 The use of public money places significant responsibilities on those employed to administer and manage its effective deployment. Error, loss and misuse of public money can have immense impact on the individuals responsible for that loss and the Council as a whole. Losing the trust of the Council's stakeholders can have implications beyond the actual event that caused that loss of trust. It is for these reasons that staff are asked to seek advice if they are unsure or concerned about any specific issue affecting their involvement with financial administration.
- 8.4 Further information is also available via various documents available on the Council's Intranet via 'Document Library' and the Procurement Portal. Where access to the Intranet cannot be obtained, then your immediate Line Manager or Departmental Business Support Unit will be able to provide relevant detail and advice.
- 8.5 The current Business Support Managers are as follows:

RESPONSIBILITY	
Children, Young People & Education Services } Housing & Community Safety }	Ste Webb
Adult Social Care & Health } Public Health }	Jo Webb
Environmental & Trading Services	Bernadette Latham
Corporate Services & Corporate Finance	Jon Ridgeon