

Financial Procedure Rules- Guidance notes

Any Acts, Rules or Regulations mentioned in the text of this document can be accessed on the Office of Public Sector Information website at:
<http://www.opsi.gov.uk/legislation/uk>

Contents

1	Scope of Financial Procedure Rules	8
2	Approval of Chief Finance Officer or Nominated Officer	8
	The Legal Framework	8
3	Current Regulations	8
4	Review of the Systems of Internal Control – Regulation 4	8
5	Accounting Records - Regulation 5	9
6	Internal Audit – Regulation 6	9
7	Local Government Finance Act 1988 – Section 114	9
	Accounting and System Development	10
8	Accounting Procedures	10
9	Responsibility of Chief Finance Officer or Nominated Officer	10
10	Allocation of Accounting Duties	10
	Internal Audit and Internal Control	10
11	Role of Internal Audit	10
12	Accounts and Audit Regulations required by the Secretary of State	11
13	Powers of Internal Audit (SWAP)	11
14	Financial Irregularities with Regard to Council Functions	11
	Treasury Management	11
15	Chief Finance Officer Decisions Involving Finance	11

Banking Arrangements	11
16 Arrangements with Council's Bankers	11
17 Funds Held on Behalf of Others	11
18 Value Added Tax	12
19 Investment	12
Financial Planning 'Accounting' and the Budget Process	12
20 Financial Strategy	12
21 Capital and Revenue Budgets	12
22 Capital Programme	12
23 Approval of Estimates	13
Revenue Expenditure – Budgetary Control	13
24 Role of Corporate Directors and Service Directors	13
25 Roles and responsibilities for Project Delivery	13
26 Moving Budgets between Cost Centres	14
27 Directorate under/overspends	14
28 Monthly Forecasting	15
29 Approved Budgets and unauthorised overspends	15
30 Carry Forward of Under and Overspends	15
31 Coding of Expenditure and Income	16
32 Staffing Budgets	16
33 Earmarked reserves	16
Capital Expenditure - Control	17

34	Council Approval of Capital Investment Budget	17
35	Variations to the Approved Capital Strategy and Programme	17
36	Other Additional Expenditure Requests	17
37	Official Orders	18
38	Raising a Purchase Requisition	18
39	Placing an Order	18
40	Regular Periodic Payments	18
41	Approval of Order	18
42	Goods Received Process	19
Payment of Accounts		19
43	Payment of Invoices	19
44	Other Payment Requests	19
45	Destination of Invoices	19
46	Amendments and Deletions	19
47	Payment of Invoices	20
48	Examination of Accounts	21
Local Bank Accounts - Imprest / Petty Cash Accounts		21
49	Imprest / Petty Cash Advances	21
50	Changes to Officers	21
51	Disbursements	21
52	Security of Cash	21
53	Use of Imprest Accounts	21

54	Use of Imprest Funds	22
55	Examination of Local Bank Accounts	22
56	Partnership Arrangements	22
Income 22		
57	Collection of Monies	22
58	Invoicing for Sums Due	22
59	Payment of Amounts Due	22
61	Introduction of New Electronic Payment Facility	23
62	Payment into Council Account	23
63	Issue of Receipts	23
64	Recording Receipt of Monies	24
65	Transfer of Monies	24
66	Grants and External Funding	24
67	Developer Contributions S106	25
Write-Offs - Income		25
68	Discharge of Debts	25
69	Written-off Debts	25
Charging for Services		26
70	Review of Service Charges	26
71	Unmet Estimates	26
Salaries and Wages		26
72	Responsibility for Payments to Employees	26

Travelling and Subsistence	26
73 Claims for Payment	26
Stocks / Stores	26
74 Responsibility for Stocks	26
75 Surplus or Deficiency	27
76 Checking of Stock	27
Disposal of Surplus or Obsolete Goods, Plant and Stocks	27
77 Authorisation for Disposal	27
78 Sale of Stock	27
79 Recording Disposal	27
80 Income from Disposal	28
81 VAT	28
82 Voluntary funds	28
83 Accountable body status	28
Insurance	29
84 Responsibility for Insurance	29
85 Record of Insurances	29
86 Incident / Accident Reporting	29
87 Review of Risk Financing Arrangements	29
88 Consultation	29
Security	29
89 Responsibility for Security	29

90	Data Protection Legislation	30
----	-----------------------------	----

91	Anti money laundering, bribery and corruption	30
----	---	----

Estates 30

92	Responsibility of Corporate Directors and Service Directors in Relation to Asset Register	30
----	---	----

93	Valuation of Assets	31
----	---------------------	----

94	Notification of Purchase or Disposal of land and / or buildings	31
----	---	----

95	Leases to external organisations (excluding non-maintained schools)	31
----	---	----

1 Scope of Financial Procedure Rules

The purpose of the finance procedure rules is to ensure that:

- Corporate Directors, Service Directors and Heads of Service remain within their budget and only spend what they have in their budget;
- Corporate Directors, Service Directors and Heads of Service maintain adequate commitment records;
- Corporate Directors, Service Directors and Heads of Service monitor their budgets;
- Where there are any problems with overspend or failure to perform, these problems are reported at the earliest opportunity;
- Corporate Directors, Service Directors and Heads of Service should have effective reporting arrangements from their budget holders;
- Corporate Directors and Service Directors should have effective reporting arrangements from their Heads of Service.

2 Approval of Chief Finance Officer or Nominated Officer

Where matters are to be considered by the Corporate Leadership Team that in any way affect the finances of the Council or that require the supply of financial information by the Chief Finance Officer or nominated officer, the Chief Finance Officer or nominated officer must be notified by the Corporate Director or Head of Service / Service Director (or equivalent) concerned, in sufficient time, to enable the Chief Finance Officer or nominated officer to report.

The Legal Framework

3 Current Regulations

The Statutes and Statutory Instruments and Regulations which currently affect these rules are as follows:

1. The Accounts and Audit Regulations 2015 – Regulation 5 requires the accounting system, the form of its accounts and supporting accounting records to be determined by the responsible Financial Officer who shall ensure that the accounting systems determined by them are observed and that the accounts and supporting records of the body are maintained in accordance with proper practices and kept up to date.

4 Review of the Systems of Internal Control – Regulation 4

Regulation 4 of the Accounts and Audit Regulations 2015 requires the Council to carry out a review of the effectiveness of the system of internal control. The results of this review, contained in the Annual Governance Statement, are considered by the Audit and Governance Committee.

5 Accounting Records - Regulation 5

Regulation 5 of the Accounts and Audit Regulations 2015 also requires that the accounting records required by the Financial Officer will be sufficient to show the Council's transactions and to enable the responsible Financial Officer to ensure that any statement of accounts, income and expenditure account, balance sheet or record of receipts and payments and additional information to be provided by way of notes to the accounts comply with the Accounts and Audit Regulations 2015.

In particular this means that accounting records must contain:

- a. Entries from day to day of all sums of money received and expended by the body and the matters to which the income and expenditure or receipts and payments account relate;
- b. a record of the assets and liabilities of the body; and
- c. a record of incoming expenditure of the body in relation to claims made or to be made by them for contribution grant or subsidy from any Minister of the Crown, a body to whom such a Minister may pay sums out of monies provided by Parliament or an European Union Institution.

Regulation 5 requires that the accounting controls systems ensure that the financial transactions of the Council are recorded as soon and as accurately as reasonably possible, that there are measures in place to enable the prevention and detection of inaccuracies and fraud and there is the ability to reconstitute any lost records.

Regulation 5 also requires that the duties of Officers dealing with financial transactions are identified and the division of responsibilities of those Officers are identified in relation to significant transactions and that procedures for uncollectable amounts including bad debts will not be written off except with the approval of a responsible Financial Officer or a member of staff nominated by the responsible Financial Officer.

6 Internal Audit – Regulation 6

Regulation 6 of the Accounts and Audit Regulations 2015 require the Council to carry out an effective internal audit of its accounting records and system of internal control in accordance with “proper practices” in relation to Internal Control. Officers must implement accepted recommendations from internal audit. This is monitored by the Audit and Governance Committee.

7 Local Government Finance Act 1988 – Section 114

The s151 Officer will report to the Council if they have reason to believe that the Council or any part of the Council:

- a. has made or is about to make a decision which involves or would involve the Council incurring expenditure which is unlawful, or
- b. has taken or is about to take a course of action which if pursued to its conclusion would be unlawful and likely to cause loss or deficiency on the part of the Authority, or

- c. is about to enter an item of account the entry of which is unlawful.

Under Section 114 of the [Local Government Finance Act 1988](#), the s151 Officer will make a report if it appears to them that the expenditure of the Authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

Accounting and System Development

8 Accounting Procedures

All accounting procedures and records of the Council and its Officers shall be determined by the Chief Finance Officer or nominated officer in consultation, where necessary, with the appropriate Corporate Director or Head of Service / Service Director (or equivalent) concerned. Such procedures shall have regard to Section 151 of the Local Government Act 1972 and shall be in accordance with the relevant legislation and guidance for the time being in force and such other statutory provisions which affect the financial affairs of the whole Council or any specific service.

9 Responsibility of Chief Finance Officer or Nominated Officer

The Chief Finance Officer or nominated officer shall be responsible for the compilation of the main accounting records for the Council.

The Chief Finance Officer or nominated officer may from time to time issue written "financial instructions" dealing with detailed procedures to be followed in certain matters. Such instructions shall be issued after consultation with the Corporate Director, Service Director or Heads of Service affected.

The Chief Finance Officer or nominated officer shall be responsible for the maintenance of a management information system, the General Ledger.

10 Allocation of Accounting Duties

The following principles shall be observed in the allocation of accounting duties by all employees or consultants engaged by the Council:

- The duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them.
- Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

Internal Audit and Internal Control

11 Role of Internal Audit

This service is currently provided by the South West Audit

Partnership (SWAP). SWAP will assist Corporate Directors, Service Directors, Heads of Service and Senior Managers in the effective discharge of their responsibilities by giving assurance on financial and management control systems, identifying weaknesses, giving advice on how to resolve financial and management problems and improve control, investigating suspected irregularities and by undertaking Value for Money (VFM) reviews and management studies.

12 Accounts and Audit Regulations required by the Secretary of State

Any Member or Officer will make available documents relating to financial or other records of the Council which relate to their accounting. Other records, as appear to the Section 151 Officer necessary for the purpose of Internal Audit, will be supplied together with any such information and explanation as the Section 151 Officer considers necessary for that purpose.

13 Powers of Internal Audit (SWAP)

The Chief Finance Officer or nominated officer and all authorised Internal Audit staff are empowered to enter at reasonable times any premises or land owned by or in the control of the Council, if appropriate, and require employees to produce Council property and records under their control.

14 Financial Irregularities with Regard to Council Functions

Where matters arise which involve or are thought to involve financial irregularities this will be referred to audit or follow Anti-money Laundering procedures and Treasury Management Policy Statements as necessary.

Treasury Management

15 Chief Finance Officer Decisions Involving Finance

All Chief Finance Officer recommendations on borrowing, investment or financing is required to act in accordance with the Code and the "Treasury Management Policy Statement".

Banking Arrangements

16 Arrangements with Council's Bankers

All arrangements with the Council's bankers must be made by or under arrangements approved by the Chief Finance Officer or nominated officer, who is authorised to operate such banking accounts and other electronic transactions as they may consider necessary.

17 Funds Held on Behalf of Others

All funds held on behalf of others (Trust or Private) shall be subject to an annual audit, which shall be undertaken by a suitably qualified person. A copy of all audit reports and the final accounts shall be made available, on request, to Internal Audit for information. In respect of Schools, the audit report and the findings shall be presented to their School Governors.

18 Value Added Tax

The appropriate officers who are responsible for the administration of Trust or Private funds shall be responsible for ensuring that all Value Added Tax is correctly accounted for, and shall have due regard to the treatment of Value Added Tax on donated funds (as detailed in Section 15 of the Local Government Act 1972).

19 Investment

Officers shall be responsible for ensuring that Trust and Private Funds are appropriately invested for the benefit of the fund. Advice as to the most appropriate method of investment will be obtained from the Chief Finance Officer or nominated officer.

Financial Planning ‘Accounting’ and the Budget Process

20 Financial Strategy

The Medium Term Financial Strategy will set out the parameters for the budget build process for the coming year in the light of likely grant settlement, service pressures, available balances, and consultation with clients and partners of the Council. The Budget and Policy Framework will be followed and the strategy will be approved by Council.

21 Capital and Revenue Budgets

The detailed form of capital and revenue budgets shall be determined by the Chief Finance Officer or nominated officer consistent with the general directions of the Corporate Leadership Team. The Budget and Policy Framework will be approved by Council following recommendation from cabinet.

Where a service area submits a bid for external funding they must have approval from the Council’s Corporate Leadership Team made up of Corporate Directors, Service Directors and the Chief Executive and the relevant cabinet member prior to submission. Where there is an element of Council revenue or capital match funding identified this must already exist within the revenue budget or capital investment budget (or recommended by Cabinet for approval at the next Council meeting to add to the capital investment budget). When external grants are awarded and funding covers costs already in the current revenue budgets, the one off savings from these grants should be vired corporately so the available budget can be used on other priorities, or to top up reserves.

22 Capital Programme

In accordance with the Prudential Code for capital finance in local authorities 2021 the Chief Finance Officer will maintain a Capital Strategy which sets out capital and strategic resources. Directors and their nominated budget holders, in consultation with the Chief Finance Officer or nominated officer, shall jointly prepare for consideration by the Corporate Leadership Team, a draft Capital Investment Budget alongside the revenue income and expenditure budgets. These must be prepared in accordance with the policies

and timescales determined by the Cabinet. The Budget and Policy Framework, including the Capital Programme, will be approved by Council.

23 Approval of Estimates

The estimates, once approved by the Council shall become the Council's Revenue Budget and Capital Investment Budget for the next financial year.

Approval of the annual estimates by the Council will confer authority on the Corporate Directors, Service Directors and Heads of Service of the Council to incur revenue expenditure so provided for the next financial year subject to compliance with the relevant provisions of the Contract Procedure Rules.

Revenue Expenditure – Budgetary Control

24 Role of Corporate Directors and Service Directors

It is the responsibility of each Corporate Director and Service Director to ensure that the budgets for which they are responsible are used to deliver the Service Plan and are not overspent. Where budget pressures indicate that overspending may occur, then the Corporate Director and Service Directors must apply the rules set out under cash limited budgets below.

Corporate Directors and Service Directors are responsible for allocating responsibility for managing each cost centre within their service. They must inform the Chief Finance Officer or nominated officer of the allocation and any changes as soon as they occur.

Corporate Directors and Service Directors must ensure that their managers who are budget holders are properly trained in budget management and apply adequate budgetary control through local commitment accounting by requiring regular reports from budget holders.

25 Roles and responsibilities for Project Delivery

Clear lines of accountability and responsibility in project leadership are important elements during all phases of a project or programme life cycle. Key activities in the life cycle include:

- (a) Identifying the need for a project or programme, providing oversight, authorising a project, programme or a stage within a project and reviewing outcomes;
- (b) Directing a project or programme;
- (c) Managing a project or programme, including initiation and closure; and
- (d) Managing a work package within a project.

The roles of Senior Sponsor, Senior Responsible Officer (SRO) and Project Manager are outlined below:

Senior Sponsor: accountable for the strategic direction associated with the relevant project and ensuring it aligns with the corporate strategic deliverables. The Senior Sponsor provides oversight of

the SRO and project. The SRO will escalate issues or risks to the Senior Sponsor outside of the tolerance levels agreed.

Senior Responsible Officer: The SRO is accountable for a programme or project meeting its objectives, delivering the required outcomes, and realising the required benefits. The SRO is the visible owner of the overall business change and accountable for the successful delivery of the project. The SRO is accountable to the senior sponsor for the delivery of the project. Following best practice, there is only one SRO assigned to a project to ensure accountability and decision making is clearly defined.

Project Manager: The project manager is accountable to the SRO for establishing the governance framework and for the day-to-day management of a programme/project to deliver the desired outcomes and outputs and realise the required benefits. They are responsible for driving the delivery of the project and overseeing it to ensure that the objectives are clearly defined and achieved within the agreed time, cost, and quality constraints. Following best practise, there should only be one lead project manager assigned to a project to ensure clear direction and management of a project.

26 Moving Budgets between Cost Centres

The rules for moving budgets between revenue cost centres (virement) are shown in the table in the financial procedure rules.

The following transfers will not count as virement for these purposes:

- (a) Budget movements which occur as a result of year end procedures
- (b) Transfers of budgets when a whole or part service transfers from one directorate to another as a result of a service restructure or change in line management responsibilities
- (c) Income and expenditure budget changes reflecting additional grants not included in the Council's approved budget
- (d) Transfers arising from changes in legislation
- (e) Any support service recharges (allocation of overheads) for accounting purposes.

Any in-year unplanned contributions from reserves will need to be reported in line with the Reserves Policy; those at year end are considered by Cabinet as part of approving the Council's financial statements. The use of funds in an emergency are set out in the financial procedure rules (Emergency Situations).

27 Directorate under/overspends

Corporate Directors (excluding interims and those working their notice period), may authorise expenditure which would otherwise exceed the approved budget for a cost centre, provided that the expenditure:

- can be met from savings or under spending on other cost centres within the same service with the exception of windfall increases in income or decreases in expenditure;

- will not constitute capital expenditure or result in:
 - (a) a change in the level of service provision; or
 - (b) a commitment to incur expenditure in future years; or
 - (c) a change in policy; or
 - (d) a breach of the Council's Workforce and Organisation Development Strategy.
- is not a virement from a support service recharge code.
- is notified in the prescribed form to the Chief Finance Officer or nominated officer who may if they consider that the expenditure is significant, require a report to be submitted to Cabinet.

However any permanent budgetary pressures or surplus budgets must be reported through the monitoring process and notified to the Chief Finance Officer.

28 Monthly Forecasting

The Council will operate a monthly budget forecasting process. Budget holders are required to provide forecasts of expenditure and income for the financial year on a monthly basis, informed by relevant activity data. They are also required to provide details of any management action plans to contain any potential overspends. Budget holders will also be required to provide comprehensive explanations for any budget variances.

Quarterly budget monitoring reports will be presented to Cabinet.

29 Approved Budgets and unauthorised overspends

In the event that a director forecasts that they cannot contain expenditure within their approved budget this is regarded as an unauthorised overspend unless alternative funding sources have been secured or agreed by the Chief Finance Officer.

Any potential directorate overspends must be reported to the Corporate Leadership Team for consideration.

The Corporate Leadership Team will need to take a view on what is a significant overspend in terms of the overall budget for the Council and anything which they consider significant should be reported to Cabinet. Approval from the Chief Finance Officer will only be given in exceptional circumstances. In all cases Financial Procedure Rules must be complied with. The approval of the additional expenditure budget may include provision for the repayment of the overspend.

30 Carry Forward of Under and Overspends

Where budget holders wish to carry forward any unspent budget into the next financial year, then they must provide a business case (<https://apps.herefordshire.gov.uk/financetoolkit/SitePages/Business%20Case%20templates.aspx>) to the Chief Finance Officer.

These cases will be assessed against the relevant accounting

guidance and the explanations provided in the case. The final decision for the carry forward of under spends is for the Chief Finance Officer.

31 Coding of Expenditure and Income

All expenditure and income must be charged / credited to the cost centre and appropriate account code to which it relates.

The detailed form of Capital and Revenue budgets shall be determined by the Chief Finance Officer or nominated officer consistent with the general directions of the Corporate Leadership Team and after consultation with Cabinet.

Journal transfers may only be actioned by the Finance team. All journals must include a clear narrative description and be supported by robust evidence and documentation.

Budget holders may only charge expenditure against budgets for which they are responsible.

32 Staffing Budgets

Service directors are responsible for maintaining their staffing establishment in line with their approved budget.

Any changes to the establishment list must go through the council's approval process.

Service directors are not permitted to engage supernumerary staff, whether on a permanent or interim basis, unless the funding source has been identified and agreed.

When the funding source has been fully utilised the contracts for supernumerary staff must end.

33 Earmarked reserves

When establishing reserves the council needs to ensure that it is complying with the Code of Practice on Local Authority Accounting and in particular the need to distinguish between reserves and provisions.

A reserve is a budget amount kept to fund a future event.

A provision is recorded as a cost against a cost centre when the council has a present obligation as a result of a past event, it is probable that the cost will be paid to settle the obligation, and a reliable estimate of the value of the cost can be made.

New reserves may be created at any time, but must be approved by The Cabinet member when a reserve is established. The setting, reporting and reviewing of reserves must be in accordance with the council's Reserves Policy.

The Chief Finance Officer has a fiduciary duty to local tax payers and must be satisfied that the decisions taken on balances and reserves represent proper stewardship of public funds.

The overall level of reserves balances will be reported to Cabinet at least annually or when new reserves are proposed.

The annual budget report to Council will include:

- A statement of movements in reserves for the year ahead and the following two years;
- A statement of the adequacy of general reserves and provisions in the forthcoming year and in the Medium Term Financial Strategy; and
- A statement on the annual review of reserves.

The level of reserves for the next three years will be reviewed at least annually as part of the Annual budget setting cycle. The Chief Finance Officer will review the Council's earmarked reserves for relevance of propose and adequacy.

Any amendments to earmarked reserves will be reported to the Cabinet.

Once a reserve has fulfilled the purpose for which it was established, any remaining balance should be reallocated to another similar purpose earmarked reserve or surrendered to General Reserves.

Capital Expenditure - Control

34 Council Approval of Capital Investment Budget

Council's approval of the Capital Investment Budget, known as the capital programme, – The Budget and Policy Framework - constitutes allocation of:

- Capital expenditure to be incurred in the budget year and for commitments to be made on capital schemes included for the budget year and for the previous years to the extent that provision has already been made. This is not an authority to spend, this requires executive approval to proceed;
- Expenditure to be incurred or commitments to be made for advance site acquisition, design fees and other associated preliminary expenditure but only if an appropriate budget allocation has been approved in the relevant year within the Capital Strategy and Programme.
- All authority is to be in line with the capitalisation policy that describes the process to be followed in relation to feasibility woks, new capital schemes and monitoring of those schemes.

35 Variations to the Approved Capital Strategy and Programme

The Council's Capital Strategy and Programme, which forms an integral part of the Council's Budget and Policy Framework, is agreed by Council. External grant funded schemes can be approved by the Chief Finance Officer, the rules for capital budgets are shown in the table in the Financial Procedure Rules.

36 Other Additional Expenditure Requests

Any other additions to capital budgets outside the agreed Budget and Policy Framework must be approved by Council.

37 Official Orders

Official orders shall be issued for all work, goods or services to be supplied to the Council except for supplies of public utility services, for periodical payments (rent + rates), petty cash purchases, or such exceptions as the Chief Finance Officer or nominated officer may approve. Orders must clearly state the quantity of the goods and nature of the work or services and whether covered by contract or an agreed price and discounts specified therein or an estimated value. In line with the Councils no purchase order no pay, no payment will be made to suppliers without a purchase order having been raised. Unless payment falls within the procurement card policy.

38 Raising a Purchase Requisition

The Head of Service / Service Director (or equivalent) shall nominate those Officers eligible to raise purchase requisitions on the Council's financial system. The financial system converts the purchase requisition into a purchase order upon the approval of the budget holder or nominated authorising officer.

39 Placing an Order

Unless the service has a budget an order should not be placed. Placing an order commits the Council to spending the money.

All official orders for goods and services must be raised using the Council's Financial System. Exceptions to this requirement require written approval from the Chief Finance Officer or nominated Officer. Purchases made using a Corporate Procurement Card do not require a purchase order. Requirements for use of the Corporate Procurement Card are contained within the Corporate Procurement Card Policy and should also be adhered to at all times.

The Council's Finance system will generate the appropriate commitment accounting record of outstanding orders. Verbal orders must not be made except as a matter of genuine urgency and must be confirmed immediately with a written order produced through the Council's Finance System.

Other than in cases of genuine emergency, no supplier shall be asked to provide goods or services before a purchase order has been issued to them.

40 Regular Periodic Payments

Any circumstances causing the cessation or variation of a regular periodical payment must be notified immediately to the Payments Manager.

41 Approval of Order

The ability to raise a requisition for goods or services and the subsequent approval and creation of the Order must only be undertaken by Officers nominated by the Corporate Director or Service Director. Nominations shall be set up by submitting an

authorised signatory form in the financial system which will workflow for the relevant approval before the roles are allocated.

Orders can be approved in line with the approval limits detailed in the financial procedure rules.

Goods properly supplied or work done without an official order due to a genuine emergency must be covered as soon as possible by a confirmation order.

Whenever practicable the duties of requisitioning goods or services and the subsequent confirmation of their receipt (goods received note process) shall not be performed by the Officer authorising the Order.

Each Head of Service / Service Director (or equivalent) shall be responsible for all orders issued from their Service.

42 Goods Received Process

The Head of Service / Service Director (or equivalent) or Delegated Officer shall ensure that the Corporate Finance System is promptly updated when goods or services are received. Before completing the Goods Received Note process the verifying Officer shall, save to the extent that the Chief Finance Officer or nominated Officer may otherwise determine, be satisfied:

- that the goods have been duly received examined and approved as being in accordance with the specification or match the official order and are satisfactory;
- that the works done or services rendered have been satisfactorily carried out and that, where applicable, the materials used were of the requisite standard;
- that the proper entries have been made in the inventories or stores records, where appropriate;
- that the Council's purchasing guidance has been followed.

Payment of Accounts

43 Payment of Invoices

It is the Council's policy to pay all invoices within 30 days of invoice date. It is therefore the responsibility of all staff to assist the Payments Team in ensuring invoices can be processed for payment as soon as possible through full compliance with all the relevant financial procedures.

44 Other Payment Requests

Payment requests shall be prepared in accordance with the format determined by the Chief Finance Officer or nominated officer who if satisfied, shall process and pay in accordance with a timetable prepared by them.

45 Destination of Invoices

Invoices for payment must be sent in the first instance to the Payments Team in Plough Lane.

46 Amendments and Deletions

Amendments to or deletions from an invoice must only be made in exceptional circumstances and must be authorised by the Chief Finance Officer or nominated officer. Where changes are required they must be made in ink of a distinctive colour and initialled by, or on behalf of the Head of Service / Service Director (or equivalent), and the reasons, if not obvious, briefly stated on the invoice. No alterations to a Value Added Tax invoice may be made but a new invoice or credit note must be sought from the supplier. To avoid the possibility of duplicate payments photocopies or faxes are not accepted as valid invoices except in emergencies.

47 Payment of Invoices

The Chief Finance Officer or nominated officer shall pay all invoices and other payment requests which they are satisfied are in order, apart from petty cash imprest accounts or local bank accounts.

The Chief Finance Officer shall ensure that appropriate arrangements are in place for ensuring that invoices received by the Payments Team are matched against official orders. Payment of invoices shall only be made when:

- the ordering Service has confirmed that the goods have been duly received, examined and approved;
- the prices are in accordance with the order;
- the payment is in accordance with council policy and legally payable;
- the account is correct, and that VAT is properly accounted for where appropriate;
- the item has not been previously passed for payment and is a proper liability of the Council.

The normal method of payment of money due from the Council shall be by cheque, electronic transfer or other instrument drawn on the Council's bank account by the Chief Finance Officer or nominated officer. Alternatively credit cards are used to pay for goods, these transactions are uploaded onto the financial system and payment made to the card supplier in the normal process.

The Chief Finance Officer shall be responsible for authorising the issue of corporate procurement cards and determining spending limits. Cardholders are required to comply with the policy issued by the Chief Finance Officer regulating the use of corporate credit cards. Purchases must be made in accordance with the contract procedure rules. This policy will include the requirement for cardholders to obtain a receipt for each transaction and monthly coding of all transactions on the Smart Data OnLine (SDOL) banking system, within 7 days of the monthly card statement being available on-line.

Corporate Directors and Service Directors shall provide the Chief Finance Officer with a list of authorised officers showing their signing levels as specified below, with specimen signatures. This list should be reviewed at intervals to ensure is up to date and accurate and any changes being reported promptly.

Authorisation limits are shown in the Financial Procedure Rules.

48 Examination of Accounts

The Chief Finance Officer or nominated officer may at their discretion examine the verified accounts passed for payment, as to their compliance with the minutes and Council regulations, contracts, accepted tenders or other authorities and for this purpose shall be entitled to receive such information and explanation as may be required.

Local Bank Accounts - Imprest / Petty Cash Accounts

49 Imprest / Petty Cash Advances

The Chief Finance Officer or nominated officer will provide imprest and petty cash advances, where appropriate, to officers for the purpose of defraying expenses.

The maximum permitted limit for imprest and petty cash is 10% of the service area budget. For schools the maximum limit is 2% of the school DSG allocation plus £1,000 per Hoople employee (this is to allow Hoople invoices for the recruitment of Teaching Assistants etc. to be paid by Direct Debit from the school imprest account).

A receipt shall be signed in respect of each advance by the officer concerned, who shall be responsible for accounting for monies. A receipt should be signed in respect of floats issued to officers.

50 Changes to Officers

Any changes to Officers responsible must be immediately notified to the Chief Finance Officer or nominated officer. An outgoing imprest holder must reconcile the imprest to the total amount held, whilst the incoming responsible Officer should satisfy themselves that all is in order before accepting responsibility for the imprest.

51 Disbursements

Vouchers for disbursements must be obtained, and attached to claims for reimbursement. Claims must be properly certified and forwarded for payment to the Payments Team at specified intervals, normally not exceeding one month.

52 Security of Cash

Heads of Service are responsible for ensuring that all cash is kept in a safe and secure place and that bank accounts are reconciled on a regular basis, not less than monthly. A bank statement must be received at least monthly for all imprest bank accounts.

53 Use of Imprest Accounts

Imprest accounts can be used for amounts agreed by the Chief Finance Officer or nominated officer:

- to pay for local purchases by cheque at the time of collection or delivery;
- to secure discounts or take advantage of special offers;
- to reimburse staff who have purchased small value items directly; All such payments must be supported by VAT invoices or receipts.

54 Use of Imprest Funds

Imprest funds must never be used to pay salaries, wages, or other employee expenses i.e., travel/subsistence and removal/relocation expenses, without the specific approval of the Chief Finance Officer or nominated officer. Such payments may attract liability to Income Tax or National Insurance contributions and must therefore be made via the payroll system.

55 Examination of Local Bank Accounts

The Chief Finance Officer or nominated officer may at their discretion examine and reconcile local bank accounts and for this purpose shall be entitled to receive such information and explanation as may be required.

56 Partnership Arrangements

Where it is intended that the Council should enter into a partnership arrangement to further the delivery of Council policy and/or services, this must comply with the council's framework for partnership governance and a supporting assurance self-assessment process must be completed.

The Council's partnership governance risk assessment must be carried out, and for any proposed partnership that is ranked High or Medium risk under that assessment, and in all cases where the Council's financial contribution to the partnership exceeds £100,000 per annum, including any grant or external funding for which the Council would act as Accountable Body, a full assessment must be carried out using the self-assessment process.

Income

57 Collection of Monies

The framework and regulation of the collection of all monies due to the Council shall be subject to the approval of the Chief Finance Officer or nominated officer and shall comply with these Financial Procedure Rules.

The general ledger shall be updated promptly of all monies due to the Council and of contracts, leases and other agreements and arrangements entered into which involve the receipt of money by the Council. The Chief Finance Officer or nominated officer shall have the right to inspect any documents or other evidence in this connection as they may decide.

58 Invoicing for Sums Due

Each Head of Service / Service Director (or equivalent) shall establish procedures to ensure that invoices are raised on the Council's Finance System in respect of work done, goods supplied, services rendered and all other amounts due to the Council. These procedures must ensure that all invoices due are raised promptly in order to assist recovery of the debts.

59 Payment of Amounts Due

All accounts rendered in respect of amounts due to the Council

shall contain a statement that payment must be made direct to the Chief Finance Officer or nominated officer and that cheques, money orders, and postal orders should be made payable to Herefordshire Council.

All cheques, money orders and postal orders received in any Service Unit shall be crossed "Herefordshire Council". Personal Cheques must not be cashed out of the money held on behalf of the Council.

Our preferred payment method is through utilising the Bankers Clearing Automated System (BACS).

60 Netting off of expenditure

Where a third party owes the council monies, but the council also owes that third party a debt then the two transactions must not be netted off. This is to ensure that expenditure is appropriately authorised.

Where this situation arises the gross income to the council should be recorded by way of a sales invoice and the gross expenditure incurred should also be recorded on the council's finance system and approved in the normal way.

A purchase invoice must be supplied by the third party.

61 Introduction of New Electronic Payment Facility

The Chief Finance Officer or nominated officer shall be consulted at an early stage on any proposals to introduce a new electronic payment facility. No such facility shall go live without the specific authorisation of the Chief Finance Officer or nominated officer.

The Council prohibits the use of any PayPal or any similar electronic payment facilities (unless specific authority has been obtained).

62 Payment into Council Account

All monies received by an Officer on behalf of the Council shall, without delay, be paid to the Chief Finance Officer or nominated officer. No deduction may be made from such money save to the extent that the Chief Finance Officer or nominated officer may specifically authorise.

Officers who bank money shall enter on the paying in slip and on the reverse of each cheque a reference to the related debt (receipt number or the name of the debtor) or otherwise indicate the origin of the cheque.

The name of the originating Service/Section shall be recorded on the paying in slip.

63 Issue of Receipts

Every sum received by a cashier or other Officer of the Council shall be immediately acknowledged by the issue of an official receipt, ticket or voucher except in the case of cheques other arrangements may only be established with the express approval of the Chief Finance Officer or nominated officer.

All official receipts, tickets, books and other cash tokens shall,

except by special arrangements approved by the Chief Finance Officer, be controlled and issued by the Chief Finance Officer or nominated officer, who shall keep a register of their receipt and issue. Departments shall keep proper records of the issue and use of all receipts, tickets and cash tokens.

64 Recording Receipt of Monies

Each Officer who receives monies on behalf of the Council, or for which they are accountable to the Council, shall keep records in a form approved by the Chief Finance Officer or nominated officer.

65 Transfer of Monies

Every transfer of official money from one member of staff to another will be evidenced in the records of the departments concerned by the signature of the receiving Officer.

66 Grants and External Funding

The acceptance and spend of grants may be recorded as record of officer decisions as long as they are part of an approved strategy of the council and there is a delegation in place in either a scheme of delegation or a bespoke delegation from Cabinet or Cabinet Member. The relevant strategy and delegation will need to be stated in the record of officer decision. If neither of these are in place, then an executive decision will need to be taken before the grant can be accepted. Any grants awarded above £500k are treated as key decisions

Authorisation to submit a bid for grant or other external funding, or accept an offer of such funding, must be obtained in advance of bid documents or acceptance documents being signed. This includes a situation where the council intends to act as Accountable Body in respect of partnership funding, in which case authorisation to accept this Accountable Body status must also be obtained.

The Chief Finance Officer shall be consulted on, and certify if necessary, any application for grant or external funding.

The Chief Finance Officer shall:

- (i) agree the terms and conditions of all grant offers made to the Council, and
- (ii) accept such grant offers and sign appropriate documentation on behalf of the Council,

Where the application for grant, or other external funding, is being made on behalf of a partnership, for which the council will take on the Accountable Body role, the Corporate Director or Service Director to whom the Accountable Body role is relevant, in consultation with the Chief Finance Officer and the Solicitor to the Council, shall agree the terms and conditions of that Accountable Body role, and sign associated documentation on behalf of the Council.

The Chief Finance Officer shall be responsible for the completion, authorisation and submission of any grant or external funding claim forms to the relevant organisation(s) and, if necessary, the Internal or External Auditor, in accordance with any guidelines applicable to the claim(s) in question. The Chief Finance Officer can give

delegated authority to relevant and responsible team to conduct this function for specific works.

Senior responsible officers shall ensure that records are retained to enable audit requirements to be met and provide explanations, as necessary, for any matters raised during the audit.

For funding requests over £10k the agreement to be sourced from the Corporate Leadership Team in advance of submission of grant application using the set template “External Funding Proceed Agreement”.

That Grants and Programmes team are given a copy of the “External Funding Proceed Agreement” along with the Corporate Leadership Team to view potential cross funding streams and to keep a register of external funding received.

A record of officer decision published on acceptance of the external funding, making clear the amount awarded and its purpose.

67 Developer Contributions S106

Developer contributions continue to support investment need associated with developments throughout the Country. Once a S106 has been completed, planning permission has been granted and the development subject to agreement has commenced, with the right governance in place the Council will be able to internally borrow to fund the project to commence prior to the developer contributions being received. The borrowing will be funded short term within the cash balances and repaid once the developer contributions have been received. Do note however there may be a risk to the Council that if the development does not reach the trigger point for payment, the Council would then have to find alternative funding. The trigger points for the contributions to be paid are tailored to each development on a case by case basis and are not standard.

Write-Offs - Income

68 Discharge of Debts

No debt due to the Council, after it has been correctly established, shall be discharged otherwise than by payment in full or by the writing-off of the debt or the unpaid portion of it, on the authority of the Chief Finance Officer or nominated officer where either:

- (a) the debt is not enforceable or that attempted recovery is likely to involve expensive litigation with limited hope of success; or
- (b) the cost of recovery would be disproportionate to the amount involved.

69 Written-off Debts

The approval limits for debt write offs are set out in the financial procedure rules.

Budget Holders will be provided with details of those debts where write off is appropriate. Such details are to include information on recovery action already taken.

In exceptional circumstances Corporate Finance may recommend to the chief finance officer that a debt should not be written off to the service budget but will be written off corporately.

Charging for Services

70 Review of Service Charges

As per Fees and Charges Policy

71 Unmet Estimates

Where it appears that income targets as set out in the Council's estimates will not be met then the Head of Service / Service Director (or equivalent) shall either meet the shortfall from within the service budgets or apply for an additional budget.

Salaries and Wages

72 Responsibility for Payments to Employees

The Chief Finance Officer shall be responsible for making arrangements for the payment of all salaries, wages, pensions and other payments to all current and former employees of the Council.

Travelling and Subsistence

73 Claims for Payment

All claims for payment of officer car allowances, subsistence allowances, travelling and incidental expenses shall be made through Business World

Officer's claims should be submitted promptly at the end of each month in which the journeys were made or the expenses incurred. The Chief Finance Officer or nominated officer may refuse to make payment of claims over 2 month old.

Stocks / Stores

74 Responsibility for Stocks

Each Head of Service / Service Director (or equivalent) shall ensure:

- the proper custody of their stocks and stores in their Service Unit and shall ensure that they are subject to an effective system of stock recording and control;
- that stores are held in reasonable quantities and that consideration has been given to turnover, value, delivery quantities and delivery periods;
- that practicable steps are taken to ensure that a delivery note is submitted by a supplier for every delivery at the time of delivery;
- as soon as practicable after the delivery has been made that goods are checked to ensure that the correct quantity has been delivered and that they meet the appropriate quality standard;
- that no articles or goods are removed from stock without proper authority;

- that an annual review of stocks held is undertaken with a view to reducing the number of slow moving items and disposing of obsolete stock items;
- that obsolete or other stocks no longer required for the purpose acquired are disposed of under the disposals policy;
- that accounts and records are maintained in connection with the receipt and issue of stores in such form and timetable as the Chief Finance Officer ;
- that on the 31st March each year the value of stocks held is certified and reported to the Chief Finance Officer or nominated officer.

75 Surplus or Deficiency

Where any surplus or deficiency is revealed in excess of £5,000 in any item of stock the Chief Finance Officer shall be advised and disciplinary action taken where necessary.

76 Checking of Stock

The Chief Finance Officer or nominated officer is entitled to check stores and be supplied with any information relating to the accounting, costing, and financial records of the Council.

Disposal of Surplus or Obsolete Goods, Plant and Stocks

77 Authorisation for Disposal

Surplus or obsolete goods or plant, whether held in store, on inventories or otherwise up to the value of £2,000 per item or group of like items, must not be disposed of either by sale or destruction except upon the authorisation of the appropriate Corporate Director or Service Director of the Service Unit concerned. Where the value is between £2,001 and £10,000 the authorisation of the Deputy S151 Officer or nominated officer must also be obtained. Where the value exceeds £10,000, authorisation from the Chief Finance Officer must be obtained.

In relation to inventory items (e.g. desk and chairs) with a potential value but surplus to requirements be considered for reuse within different part of the organisation For sale best value or price should be consideration (balanced with cost of disposal). Options should also be considered for release to voluntary sector organisations and schools on a fair and equitable basis. A records of options retained and decision of disposal agreed at head of service level or above.

IT equipment through a disposal provider with all information wiped.

78 Sale of Stock

Sale must be effected by public tender except when, in the opinion of the appropriate Head of Service / Service Director (or equivalent) concerned and the Chief Finance Officer or nominated officer, the financial interest of the Council is better served by disposal by any other means. This could be by public auction.

79 Recording Disposal

A record of each disposal should be maintained (i.e. the approval, the price obtained and if appropriate the alternative method of disposal used). Inventories or stock records should be up-dated in a timely fashion to reflect the disposal. Officer decisions for disposals in excess of £50,000 must be published.

80 Income from Disposal

Income from disposals shall be credited to the cost centre unless a capital receipt. Capital receipts are sales of assets recorded on the asset register in excess of £10,000. These are credited to the capital receipts reserve and used to fund the capital investment budget.

81 VAT

Value Added Tax shall be accounted for on the sale proceeds if appropriate and the amount identified when banking the income. The Chief Finance Officer or nominated officer should be contacted if clarification of the VAT position is required.

82 Voluntary funds

A voluntary fund is any fund which is held or controlled by the Council as trustee for the benefit of a third party and/or for a specified purpose. Such funds may be administered solely, or in part, by an officer by reason of his or her employment with the Council.

The Chief Finance Officer shall be informed of the purpose and nature of all voluntary funds maintained or managed by any Officer in the course of their duties with the Council.

Voluntary funds registered with the Charity Commissioners must comply with all requirements set by the Commission in respect of the format of accounts and the need for audit or independent examination by a competent person, and must meet the timescales set out for such reports.

Voluntary funds not registered with the Charity Commissioners shall have formal accounts prepared and examined annually by a competent person independent of the fund. A copy of the accounts and Independent Examiner's Statement shall be supplied to the Chief Finance Officer immediately after the examination. The Chief Finance Officer shall be entitled to verify that the reports have been made and to carry out such checks on the accounts as he considers appropriate.

83 Accountable body status

Where it is intended that the council should act as Accountable Body for a partnership and related funding, authorisation must be obtained before entering into such an arrangement.

The Corporate Director or Service Director to whom the Accountable Body role is relevant, in consultation with the Chief Finance Officer and Monitoring Officer, will agree the terms and conditions of that Accountable Body role, and sign associated documentation on behalf of the council.

Unless there is explicit agreement to the contrary, which must be

documented fully in the Accountable Body agreement, the governance rules of the partnership will be expected to follow both the Financial and Contract Procedure Rules agreed by the council.

In all cases, where the partnership funding includes grants or other external funding, then the provisions contained in the Financial Procedure Rules will apply. Approval must be obtained by the relevant Cabinet member and Council.

Insurance

84 Responsibility for Insurance

The Chief Finance Officer or nominated officer is responsible for the arrangement of risk funding on advice from Internal Audit. The administration and resolution of all losses is the responsibility of the nominated officer in consultation with other Officers where necessary by reporting to the Chief Finance Officer or nominated officer.

85 Record of Insurances

The Chief Finance Officer will keep a permanent record of all insurances, risks covered, premiums paid and of all self-funded risks and losses paid. This includes third parties arranging insurance where the Council has an insurable interest. Documents to be permanently retained must include policy schedules and all liability insurance certificates for every period of insurance. Such responsibilities may be delegated to the nominated officer.

86 Incident / Accident Reporting

Every event with the potential to give rise to a financial loss, or involving injury to a member of staff, an elected Councillor or client of the Council, must be reported in accordance to the Health & Safety Arrangements Policy.

87 Review of Risk Financing Arrangements

The Chief Finance Officer or nominated officer and Internal Auditor shall annually review the Council's risk financing arrangements and look at adequacy of provision in the light of changes in the environment including new legislation, imposed or contractual responsibilities, legal precedent, newly identified and quantified risks, or other concerns identified.

88 Consultation

Before any indemnity requested from the Council is provided, the Head of Service / Service Director (or equivalent) responsible shall obtain written agreement from the Chief Finance Officer or the nominated officer. Generally Heads of Service should not allow burdens or responsibilities to be imposed on the Council through contract that would not otherwise be imposed by common law or statute.

Security

89 Responsibility for Security

All Heads of Services are responsible for maintaining proper

security at all times for all information, buildings, stocks, stores, furniture, equipment and cash under their control. They should report to Facilities Management where they consider security is thought to be defective or where they consider special arrangements are needed.

Appropriate security controls for all assets shall be identified by the risk assessment process and by referring to security standards and procedures. Arrangements shall be agreed as above.

Maximum limits for cash holdings shall be identified by the risk assessment process and agreed with the Chief Finance Officer or nominated officer and shall not be exceeded without permission.

Key holders for safes and similar security receptacles are to be agreed by each Head of Service / Service Director (or equivalent) in conjunction with the Chief Finance Officer or nominated officer. The loss of keys shall be reported immediately using the security incident reporting procedures.

90 Data Protection Legislation

The Chief Executive in conjunction with the Chief Operating Officer (Hoople Ltd) and Corporate Support, and in consultation with Heads of Service and the Data Controller, will ensure that all computer systems and written records, (including those in the possession of elected Councillors) which store sensitive personal data are operated in accordance with the Council's Data Protection Policy, Data Protection legislation, and that proper security and confidentiality is maintained. IT systems only installed by the council's IT service.

91 Anti money laundering, bribery and corruption

All staff must have regard to the Council's Anti-Money Laundering Policy and Anti Bribery and Corruption Policy. A member of staff should consider, in line with the Policy and Guidance, reporting any transaction which involves the receipt of £5,000 or more of cash to the Money Laundering Officer (the Head of Strategic Finance); notwithstanding such financial limit, any member of staff who has reasonable grounds to believe that money laundering is taking place (or is being attempted) in respect of a smaller amount of cash should report the matter to the Council's Money Laundering Officer.

Staff should also have regard to the Council's Gifts and Hospitality Protocol. All staff must immediately report to their manager or the Monitoring Officer any circumstances where inappropriate gifts or hospitality have been offered to them.

Estates

92 Responsibility of Corporate Directors and Service Directors in Relation to Asset Register

The Chief Finance Officer or nominated officer will maintain an asset register of all land and properties owned by the Council recording the purpose for which the property is held, the location, extent and plan reference(s), purchase details where available, details of interest and rents payable and particulars of tenancies of other interests granted. This register is also updated by the assets

team as appropriate.

All changes to the asset register must be communicated through business world.

93 Valuation of Assets

The Chief Finance Officer or nominated officer shall ensure that all assets are valued (reinstatement and open market valuation) for capital accounting purposes in accordance with the latest CIPFA code.

94 Notification of Purchase or Disposal of land and / or buildings

Any purchases or disposals of property must be actioned on Business World (including requiring a valuation prior to disposal).

Acquisitions of land and / or properties must follow the completion of an independent Royal Institute of Chartered Surveyors (RICS) red book valuation.

95 Leases to external organisations (excluding non-maintained schools)

All leases must be provided on commercial terms and not included in waived terms of contract award. To be agreed in consultation with the Head of Programme Management Officer.