

EAST CAMBS FINANCIAL PROCEDURE RULES

CONTENTS

INTRODUCTION AND STATUTORY REQUIREMENTS

- General guidance
- Statutory requirements

FINANCIAL MANAGEMENT

FINANCIAL SYSTEMS

- Accounting Systems
- All Financial Systems

REVENUE BUDGETS

- Setting a Budget
- Incurring Expenditure and Virements
- Controlling Expenditure and Income
- Reserves
- Monitoring Expenditure
- Reporting the Outturn

CAPITAL BUDGET

- Setting a Budget
- Additions and Amendments to Capital Programme
- Incurring Expenditure
- Controlling Expenditure
- Capital Monitoring
- Carry Forward of Resources
- Capital receipts

GRANTS AND OTHER EXTERNAL FUNDING

ACCOUNTS

FINANCIAL ADMINISTRATION – EXPENDITURE AND INCOME

- Authorised Officers
- Orders for Works, Supplies and Services
- Payments for Works, Supplies and Services
- Salaries and other payments to employees and Members
- Income
- Credit Income
- Cash and cheques
- Recovery of Debt
- Write-off of Debts

EAST CAMBS FINANCIAL PROCEDURE RULES

VAT

Banking Arrangements

Bank Reconciliation

Council Purchase Cards

Stock

Cash Advances, Petty Cash Floats and Imprest Accounts

ASSET REGISTER

Buildings, Land and Other Assets

RISK MANAGEMENT AND INSURANCE

TREASURY MANAGEMENT

INTERNAL AUDIT

General

Audit Planning and Reporting

Directors and employees responsibilities in respect of financial control and irregularities

Investigations

EXTERNAL AUDIT

GLOSSARY

EAST CAMBS FINANCIAL PROCEDURE RULES

1. INTRODUCTION AND STATUTORY REQUIREMENTS

General guidance

- 1.1 Financial Procedure Rules (FPRs) exist to regulate the way in which the Council manages its financial affairs. This is a necessary discipline in any organisation and particularly in the public sector where there are expectations for the proper use and management of public money and where there is legislation which determines the purposes for which the Council can incur expenditure.
- 1.2 Under Section 151 of the 1972 Local Government Act, the Council has a specific statutory responsibility, through the Chief Finance Officer (CFO), for the “.....proper administration of its financial affairs”. At East Cambs, the Finance Manager is the designated CFO, or Chief Finance Officer.
- 1.3 Essentially these rules set out the framework of responsibilities and requirements across the whole range of the Council's financial affairs and in doing so their content inevitably covers a range of Council employees.
- 1.4 All employees, at whatever level in the Council, should be aware of these FPRs, and Directors and Service Leads in particular should have a good knowledge of the detail.
- 1.5 The rules cover a number of areas and these are listed in the contents. In the event that circumstances are not covered in these rules, the Chief Finance Officer and Monitoring Officer will advise as to the appropriate course of action.
- 1.6 These Financial Procedure Rules must be adhered to at all times. All Directors are accountable to the Chief Finance Officer for compliance with these Rules. The Chief Finance Officer is, in turn, accountable to the Council. All Officers with delegated responsibility for undertaking financial duties are accountable to their Director for compliance with these Rules.
- 1.7 Should a material unauthorised breach of these Rules come to light then it must be reported immediately to the Chief Finance Officer.
- 1.8 These Rules assign responsibilities to Directors and to the Chief Finance Officer, and generally do not assign responsibilities to individual nominated post holders (except, occasionally, where it is helpful to do so). The Chief Finance Officer and Directors may delegate responsibilities assigned to them under these Rules. In particular, the Chief Finance Officer may delegate responsibilities to other Finance staff.

EAST CAMBS FINANCIAL PROCEDURE RULES

Statutory requirements

Section 114 Local Government Finance Act 1988

- 1.9 Section 114 of the Local Government Finance Act 1988 imposes certain duties on the Chief Finance Officer. The Chief Finance Officer shall make a report under this Section if the Council, Members or officers or a Joint Committee on which the Council is represented:
- a) has made or is about to make a decision which involves or which would involve the Council incurring expenditure which is unlawful;
 - 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 a loss or deficiency on the part of the Council; or
 - c) is about to enter an item of account, the entry of which is unlawful.
- 1.10 The Chief Finance Officer shall make a report under this Section if it appears that the expenditure the Council 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.
- 1.11 In making a report under this Section, the Chief Finance Officer shall consult, as far as is practicable, with the Head of Paid Service and the Monitoring Officer.
- 1.12 Where the Chief Finance Officer makes a report under Section 114 it shall be sent to:
- a) the external auditor;
 - b) each member of the Council.
- 1.13 The Council shall consider the report within 21 days of issue and is prohibited from taking the course of action which is the subject of the report prior to that meeting taking place. The external auditor shall be informed of the date of the meeting and of any decisions made at the meeting.

Section 27 Accounts and Audit Regulations 2011

- 1.14 The Resources and Finance Committee shall receive and consider the external auditor's annual audit letter on the completion of the Council's accounts. It shall be the responsibility of the Resources and Finance Committee to ensure that any audit recommendations in the report are followed up and that the annual audit letter is published.

EAST CAMBS FINANCIAL PROCEDURE RULES

2. FINANCIAL MANAGEMENT

- 2.1 The Council is responsible for setting the overall financial framework and approving the Financial Procedure Rules which govern how the Council operates and appointing an appropriately qualified Chief Finance Officer to oversee the Council's financial administration.
- 2.2 The Resources and Finance Committee is responsible for overseeing matters relating to the Council's financial (capital and revenue) resources. The Committee's duties include recommending to Council policies on the overall control, monitoring, planning and allocation of its financial resources.
- 2.3 The Finance Manager as the Council's financial adviser shall:
 - a) report to Resources and Finance Committee and Council on resource availability, generation and allocation, financial policies and keep Committee informed with respect to the Council's finances and financial performance;
 - b) advise Resources and Finance Committee and Council on maintaining adequate levels of reserves;
 - c) advise Resources and Finance Committee on the financial implications of proposals submitted to them;
 - d) approve all accounting procedures, records and systems of the Council and its officers; and
 - e) report the facts immediately to the Resources and Finance Committee where it appears likely during the year that a material variation in a service's expenditure or income is likely to occur.
- 2.4 Directors are responsible for:
 - a) the financial administration of their Services, in compliance with these Financial Procedure Rules and ensuring that records and systems are properly maintained;
 - b) the monitoring and control of expenditure and income against their capital and revenue budgets;
 - c) taking necessary action to avoid exceeding their budget allocation and promptly notifying the Finance Manager of any significant forecast variations.

EAST CAMBS FINANCIAL PROCEDURE RULES

2.5 Directors shall:

- a) provide all information required by the Finance Manager and allow the Finance Manager access to all information, records and documents that he requires, before submitting them for approval to Members;
- b) allow the Finance Manager adequate opportunity to provide written comments for inclusion in any report which has financial implications;
- c) inform the Finance Manager when officers intend to meet representatives of Government Departments or outside bodies on matters which may involve current or future financial or economic proposals and be given the opportunity of being represented or advised of the outcome of the proposals as the Finance Manager considers necessary;
- d) consult the Finance Manager on any matter which is likely to affect the finances or financial systems of the Council before any commitment is incurred or before a report is submitted to Council or to a policy committee;
- e) inform the Finance Manager of service developments or amendments to existing services which involve additional expenditure or loss of income and prepare a report for Resources and Finance Committee for approval if applicable. This report to include a statement of the financial implications prepared in conjunction with and approved by the Finance Manager;
- f) be responsible for accountability and the efficient use of all resources within their Services.

2.6 Budget Holders shall be responsible for:

- a) monitoring and control of expenditure and income against their capital and revenue budgets and complying with corporate monitoring and reporting timetables;
- b) taking necessary action to avoid exceeding their budget allocation;
- c) authorising/certifying financial transactions relevant to their level of responsibility;
- d) promptly notifying the relevant Director and the Finance Manager of any significant forecast variations.

EAST CAMBS FINANCIAL PROCEDURE RULES

3. FINANCIAL SYSTEMS

Accounting Systems

- 3.1 The Finance Manager is responsible for the provision of a corporate financial system, where the Council's accounts are maintained, including the details of the Council's budget, and the monitoring of expenditure and income against this. The Council's current Financial System is Agresso.
- 3.2 Directors and Service Leads are responsible for ensuring Agresso accurately records the financial transactions of their functions, and for complying with any guidance issued by the Finance Manager.
- 3.3 Directors and Service Leads shall ensure that transactions are recorded in a manner which complies with proper accounting practices, enables returns to be made to taxation authorities, and complies with other legal requirements. The Finance Manager shall give whatever guidance is necessary to ensure that this obligation can be fulfilled.
- 3.4 All officers shall use Agresso as the prime means of monitoring expenditure and income in their services and for comparing spending against budget. Officers may keep such subsidiary information and records as they feel necessary to effectively monitor expenditure, income and commitments, and to support returns made to the taxation authorities, but these must be regularly reconciled to the main Agresso system.
- 3.5 The following principles shall be observed in the allocation of accounting duties:
 - a) the duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them;
 - b) officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.
 - c) the Finance Manager shall make such recommendations to the Resources and Finance Committee regarding the accounting system and financial operation of any Directorate as deemed necessary.

All Financial Systems

- 3.5 Officers may not make changes to financial systems without the agreement of the Finance Manager.
- 3.6 Proposals for changes in staffing and organisational arrangements relating to the operation of financial systems (e.g. introduction of a new payment

EAST CAMBS FINANCIAL PROCEDURE RULES

mechanism for supplies) shall also be agreed with the Finance Manager prior to implementation. The Finance Manager may waive these requirements for consultation in circumstances where he or she is satisfied that change will not prejudice the proper administration of the Council's financial affairs.

- 3.7 Each Director shall be responsible for the effective operation of financial systems to the extent that they are operated or controlled within their services and shall ensure proper security and confidentiality including adherence to the requirements of Data Protection and other information legislation.
- 3.8 Each Director shall monitor the effectiveness of financial systems in his or her services and shall in particular ensure that financial systems discharge the Finance Manager's duty to ensure that there is proper administration of the Council's financial affairs. Where Directors believe that systems are ineffective, they shall report the matter to the Finance Manager who will report the findings to Resources and Finance Committee (as the Council's Audit Committee) at the earliest opportunity.

4. REVENUE BUDGETS

Setting a Budget

- 4.1 The Council shall set the Council Tax level and approve a budget each year by the end of February. The Resources and Finance Committee will recommend a budget to Council. The recommended budget from Committee to Council shall, as a minimum, contain:
 - a) the proposed Council Tax requirement;
 - b) the proposed use of reserves and appropriate level for the General Fund reserve;
 - c) the proposed band D Council Tax;
 - d) spending plans for directorates;
 - e) a view of the medium term financial position;
 - f) an analysis of financial risks that might impact on the budget; and
 - g) the results of consultation.

For the purposes of these rules, the budget includes spending plans for each Directorate, corporate financing costs and the resources available by means of General Fund and earmarked reserves.

- 4.2 Budget proposals shall be submitted to Members, accompanied by a report from the Finance Manager. This report shall:
 - a) identify proposed developments and any savings;
 - b) report to Resources and Finance Committee on resource availability, generation and allocation, financial policies and keep the Committee

EAST CAMBS FINANCIAL PROCEDURE RULES

informed with respect to the Council's finances and financial performance;

- c) advise Resources and Finance Committee and Council on maintaining adequate levels of reserves.

- 4.3 The Finance Manager shall present, for consideration not later than 31st January in each year, to the Resources and Finance Committee a draft budget for the following financial year. The Chief Finance Officer shall then further reflect the views of Resources and Finance Committee when presenting the final budget report for approval by the Council not later than 28th February in each year.
- 4.4 The Chief Finance Officer shall ensure that a detailed budget is correctly recorded on Agresso, as soon as practicable after the budget is approved by the Council.

Incurring Expenditure and Virements

- 4.5 Officers are responsible for working within their service budget set by Council. Directors are authorised to incur expenditure on services for which there is approved budget provision i.e. there is capacity within their functional budget ceiling. Financial and Contract Procedure Rules must be complied with when expenditure is incurred.
- 4.6 Directors are authorised to vire sums of money within functional budgets without limit, providing such virement does not give rise to a change of Council policy. This means for example that a stationery budget may be converted to a travel budget within the same function.
- 4.7 Directors are authorised to vire money between any two functional budgets within their directorate budgets to a maximum limit of £25,000, provided such virement does not give rise to a change of Council policy or the overall Directorate budget is not overspent as a whole.
- 4.8 The Chief Executive and Chief Finance officer are authorised, at the request of Directors, to vire up to £50,000 between any two functional budgets (e.g. leisure services to housing services) within a directorate or across directorates provided that the virement does not give rise to a change in Council policy and the overall Directorate budget (or both if it is a transfer) is not overspent as a whole. In approving such transfers, officers will have regard to the overall budget position of the Council. Virements may not be approved if the achievement of under spends in some functions is integral to meeting overspends in other areas.
- 4.9 Virements between functional budgets undertaken by Directors or approved by the Chief Executive / Chief Finance Officer must be reported to Resources and Finance Committee with the next quarterly monitoring report.

EAST CAMBS FINANCIAL PROCEDURE RULES

- 4.10 Where the Council receives ring-fenced grant income, other than that identified in the approved budget, an additional budget will be created and Directors be allowed to incur expenditure in line with the conditions of the grant. Resources and Finance Committee or Council approval is not required as the Council has no discretion how funds are used.
- 4.11 Where Directors wish to increase a functional budget by over £50,000 they must seek approval in advance from Resources and Finance Committee for the virement to cover any increase. The request must include:
- a) the reason for the request
 - b) the amount requested
 - c) the implications of the request being refused
 - d) the particular source of funding being requested if applicable
 - e) a description of attempts made to identify savings to offset the request for extra funds
- 4.12 Resources and Finance Committee can approve virements in any functional budget of up to £150,000 in any one year. Changes above £150,000 must be approved by Council on a recommendation from Resources and Finance Committee. In approving requests, Resources and Finance Committee or Council may agree the use of earmarked reserves or make virements between directorates.
- 4.13 Resources and Finance Committee or Council will decide whether functional budgets can be increased. Requests may be:
- a) agreed unconditionally
 - b) agreed with conditions – for example that the overall Directorate must remain underspent or savings must be found elsewhere;
 - c) refused – outright or subject to further work
- 4.14 At the end of any quarter or earlier if appropriate, Officers may identify (given the Council's statutory requirements to deliver certain services and to respond at short notice to demand increases) that their Directorate budget is forecast to be overspent OR a particular functional budget is forecast to be overspent by £50,000. In either case, the budget monitoring report to Resources and Finance Committee and the relevant policy committee where relevant (or Council if the overspend is in excess of £500,000) must include full details including:
- a) the reason for the overspend in each function where budgets are £50k over OR the reason for the Directorate overspend where no functional budget is £50,000 overspent
 - b) steps being taken to address the overspend and restore the Directorate expenditure plans to be within budget
 - c) the particular source of additional funding being requested if applicable

EAST CAMBS FINANCIAL PROCEDURE RULES

- d) a description of attempts made to identify savings to offset the request for extra funds
- 4.15 Where Officers have reported on issues in one quarter, e.g. a Directorate or functional budget is overspent, then an update should be provided in subsequent quarters.
- 4.16 Officers are responsible, in consultation with their Director and if necessary the Chief Executive, for determining whether a proposed virement would give rise to a change of Council policy. If this is deemed to be the case then the Monitoring Officer will advise as to whether Resources and Finance Committee or Council approval is required.
- 4.17 Movement of money between functional budget ceilings is not virement to the extent that it reflects changes in management responsibility for the delivery of services. E.g. transfer of services from one directorate to another.
- 4.18 The Chief Finance Officer may also vire money between functional budget ceilings where such movements represent changes in accounting policy, or other changes which do not affect the amounts available for service provision.
- 4.19 Where budgeted expenditure is to be met by grant income, Officers are responsible for complying with the conditions of grant. This includes making arrangements for the appropriate retention of documents, including clear working papers, for audit purposes

Controlling Expenditure and Income

- 4.20 Each Director is responsible for:
 - a) managing the cost of each of the services within their Directorate budget within its cash limit;
 - b) ensuring, as far as possible, that their Directorate budget is not overspent in total;
 - c) taking action to control expenditure.
- 4.21 Each Director is responsible for ensuring that there is a nominated budget manager responsible for controlling each cost centre budget and each functional budget within their departmental budget.
- 4.22 When nominating budget managers, Directors shall align budgetary accountability with managerial responsibility for use of resources as closely as possible.
- 4.23 Budget managers are responsible for ensuring that the budget for which they are responsible is not overspent (or under-recovered) and are accountable to their Director (through normal line management arrangements) in this regard.

EAST CAMBS FINANCIAL PROCEDURE RULES

Reserves

- 4.24 The Council's budget management framework allows for the creation of earmarked reserves to meet specific purposes.
- 4.25 Earmarked reserves may be created or dissolved by Council. In creating a reserve, the purpose of the reserve must be clear and a maximum limit for the reserve must be set.
- 4.26 The Chief Finance Officer is authorised to approve transfers from earmarked reserves without limits on the basis that use of the reserve is consistent with its original purpose.
- 4.27 The Chief Finance Officer can determine whether any additions/reductions should be made to earmarked reserves as long as the maximum limit in any one reserve is not exceeded.

Monitoring Expenditure

- 4.28 The Council shall have a budget carry forward reserve, known as the Surplus Savings Reserve, where any under spent resources shall be transferred to be carried forward to assist in the funding of services in future years. Details of this reserve (both the balance and planned use) will be provided to Resources and Finance Committee and Full Council when approving the budget each year.
- 4.29 Each Officer shall report progress on the implementation of his/her budget to the Chief Finance Officer, in such manner and to such timescales specified for the purposes of financial monitoring.
- 4.30 The Chief Finance Officer shall report quarterly on progress of the achievement of the budget to policy committees and the Resources and Finance Committee.
- 4.31 Resources and Finance Committee will review the Council's financial performance at quarterly intervals, or more frequently if required, and will give clear direction on actions to be taken in relation to any forecast variations from the approved budget. Resources and Finance Committee and policy committees shall hold Directors to account for their management and use of resources and may seek explanatory information from Directors as required.

Reporting the Outturn

- 4.32 The Chief Finance Officer shall report the revenue outturn to the Resources and Finance Committee by the end of June following the end of the financial year.

EAST CAMBS FINANCIAL PROCEDURE RULES

- 4.33 Each Director shall supply such information and explanations to the Chief Finance Officer as is requested for the purpose of this report.
- 4.34 The Resources and Finance Committee shall hold Directors to account for their management and use of resources during the course of the year and may seek further information from directors as it sees fit.

5. CAPITAL BUDGET

Setting a budget

- 5.1 The Chief Finance Officer is responsible for recommending a capital programme to the Resources and Finance Committee each year.
- 5.2 Each scheme within the capital programme shall be appraised by the Chief Finance Officer and approval sought from Resources and Finance Committee as part of the overall capital programme or through separate reports submitted in year.
- 5.3 Details of each scheme within the approved capital programme shall be appraised by Directors or any other group set up for this purpose prior to being submitted to Resources and Finance Committee for approval before any expenditure is incurred. The appraisal and report to Resources and Finance Committee shall include:
- a) the purpose and objective of the project;
 - b) alternative methods of achieving the outcome, if possible;
 - c) whether approval is sought for design, and/or land acquisition or construction;
 - d) the estimated capital cost (including fees) at outturn prices and projected phasing of expenditure;
 - e) scheme specific project officers;
 - f) initial and on-going revenue implications;
 - g) key dates;
 - h) external finance e.g. capital grant, developer's contribution, borrowing; and
 - i) potential for the generation of capital resources through receipts etc.
- 5.4 The capital programme may consist of:
- a) appraised schemes for which specific sums of money are provided based on cost estimates;
 - b) provisional funding for schemes yet to be developed or approved by the Resources and Finance Committee; or
 - c) a combination of the two.

EAST CAMBS FINANCIAL PROCEDURE RULES

- 5.5 The Resources and Finance Committee shall recommend a capital programme to Council prior to the beginning of each year. The programme will cover the budget year and three subsequent years. The Council shall approve the capital programme.
- 5.6 When submitting a capital programme to the Resources and Finance Committee, the Chief Finance Officer (or Directors as the case may be) shall identify the following:
- a) details of approved projects and their basis of funding;
 - b) details of funding available for unapproved projects;
 - c) the revenue consequences of any borrowing;
 - d) the revenue consequences of any schemes apart from the cost of borrowing;
 - e) the extent to which borrowing is affordable, sustainable and prudent with reference to such indicators as the Chief Finance Officer believes appropriate;
 - f) the extent of any pre-commitment of capital resources in years beyond the plan;

Additions and Amendments to Capital Programme

- 5.7 Any proposal to amend the capital programme by including a new project, increasing the project budget or deleting an approved project shall require the formal approval of the Resources and Finance Committee.

Incurring expenditure

- 5.8 The approved capital programme shall specify the authority given to Officers to commit expenditure.
- 5.9 No expenditure may be incurred on a scheme funded by grant or third party contributions without confirmation of these resources.

Controlling expenditure

- 5.10 Once officers have been authorised to incur expenditure, they are responsible for ensuring that each scheme is completed on time, in accordance with its objectives and within the approved capital programme provision.
- 5.11 Where the original estimate appears, at any stage of the project, likely to be exceeded by 5% where the project cost is greater than £500,000, or by 10% in other cases (but subject to a de minimis level of £30,000), or where any avoidable variations or discretionary charges are to be incurred, the Chief Finance Officer shall report the facts immediately to the Resources and Finance Committee.

EAST CAMBS FINANCIAL PROCEDURE RULES

Capital Monitoring

- 5.12 Officers are responsible for ensuring that there are proper arrangements within their service areas for monitoring physical and financial progress of capital schemes.
- 5.13 The Chief Finance Officer shall report quarterly progress on the capital programme and the outturn position to the Resources and Finance Committee. Officers shall supply such information as may be required for the preparation of this report.
- 5.14 Upon completion of all major capital schemes, the Chief Finance Officer shall report to Resources and Finance Committee on the outcome of the scheme in the quarterly financial monitoring reports unless Resources and Finance Committee request a specific report. Such a report could include:
- a) whether the purpose and objective of the project were achieved;
 - b) whether the scheme was completed in accordance with the original timetable;
 - c) the final capital cost (including fees) compared to the original estimate;
 - d) the funding of the project compared to the original estimate;
 - e) the on-going revenue implications.

Carry forward of resources

- 5.15 Any resources unspent at the end of the financial year on approved capital schemes will be carried forward to future years unless the Resources and Finance Committee determines otherwise, after consideration of the outturn position.

Capital receipts

- 5.16 The Chief Finance Officer shall report the capital receipts received and forecast in the year to the Resources and Finance Committee as part of the quarterly monitoring reports and the yearend report.
- 5.17 The Chief Finance Officer is responsible for the allocation of these resources, to ensure that the Council's capital programme is funded in the best interests of the Council.

6. GRANTS AND OTHER EXTERNAL FUNDING

- 6.1 The Council may be asked to bid for external funding or be informed that funding is being made available to it subject to conditions. This section

EAST CAMBS FINANCIAL PROCEDURE RULES

governs the approval process in each case recognising the expediency with which decisions have to be made.

- 6.2 Any expression of interest for funding (which does not commit the Council to formally bid for funding) can be made by any Director in consultation with the relevant Committee Chair.
- 6.3 Any applications for grant funding or other external funding above £50,000 must be approved by the Chief Finance Officer and then Resources and Finance Committee unless the timetable for bidding will not allow. In these cases the Chair of Resources and Finance Committee and Chief Finance Officer must approve any bids. The report to Resources and Finance Committee shall set out:
 - a) the purpose and objective of the project;
 - b) how the project fits in with the Council's objectives;
 - c) details of funding / grant being sought;
 - d) any financial contribution required from the Council either in terms of match funding or other costs;
 - e) any ongoing revenue or capital implications;
 - f) any known conditions of funding;
 - g) key dates and milestones.
- 6.4 All applications for grant income / external funding below £50,000 must be signed by a Director / Officer and the Chief Finance Officer.
- 6.5 The certification of expenditure in support of a grant claim may only be authorised by the Chief Finance Officer or his/her nominee. Officers should maintain adequate records to demonstrate use of the grant/funding and to be able to demonstrate adherence to any grant conditions.
- 6.6 If the Council receives grant funding from Government or other sources, then acceptance of the terms of conditions is the responsibility of respective policy committee unless, in the cases of emergency/short notice, the Council would be at risk of losing funding. In these cases, the Committee chair, Director and Chief Finance Officer may agree to the acceptance of terms and conditions but must report back to Committee at the next available opportunity.

7. ACCOUNTS

- 7.1 The Chief Finance Officer shall be responsible for the accounts of the Council and all accounting records and systems shall be subject to his or her approval and control. All changes to financial and accounting systems must be approved by the Chief Finance Officer.

EAST CAMBS FINANCIAL PROCEDURE RULES

- 7.2 Accounting procedures will reflect recommended professional practices and follow accounting principles as determined by the Chief Finance Officer. Accounting procedures shall be reviewed as necessary by the Chief Finance Officer in consultation with the relevant Director to ensure they provide the information required by both without duplication of records.
- 7.3 The Chief Finance Officer shall annually prepare and publish in an appropriate format, in accordance with CIPFA guidance and relevant legislation, a draft Statement of Accounts (SoA) by 31st May following the end of the financial year and make these available to the public.
- 7.4 The Resources and Finance Committee shall approve the SoA by 31st July each year.
- 7.5 Financial records shall not be disposed of other than in accordance with arrangements approved by the Chief Finance Officer.
- 7.6 Directors shall provide all relevant information deemed necessary to compile the Council's final accounts in accordance with guidance issued by the Chief Finance Officer.

8. FINANCIAL ADMINISTRATION – EXPENDITURE AND INCOME

In the following section, references are made to the use of Agresso. Where Agresso is not used, alternative arrangements must be approved by the Chief Finance Officer.

Authorised Officers

- 8.1 Directors shall authorise appropriate officers to undertake the following duties;
 - a) raise purchase requisitions, on Agresso unless approved otherwise by the Chief Finance Officer, for works, supplies or services to the extent that contractual arrangements already exist, as described below;
 - b) approve purchase requisitions, on Agresso unless approved otherwise by the Chief Finance Officer, or other orders, both those for work procured by approved procuring officers, where the person authorising will need to ensure that the order complies with Contract Procedure Rules, and those that relate to existing contractual arrangements;
 - c) approve personnel variations, time sheets, officer expense claims, petty cash, imprest accounts, change floats, cash advance forms, debtors accounts, internal recharges and end of year stock certificates; and
 - d) certification for cheques, BACs authorisation, CHAPs authorisation and grant claims.

EAST CAMBS FINANCIAL PROCEDURE RULES

- 8.2 Only officers authorised to procure under arrangements contained within Contract Procedure Rules are entitled to test the market or purchase from select lists. No other officer is entitled to obtain quotations or run a tendering exercise.
- 8.3 Directors shall ensure that approved officers have appropriate seniority and expertise to ensure that they are able to discharge the functions assigned to them for the purposes of these rules. Authorised officers are accountable to their Directors for the exercise of these functions. Authorised limits for different officers are set out below. The authorisation levels apply only to cost centres for which Authorised Officers have been given access.

Amount	Authorised officer
< £10,000	Budget Manager
£10,000.01p - £50,000	Service Lead
£50,000.01p - unlimited	Director

- 8.4 Finance will hold a regularly up-dated list of officers and their signatures, to aid the identification of them when processing payment vouchers or petty cash.
- 8.5 Directors shall ensure that arrangements are made for effective separation of duties when designating approved officers as enforced through Agresso, in order to provide adequate internal check over all transactions, and comply with any guidance given by the Chief Finance Officer.
- 8.6 Directors shall ensure that the arrangements for approved officers are consistent with the budgetary control framework for their area and that in particular budget managers' ability to manage their budgets is safeguarded.
- 8.7 Directors shall ensure in conjunction with the Chief Finance Officer that the list of authorised officers and approval levels on Agresso remains accurate.
- 8.8 References to **Authorised Officers** in the rest of this section of Financial Procedure Rules shall be read in the context of the above.

Orders for Works, Supplies and Services

- 8.9 The Chief Finance Officer is responsible for providing a corporate system for raising purchase requisitions and creating official orders (Agresso).
- 8.10 This system shall be used for all official orders, except in emergencies, or in accordance with other arrangements specifically approved by the Chief Finance Officer. In giving such approval, the Chief Finance Officer shall ensure that alternative arrangements provide for effective financial control, and shall have regard to the continuing viability of the corporate arrangements.

EAST CAMBS FINANCIAL PROCEDURE RULES

- 8.11 Official orders shall be issued for all purchases, excluding the following items:
- a) purchases through petty cash and imprest accounts;
 - b) recurring charges such as gas, electricity and telephone charges and other charges for which a payments register or other method of recording/monitoring payments is more appropriate than an order.
- 8.12 Purchase requisitions shall only be raised and approved by authorised officers. This approval process shall be used to create an official order. Budget provision must exist for all requisitions and orders.
- 8.13 In order to ensure segregation of duties, wherever practicable, requisitions should be raised by an officer and then approved by their line manager (either their Service Lead or Director). In exceptional circumstances it may be necessary for a Service Lead to both raise a requisition and then to approve this, but this should be kept to an absolute minimum.
- 8.14 In those exceptional circumstances in which the corporate system is not used, Directors shall only obtain official order forms in accordance with arrangements approved by the Chief Finance Officer and shall be responsible for their control and use.
- 8.15 Where urgent orders are given orally, they shall be confirmed immediately by an official order.
- 8.16 Official orders should be specific, e.g. they should state quantity, weight, size, grade, quality, and where practicable, price. Where supplies are ordered under contract, it is particularly important that the order and contract have the same specification of supplies required.
- 8.17 Orders shall be raised with approved suppliers only. Officers shall notify the Finance Team of new suppliers using a form specified by the Chief Finance Officer. The Finance Team will maintain supplier accounts including processing changes of supplier details on receipt of authorised information received from suppliers. The Finance Team will undertake checks on supplier information as specified by the Chief Finance Officer.

Payments for Works, Supplies and Services

- 8.18 Payment for works, supplies and services may only be made:
- a) on receipt of an invoice or contract certificate which satisfies VAT regulations;
 - b) where liability for payment by the Council is clearly established; and
 - c) to approved suppliers.

EAST CAMBS FINANCIAL PROCEDURE RULES

- 8.19 No payment for works, supplies or services shall be made unless the works, supplies or services have been certified as received by an authorised officer. This certification will be done using Agresso.
- 8.20 The Chief Finance Officer is responsible for providing a corporate system for the payment of accounts (Agresso). Officers shall use this system for all payments except in accordance with other arrangements specifically approved by the Chief Finance Officer. In giving such approval, the Chief Finance Officer shall ensure that the alternative arrangements provide for effective financial control, and shall have regard to the continuing viability of the corporate arrangements.
- 8.21 Authorised officers shall ensure that payments for works, supplies or services are not made unless:
- a) works, supplies or services have been supplied in accordance with an official order, and the amount invoiced is correctly payable. The official order number should be quoted on the invoice.
 - b) payment is in respect of a service regularly supplied (e.g. gas, electricity and rates), and the amount invoiced is properly payable; or
 - c) payment is made for works, supplies or services under contract, and the amount is properly payable under the terms of that contract.

BACS Payments

- 8.21 The Chief Finance Officer through his Finance Team is responsible for matching invoices received to correctly authorised and goods receipted orders.
- 8.22 The Finance Team can also, in exceptional circumstances, input invoice details direct onto the Agresso system, but these must be approved by the appropriate budget manager / Service Lead before they are progressed to payment.
- 8.23 The Finance Team will prepare a weekly BACS run, paying all correctly processed invoices received during the previous week. While noting the limitations in the size of the Finance Team, every effort will be made to ensure that there is segregation of duties within the Team in the approval of this cumulative BACS payment.

Salaries and other payments to employees and Members

- 8.24 The Chief Finance Officer is responsible for approving a corporate payroll system for recording payroll data and for generating payments to employees. The Chief Finance Officer is also responsible for ensuring that National Insurance, Income Tax and any other such liabilities are properly determined and that deductions due are made and properly accounted for.

EAST CAMBS FINANCIAL PROCEDURE RULES

- 8.25 Directors shall use the corporate payroll system for all payments to employees.
- 8.26 Where payments are made for services in which the relevant taxation authorities deem that a contractor is “employed” by the Council, Officers are responsible for ensuring that National Insurance, Income Tax and any other such liabilities are properly determined and deductions due are made and properly accounted for.
- 8.27 Except where employees are responsible for providing data directly themselves, Directors are responsible for ensuring that all information affecting an employee’s entitlement to pay, or rate of pay, and all other information required for the smooth operation of the corporate payroll, shall be notified to Human Resources (HR) and/or Payroll.
- 8.28 This shall be done by means of direct input to the corporate payroll system or by means of a form, in either case following procedures approved by the Chief Finance Officer. In either case, Directors shall make arrangements for data supplied to be verified and authorised by an authorised officer. In particular the following shall be notified:
- a) appointments, resignations, dismissals, suspensions, secondments and transfers;
 - b) changes to standing data held on the payroll system;
 - c) absences from duty for sickness or other reason, apart from approved leave;
 - d) changes in remuneration, other than normal increments, pay awards and any agreements generally reached, and notified separately to the Chief Finance Officer; and
 - e) information necessary to maintain records of service for superannuation, Income Tax, National Insurance and related purposes.
- 8.29 All time-records or other paper documents affecting entitlement to salaries and wages on any specific occasion shall be in a form approved by the Chief Finance Officer and shall be processed in accordance with procedures specified by the Chief Finance Officer.
- 8.30 These documents shall be signed by the employee and certified as correct by an authorised officer.
- 8.31 All claims for payment of travelling and subsistence allowances, removal expenses and the like shall be submitted directly onto i-trent for payment and be certified as correct by the employee’s line manager / authorised officer.
- 8.32 All claims for the payment of Councillors’ allowances and expenses shall be submitted directly onto i-trent or in a form specified by the Chief Finance

EAST CAMBS FINANCIAL PROCEDURE RULES

Officer which complies with statutory requirements, and certified as correct by an authorised officer within Member Services.

- 8.33 Where expenses include a VAT element or for mileage claims, a valid (time relevant) VAT invoice must be attached to the claim on the i-trent system. This should be actioned by the officer / Member submitting the claim and reviewed by the line manager when authorising. Failure to attach such a receipt will prevent the Council recovering this money.
- 8.34 Any other benefits provided to employees, in particular benefits in kind rather than in cash, but also including such things as payments received by staff for elections, may/will also be taxable and/or liable to National Insurance contributions, and may also be subject to a deduction from pay. The responsibility for identifying any liabilities in this respect is with each Director who should seek advice from the Chief Finance Officer where appropriate.
- 8.35 Whilst it is the Council's responsibility to ensure that salaries are correctly paid and that any deductions are appropriate, staff members have a responsibility to check that the salary they receive is correct and to report back any errors or queries. If it is identified that any under or over payments have been made, the Council will seek to make good any under payments or recover overpayments irrespective of whether these have been authorised. In the event that overpayments have been made, staff members may be subject to disciplinary action if it is identified that overpayments should have been identified.

Income

- 8.36 The Chief Finance Officer is responsible for the general control, supervision and collection of all money due to the Council and shall maintain adequate arrangements for the proper recording and accounting of all sums due to the Council. In this section income means all cash, cheques, or other forms of payment including credit/debit cards.
- 8.37 The method of collection and form of records relating to income maintained by each Directorate shall be agreed in advance with the Chief Finance Officer.
- 8.38 The Council aims to ensure that all monies due to the Council are recovered economically, efficiently and effectively. Wherever possible, officers should try to obtain payment in advance or at the time that goods or service are received by the customer as this helps to minimise the uncertainty of payment and the need for officer time to be spent recovering overdue payments.
- 8.39 Where it is not possible for payments to be made in advance of the goods or services being provided, invoices will be raised. **Sundry debtor invoices should only be raised where payment in advance for a service is inappropriate.** When a service is provided, goods delivered or other debts

EAST CAMBS FINANCIAL PROCEDURE RULES

to the Council identified, an invoice will be produced via the Council's financial management system.

- 8.40 The Council then has a duty to actively pursue the recovery of debt that has not been paid. The effective management and collection of such debts is essential and to assist in this the Council requires an effective policy to support the maximisation of debt collection in an efficient, consistent and sensitive manner. The following paragraphs set out the general principles.
- 8.41 The Council will not raise invoices for values of less than £10. In these cases the Council will require payment in advance except in the case of peppercorn rents, legal charges for access rights or where there is an obligation to make a token payment.
- 8.42 Scales of charges for services, except where fixed by statute, must be reviewed annually, or more frequently if required, by the relevant Director and agreed with the Chief Finance Officer before being submitted to Resources and Finance Committee and Council for approval as part of the annual budget. Directors must ensure that the review of fees charges is undertaken with regard to any legislation and that the basis of any charge, e.g. cost recovery, is set out in any report.

Credit Income

- 8.43 The Chief Finance Officer is responsible for approving a corporate invoicing system (Agresso). Directors shall use this system for all credit income except in accordance with other arrangements specifically approved by the Chief Finance Officer. In giving such approval, the Chief Finance Officer shall ensure that the alternative arrangements provide for effective financial control, meet with the requirements of the appropriate taxation authorities.
- 8.44 The Council will treat all debtors in a consistent manner which is fair, sympathetic, firm and cost-effective whilst ensuring that it distinguishes between those who cannot pay and those who will not pay. At all times the action taken to recover debts will take account of, and comply with, other relevant Council policies.
- 8.45 This section excludes the following types of debt which are subject to their own arrangements:-
- Council Tax
 - Business Rates
 - Overpayment of Council Tax Reduction/Discount
 - Housing Benefit overpayment recovery
 - Homelessness Rent Deposit Scheme
 - Care and repair

EAST CAMBS FINANCIAL PROCEDURE RULES

- 8.46 The Council will ensure that it issues accurate and timely invoices, has in place recovery procedures that are efficient and cost effective and that irrecoverable debts are written off in accordance with financial procedure rules.
- 8.47 The Chief Finance Officer is responsible for collecting all income invoiced via the corporate finance system.
- 8.48 Where an invoice is for the provision of a “one-off” service, departments will raise an Invoice Request form. The Finance Department will issue an invoice within 5 working days of receiving the request.
- 8.49 Where an invoice needs to be raised on a regular basis and requires no changes to the narrative or amount, these will be set up as a periodic income record. When the invoice is due it will be automatically issued when the periodic process is run.
- 8.50 It is the Council’s intention to send out customer invoices by the most cost-effective means, using e-mail wherever possible, unless contrary to regulation or other statutory or legal requirements.
- 8.51 If customers disagree with the invoice or have difficulty in making payment on time then they should contact the originating council department. Full contact details are included on all invoices.
- 8.52 Where an invoice has been raised in error, a credit note will be raised so that the cost is charged back to the service. Credit notes will only be used when an invoice is raised either incorrectly or the service is cancelled and must not be used to write off a sundry debt as there are other procedures in place where write off is necessary. Request for credit notes must be authorised by the appropriate Director or Service Lead.
- 8.53 Directors shall advise the Chief Finance Officer of any new sources of income which are exempt from VAT, and of material change to existing sources of income which are exempt from VAT.

Cash and cheques

- 8.54 Officers responsible for the collection of income shall ensure that money collected is recorded and banked without undue delay.
- 8.55 Subject to the following rules, all receipt forms, tickets and other types of controlled stationery by which income is acknowledged shall be ordered and supplied by the Chief Finance Officer; and Directors shall be responsible for the safe custody of such documents.

EAST CAMBS FINANCIAL PROCEDURE RULES

- 8.56 Receipts and other forms of controlled stationery which are specific to a particular function may be ordered and controlled by the appropriate officer, in accordance with arrangements approved by the Chief Finance Officer.
- 8.57 All cash received must be acknowledged at once by the issue of an official receipt or ticket. No officer or agent of the Council shall give a receipt for cash received on behalf of the Council in any form other than an official receipt. No acknowledgement need be given for payment by cheque, however, unless requested by the debtor.
- 8.58 All money received must be accounted for and paid into the Council's approved bank account, either directly, or via Finance on the day of the receipt, or as soon as practicable thereafter, dependent on the values involved and arrangements for the safe custody of cash (i.e. ensuring insurance value limits are not exceeded).
- 8.59 An officer may on no account borrow any money temporarily for their own use, nor should they, except in the case of expenses they incur whilst travelling on Council business, make payments on behalf of the Council from their own pocket.
- 8.60 An officer is responsible for the safe custody of any money she or he has received until it has been balanced and banked or handed over to another officer for banking. If the money is handed over to another officer, a receipt should be obtained from the officer receiving it. If the money is in a sealed container, the officer should obtain a receipt for the container.
- 8.61 Whilst money is in their custody, officers should, at no time, leave it unattended unless it is locked in a safe place, to which the officer alone has access, and which fulfils insurance requirements.
- 8.62 All officers who pay money into any of the Council's bank accounts shall list the amount of every cheque on the paying-in slip and the counterfoil or duplicate, together with some reference, such as an account number, which will connect the payment with the debt; or failing this, the name and address of the debtor.
- 8.63 Cash received by officers on behalf of the Council shall not be used to cash postal orders, personal or other cheques.
- 8.64 The Chief Finance Officer is responsible for approving all systems for the processing of payments by debit, credit and top up payment cards.

Recovery of Debt

- 8.65 The Council will endeavour to recover all debts owed by customers. The reminder process is run weekly and produces final notices for all unpaid invoices that are over 33 days old. These are sent to the customer.

EAST CAMBS FINANCIAL PROCEDURE RULES

- 8.66 A second reminder is produced 21 days after the first reminder, which is sent to the officer / Service Lead who raised the original invoice. Officers are then expected to make contact with the customer and provide Finance with an update on the position of the debt. 14 days after the second reminder, Agresso produces a memo to Legal Services for invoices that are still unpaid for further recovery action.
- 8.67 Recovery action through Legal Services will be commensurate with the amount of the debt and/or the particular circumstances of each case. There are a range of options open to the Council once an outstanding debts has been referred to Legal Services. Where the Council incurs additional costs as a result of non-payments, for example court costs, these will be added to the outstanding debt and recovered where allowed under statute.
- 8.68 Special, alternative debt recovery arrangements have been put in place for Markets, E-space and Homelessness.
- For Markets, market officers are contacted prior to the first reminder being sent on the 21st day, so that they can contact the customer prior to any formal action being taken.
 - For E-space, a further 20 days is given between the second reminder and the case being put in the hands of Legal, this to allow the E-space manager to discuss the situation with the tenant.
 - For Homelessness, where most debts are subject to payment plans, reminders are sent out after two weeks, if a client gets behind with payment, a second reminder is sent two weeks later, with a third letter warning that debt recovery action will be taken in seven days, a further two weeks after that. Debts are handed over to ARP debt recovery at the end of the seven days.

Write-Off of Debts

- 8.69 No debt properly due to the Council shall be discharged otherwise than by payment in full, credit note (in the case of error or where a service order has not been fulfilled) or write-off.
- 8.70 The Council will make every effort to pursue outstanding debts however it is recognised that in some circumstances debts may not be recoverable. Where it is found that a debt is irrecoverable it will be considered for write off in accordance with the limits set out below.
- 8.71 Subject to conditions set out below, all debts which a Director or the Chief Finance Officer has been unable to recover at reasonable effort and expense and for which normal recovery processes have been exhausted, shall be referred to Legal Services.

EAST CAMBS FINANCIAL PROCEDURE RULES

8.72 Debts may be written off as follows:

- a) By the Chief Finance Officer, in conjunction with the Legal Services Manager, for debts up to £1,000; and
- b) By the Resources and Finance Committee for debts above £1,000.

However, if either the individual amount or the total of (several) amounts for the same debtor is greater than £1,000, Resources and Finance Committee's approval for write off is required. Resources and Finance Committee shall be advised at the earliest available opportunity when such a debt level is reached. Debts shall not be written off at different times in order to circumvent Resources and Finance Committee's approval.

8.73 In the event that there is reason to believe that the cause of any debt being irrecoverable is attributable to fraud, theft, irregularity or the negligence of an employee, the Chief Finance Officer shall refer the matter to the Head of Internal Audit (HoIA).

8.74 The debt shall not be written off until any necessary investigative or other action has been agreed by the Chief Finance Officer and the HoIA.

VAT

8.75 All officers are responsible for the correct allocation of VAT on invoices, both those being raised by the Council and those received by the Council.

8.76 VAT advice, especially in relation to its treatment on invoices being raised by the Council can be obtained from the Senior Accountancy Assistant in the Finance Team.

8.77 The Chief Finance Officer is responsible for the monitoring of VAT and the completion of statutory returns to HMRC.

Banking Arrangements

8.78 In this section, the Council's **main bank accounts** are all bank accounts maintained by the Council other than those operated solely for specific establishments or purposes.

8.79 The Chief Finance Officer is responsible for operating the Council's main bank accounts but may delegate day-to-day operation to other officers within the Finance Team.

8.80 No bank accounts other than those classed as the Council's main bank accounts and operated by the Finance Team will be held by the Council.

EAST CAMBS FINANCIAL PROCEDURE RULES

- 8.81 All cheques (except imprest account cheques) for the Council's main bank accounts shall be produced directly from Agresso in a format approved by the Chief Finance Officer, who shall make proper arrangements for the preparation and despatch of the cheques, and for the custody of blank cheques.
- 8.82 Imprest cheques shall be ordered and controlled by the Chief Finance Officer who shall make proper arrangements for the safe custody of blank cheques and the preparation, signing and despatch of the cheques.
- 8.83 All cheques drawn on the Council's main bank accounts or imprest cheques, will be signed by the Chief Finance Officer or a signatory authorised by him or her.
- 8.84 The Chief Finance Officer is responsible for ensuring that all payments made from the main bank accounts by way of Clearing House Automated Payments (CHAPs) and Bankers Automated Credits (BACs) transactions are properly controlled and suitably authorised.

Bank Reconciliation

- 8.85 The Chief Finance Officer is responsible for ensuring that monthly reconciliations are carried out on the Council's consolidated bank account. This ensures that all transactions detailed on all of the Council's bank accounts and "swept" into the Council's consolidated account are correctly recorded on the Council's ledger (Agresso).

Council Purchase Cards

- 8.86 The Chief Finance Officer is responsible for sanctioning the issue of Corporate Purchase Cards to staff and for reconciling expenditure incurred to the main bank account. Directors are responsible for ensuring that staff use the cards in accordance with procedures issued, including the provision of valid receipts to support the expenditure incurred. Where Corporate Purchase Cards are not used in accordance with stipulated procedures then the Chief Finance Officer may withdraw the arrangement.

Stock

- 8.87 Officers may hold stocks of consumable items; materials; and equipment for use in the maintenance of assets under their control and the provision of services. They are responsible for the receipt, custody and issue of stock items for their functions and for maintaining suitable records.
- 8.88 Officers shall ensure that stock items are effectively safeguarded from loss, theft or damage.

EAST CAMBS FINANCIAL PROCEDURE RULES

- 8.89 Officers shall arrange for regular stock-takes to be undertaken for any stock held in excess of £1,000, independently of the employees responsible for the custody of those stocks, such that the existence and value of all items are checked at least once a year.
- 8.90 The value of stocks held at 31st March each year shall be certified by an authorised officer and supplied to the Chief Finance Officer in such form and at such time as may be decided by the Chief Finance Officer. This for inclusion in the Statement of Accounts.
- 8.91 Surplus and obsolete stocks must be disposed of by officers on the best terms possible.
- 8.92 Where such items are not disposed of and or sold to a company under contractual terms, they may, when judged best, and, subject to independent check, be offered for sale to staff, provided that permission to proceed is first obtained from the Chief Finance Officer and that subject to that permission, the sale is advertised to as many staff as possible (e.g. using the intranet) for a reasonable length of time (i.e. no less than 4 weeks).
- 8.93 All devices that could contain data (e.g. PCs, laptops, mobile phones, hand held communication devices, memory sticks etc.) **must** be disposed of through ICT.
- 8.94 Any disposals shall be recorded by officers concerned and records maintained.

Petty Cash Floats and Imprest Accounts

- 8.95 The Chief Finance Officer may provide petty cash floats / imprest accounts of such amounts as are considered necessary by officers for the purpose of meeting minor expenses.
- 8.96 Officers are responsible for making arrangements for the safe keeping and proper use of all petty cash / imprest accounts.
- 8.97 Each petty cash float / imprest account must be in the sole charge of a single petty cash float / imprest account holder, who is responsible for the proper use and safety of the sums held. Directors shall ensure that petty cash float / imprest account holders sign a document to confirm receipt when first acquiring a petty cash float / imprest account. The maximum amount that can be retained is £200.
- 8.98 The petty cash float / imprest account holder may use the account to make payments in respect of expenditure legitimately incurred for Council purposes, and must record payments made in the appropriate digital form provided by Finance. The petty cash float / imprest account holder shall obtain cash vouchers for all payments made, and such cash vouchers shall adequately

EAST CAMBS FINANCIAL PROCEDURE RULES

record any VAT incurred and have VAT receipts attached. The person receiving the cash sum shall sign the voucher.

- 8.99 When a petty cash float /imprest account needs replenishing, the petty cash float /imprest account holder shall summarise payments detailed on the digital form. The record must be certified as correct by an authorised officer, who must check the petty/imprest digital form, the cash vouchers and any cash held. The completed record, and such other documentation as the Chief Finance Officer shall require, shall be presented to the Chief Finance Officer for reimbursement.
- 8.100 Each petty cash float /imprest account must be kept in a lockable box. The box shall be kept securely, for example in a lockable cupboard or safe, in accordance with arrangements specified by the Chief Finance Officer (Specific requirements for Insurance cover must be met).
- 8.101 On ceasing to hold a petty cash float /imprest account, the petty cash /imprest account holder must produce the petty/imprest digital form, vouchers and any unspent balance to an authorised officer for checking and retention. The advance will then be handed over to a successor nominated by the Director, or returned to the Chief Finance Officer.
- 8.102 Petty cash float /imprest account should only be used for small transactions where it is quicker and more efficient to buy the goods locally rather than by official order.
- 8.103 Travelling, subsistence and post-entry training expenses should be claimed on i-trent and paid with the employees' salary, and not from petty cash float /imprest account. Travel warrants are also available to employees who require travelling costs to be met by the Council in advance and these should be requested from the Finance Team.
- 8.104 No income should be paid into a petty cash float/imprest account.
- 8.105 For the purposes of closure of the Council's accounts each financial year end, the Chief Finance Officer will require a certificate from each petty cash float /imprest account holder, which should be countersigned by an authorised officer, providing such details as the Chief Finance Officer shall specify.
- 8.106 Officers shall keep up-to-date records of petty cash float /imprest account holders.
- 8.107 At the end of the financial year, the holder of each petty cash float/imprest will confirm, when requested by Finance, the amount of the cash float held.

EAST CAMBS FINANCIAL PROCEDURE RULES

9. ASSET REGISTER

- 9.1 The Chief Finance Officer shall have access to all inventories and other records maintained by officers across the Council for the purpose of compiling and maintaining an asset register in accordance with the relevant accounting regulations.
- 9.2 Officers will maintain inventories and other records to support the asset register in a format agreed by the Chief Finance Officer. Any individual items of plant, machinery, equipment and other assets that are capitalised will be included in the asset register.
- 9.3 The Chief Finance Officer will also specify what other inventories and records need to be maintained by officers in order to help safeguard the items recorded in it from loss, theft or damage. Officers shall be responsible for carrying out an annual check of all items on all inventories and other records of equipment maintained. Based on original cost, the write-off of deficiencies may be authorised as follows:
- a) By the relevant Director for amounts not exceeding £2,000.
 - b) By the Chief Finance Officer for amounts exceeding £2,000.
- 9.4 Any significant variations should be investigated and reported to the Chief Finance Officer for insurance purposes, with consideration given to reporting the matter to the Chief Finance Officer as a suspected irregularity.
- 9.5 With the exception of portable IT and communication devices issued to individual officers to assist them in undertaking their duties, assets in the custody of the Council shall not be removed from Council premises, other than in accordance with the ordinary course of the Council's business, or used otherwise than for the Council's purposes, except where specifically authorised by the appropriate Director.
- 9.6 Surplus or obsolete items should initially be offered for use elsewhere in the Council, and where not required, disposed of by officers on the best possible terms. Where items are to be disposed of for a sum which is less than current value, by an amount which exceeds £2,000, then this shall be authorised by the Chief Finance Officer. Where such items are not disposed of and or sold to a company under contractual terms, they may, when judged best, and, subject to independent check, be offered for sale to staff, provided that permission to proceed is first obtained from the Chief Finance Officer and that subject to that permission, the sale is advertised to as many staff as possible (e.g. using the intranet) for a reasonable length of time (i.e. not less than 2 weeks).
- 9.7 All devices that could contain data (e.g. PCs, laptops, mobile phones, hand held communication devices, memory sticks etc.) **must** be disposed of through ICT.

EAST CAMBS FINANCIAL PROCEDURE RULES

- 9.8 Any disposals shall be recorded by the officer concerned and records maintained.
- 9.9 Officers shall advise the Chief Finance Officer of the disposal of items for which an adjustment is required to an asset register.

Buildings, Land and Other assets

- 9.10 Any acquisition, disposal, appropriation or exchange of property or other fixed assets shall be in accordance with the capital programme approved by the Council or through a separate approval.
- 9.11 For any acquisition, disposal, appropriation or exchange of property or other fixed assets in excess of £10,000 a report shall be made by the relevant Director, in consultation with the Chief Finance Officer, to the Resources and Finance Committee for approval.
- 9.12 Any disposal, appropriation or exchange of property or other fixed assets shall ensure that the Council obtains value for money from the transaction. Terms of disposal should not be finalised without the benefit of a current valuation undertaken a suitable firm of valuers appointed under arrangements approved by that Director. The terms of disposal must also take account of the taxation implications to the Council of the disposal.

10. RISK MANAGEMENT AND INSURANCE

- 10.1 The Chief Finance Officer is responsible for ensuring that the Council's risks are adequately assessed, and for arranging external insurance cover or making alternative arrangements to provide for potential future liabilities and losses.
- 10.2 Directors shall advise the Chief Finance Officer of all risks, and changes to risks, in accordance with procedures specified by the Chief Finance Officer. Directors are not authorised to arrange insurance cover except via the Chief Finance Officer.
- 10.3 Formal identification of key risks which could threaten identified service or Council objectives must be carried out using a risk management process approved by the Chief Finance Officer.
- 10.4 Identified risks and any remediable actions are to be agreed as part of the process which will include costs and timescales for action.
- 10.5 Service Leads shall maintain risk registers and ensure that they are kept up to date and monitored on a quarterly basis. The information from these will be

EAST CAMBS FINANCIAL PROCEDURE RULES

consolidated with significant risk / projects reported to the Resources and Finance Committee twice a year.

- 10.6 Any damage, loss or other event which may lead to an insurance claim shall be notified immediately to the Chief Finance Officer and insurance officer by email at insurance@eastcambs.gov.uk. No action should be undertaken by any officer which would prejudice the Council's position in making an insurance claim.
- 10.7 Failure to inform the Chief Finance Officer of any changed circumstances could affect the validity of the insurance cover.
- 10.8 Directors are responsible for ensuring compliance with the terms of any relevant insurance policy and for implementing any other advice given by the Chief Finance Officer on the management of insured and uninsured risks.

11. TREASURY MANAGEMENT

- 11.1 This section sets out the Authority's policy concerning all of its funding or borrowing from external sources and the lending or investment of surplus balances.
- 11.2 It further sets out how compliance with the Local Government Act 2003 (which requires certain fundamental items of financial policy to be determined by the Authority annually) will be achieved and the scheme adopted by the Authority for the delegation of its powers in relation to treasury management.
- 11.3 It meets the recommendations set out in the Code for Treasury Management in Local Authorities issued by The Chartered Institute of Public Finance and Accountancy. The Code and this Policy Statement have been adopted by the Authority as part of its Financial Regulations.

Approved Activities

- 11.4 This Council defines its Treasury Management activities as:
- 11.5 The management of the Council's cash flows, its banking, money market and capital market transactions; the effective control of risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 11.6 The Authority may be both a borrower and a lender, for example if it has a temporary cash surplus but is a net borrower over the medium or long term.
- 11.7 All treasury management activities involve risk and potential reward. This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management

EAST CAMBS FINANCIAL PROCEDURE RULES

activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

- 11.8 The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance management techniques, within the context of effective risk management.
- 11.9 The policy of the Authority in the case of lending is to achieve a satisfactory return while minimising risk; the overriding principle is to avoid risk rather than to maximise return. In the case of borrowing, the objective is to minimise cost consistent with ensuring the stability of the Authority's financial position by sound debt management techniques.
- 11.10 The Authority and, subject to the delegated authorities set out below, its committees and officers are authorised subject to the provisions of this Policy Statement to deposit the surplus funds of the Authority with and purchase Certificates of Deposit issued with institutions in accordance with the Annual Treasury Management Strategy and Annual Investment Strategy adopted by the Council each year, and to borrow monies within the limits established annually by the Authority for its borrowing.
- 11.11 The Authority will not undertake currency risk and accordingly will not borrow or deposit funds denominated in foreign currencies.

Formulation of Strategy

- 11.12 The Authority's strategy for the application of its treasury policy as set out in this statement is the Annual Treasury Management Strategy and Annual Investment Strategy prepared by the Chief Finance Officer and approved by Full Council.
- 11.13 The Chief Finance Officer prepares for the approval of Full Council, annual forecasts of surplus funds and borrowings for the ensuing financial year. He also prepares for the approval of the Resources & Finance Committee a strategy for funding the Authority's borrowing requirements or lending surplus cash for the period covered by the forecast. In preparing the strategy he has regard to the maintenance of the stable financial position of the Authority, ensuring that the Authority has sufficient and appropriate facilities available to it to meet both its long-term borrowing requirements and its planned short-term borrowing requirements, and funding needs arising from uncertainties inherent in the planning process in the timing and amount of cash flows. The Chief Finance Officer also has regard to the current levels of short term and long term interest rates and to forecasts of future changes in interest rates and prepares a recommendation for consideration by the Resources & Finance Committee and approved by Full Council of the total and short term borrowing

EAST CAMBS FINANCIAL PROCEDURE RULES

limits and the maximum proportion of interest on borrowing which is subject to variable rates of interest. More detailed guidance on the matters to be included in the Annual Treasury Management Strategy and Annual Investment Strategy include:

- a) Treasury limits in force which will limit the treasury risk and activities of the Council;
- b) Prudential Indicators;
- c) The current treasury position;
- d) The borrowing requirement;
- e) Prospects for interest rates;
- f) The borrowing strategy;
- g) Debt rescheduling;
- h) The investment strategy; and
- i) Any extraordinary treasury issue.

11.14 Matters to be considered in determining the strategy for interest rate exposure are considered further below.

11.15 In preparing the Annual Treasury Management Strategy and Annual Investment Strategy the Chief Finance Officer will consider in the aggregate all of the funds, borrowings and accounts operated by the Authority.

11.16 The Chief Finance Officer has delegated powers to carry out the Authority's strategy for borrowing, depositing surplus funds and managing the cash flow of the Authority. In exercising these powers he has regard to the perceived credit risk associated with the approved institutions with which funds may be deposited or invested; to the effect of possible changes in interest rates on the cost of borrowing and the return from investing and the need to maintain adequate liquid funds to meet the Authority's obligations.

Approved Methods of Raising Capital Finance

11.17 The Chief Finance Officer undertakes on its behalf the borrowing activities of the Authority. He is authorised by the Authority to undertake borrowings of the following types:

- a) by overdraft or short term from authorised banks;
- b) from the Public Works Loan Board;
- c) by means of loan instruments;
- d) by other means as approved by the Secretary of State for the Department of Housing, Communities and Local Government (DHCLG) or departments replacing the same.

11.18 No borrowing may be undertaken of a type which is not included in the above list.

EAST CAMBS FINANCIAL PROCEDURE RULES

Investing and Depositing of Surplus Funds

- 11.19 The overriding principle guiding the investing of surplus cash balances is the preservation of the capital value of the Authority's resources. The Chief Finance Officer has delegated authority to invest the surplus funds of the Authority in accordance with the Annual Treasury Management Strategy and Annual Investment Strategy and in accordance with the terms of this Statement. He is authorised to deposit or invest funds only with the institutions and subject to the limits set out in the agreed Annual Treasury Management Strategy and Annual Investment Strategy approved annually by full Council. The Chief Finance Officer is responsible for monitoring the creditworthiness of approved deposit takers using appropriate external sources of information including credit agency reports and then limiting exposure to equal to or below the approved limits for each institution.

Interest Rate Exposure

- 11.20 The Chief Finance Officer is responsible for monitoring the Authority's interest rate exposure and for determining the interest rate exposure strategy within the limits set by this statement and by the Annual Treasury Management Strategy and Annual Investment Strategy.
- 11.21 The principal factor governing the exposure of surplus funds to interest rate movements is the Authority's liquidity forecast. Where surplus funds are required to meet possible cash outflows in the near future they will necessarily be deposited short term for periods which will ensure that funds are available when required. Where surplus funds are expected to be available for investment for longer periods the Annual Treasury Management Strategy and Annual Investment Strategy will give guidance on interest rate exposure policy. Where surplus funds are to be used to repay borrowings on maturity the maturity for which the funds are deposited should match as closely as possible the maturity of the related borrowings.
- 11.22 Matters to be considered in establishing interest rate movement exposure policy include:
- a) The current level and structure of interest rates
 - b) Current interest rates compared with the historical trend
 - c) Estimates of future movements in the level and structure of interest rates
 - d) The extent to which estimated movements in interest rates would affect the revenue account and the effect of estimated future movements in interest rates on the revenue account if all borrowings were to be converted to variable rates.

EAST CAMBS FINANCIAL PROCEDURE RULES

- e) The sensitivity of the revenue account to fluctuations in future interest rates compared with estimate.

Legal Issues

- 11.23 Prior to entering into any borrowing or investment transaction it is the responsibility of the Chief Finance Officer to satisfy himself by reference to the Monitoring Officer, the Authority's legal department and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Authority's Financial Regulations.

Delegation

- 11.24 The Authority has drawn up and approved a Scheme of Delegation for Treasury Policy delegated power, in summary this details the following delegations:

Approval and amendment of Annual Treasury Management Strategy and Annual Investment Strategy	Full Council
Amendment of list of approved institutions	Chief Finance Officer
Approval of Treasury Management Policy Statement & Practices	Chief Finance Officer
Application of approved strategy	Chief Finance Officer
Treasury dealing with counterparties	Senior Accountant
Authorisation of cash transfers	Chief Finance Officer
Borrowing and lending documentation & provision of guarantees to external bodies	Chief Finance Officer
Bank and dealing mandates	Chief Finance Officer under authority of Full Council
Recommend & approving selection of	Chief Finance Officer under

EAST CAMBS FINANCIAL PROCEDURE RULES

external service Providers & agreeing terms of appointment	authority of Full Council
Approval of segregation of responsibilities	Chief Finance Officer
Reviewing external audit reports and making recommendations to Resources and Finance Committee	Chief Finance Officer

Review and Reporting

- 11.25 The Chief Finance Officer reports half-yearly to the Resources & Finance Committee and Full Council on treasury activities. An indication of matters to be included in the reports include:

Annual Report to the Council):
Treasury operations for the year

In relation to the previous financial year:

- a) strategy
- b) economy
- c) borrowing and investment rates
- d) compliance with treasury limits and Prudential Indicators
- e) investment outturn and
- f) up-date on current year.

- 11.26 Matters for determination for next financial year under Local Government Act 2003, including, amongst other things

- a) Prudential indicators
- b) Proposed amendments to the Treasury Policy Statement

- 11.27 Management Information Reports from the Chief Finance Officer

- a) Analysis of currently outstanding borrowings, deposits and investments by instrument, counterparty, and maturity date
- b) Cash flow and revenue outturn compared with budget and commentary on variances
- c) Revisions to rolling 12 month cash flow forecast and to estimates of future interest rates; effect on revenue budget
- d) Proposed amendments to list of approved counterparties and to limits

EAST CAMBS FINANCIAL PROCEDURE RULES

- e) Proposed amendments to Treasury Management Policy Statement and Treasury Management Practices.
- f) Matters in respect of which the Treasury Policy Statement, the Annual Treasury Management Strategy and Annual Investment Strategy or the Treasury Management Policy Statement & Practices have not been complied with.
- g) Other matters are drawn to the attention of the Council or the Resources & Finance Committee as appropriate.

Systems and Procedures

- 11.28 The Chief Finance Officer maintains the Treasury Management Practices Schedules which sets out the detailed systems and procedures which are in place to ensure delivery of the approved policy.

12. INTERNAL AUDIT

General

- 12.1 The primary role of the Internal Audit Service is to objectively examine, evaluate and report on the adequacy of the Council's internal control environment as a contribution to the proper, economic, efficient and effective use of resources and the management of risk. Internal Audit also advises on, carries out and directly supports investigations into suspicions of fraud or financial irregularity.
- 12.2 In accordance with Section 6 of the Accounts and Audit Regulations 2011, the Chief Finance Officer and the Chief Executive shall be responsible for maintaining an adequate and effective internal audit of the Council's accounting records, control systems and financial transactions including any operations affecting the financial arrangements or the finances of the Council. The Internal Audit Section shall comply with the current Public Sector Internal Audit Standards, in undertaking its functions.

Audit Planning and Reporting

- 12.3 The Head of Internal Audit shall prepare and agree with the Chief Finance Officer an Annual Audit Plan which will set out the intended work of Internal Audit over the coming year. The plan shall be based on an objective assessment of need arising from an analysis of risk and shall be approved and directed, by the Resources and Finance Committee. Irrespective of its means of delivery, every process, service and activity falling within the Council's responsibility shall be subject to the Council's system of internal audit.

EAST CAMBS FINANCIAL PROCEDURE RULES

- 12.4 The views of Directors shall be sought about which activities are to be included in the plan as being in need of audit.
- 12.5 Work outside of the plan may also be specially commissioned at the request of the Chief Finance Officer who shall report such requests to the Resources and Finance Committee for approval. Any such reviews shall be risk-assessed by Internal Audit and only undertaken if the risks involved justify the audit work necessary and subject to the agreement of any additional cost with the Chief Finance Officer.
- 12.6 Internal Audit shall at all times conduct its work in accordance with relevant Internal Audit standards and any other protocols agreed with the Chief Finance Officer.
- 12.7 For the purposes of carrying out an audit or investigation, Internal Auditors and the Chief Finance Officer are authorised to:
- a) have access at all times to any Council premises and property;
 - b) have access to all data, records, documents and correspondence relating to any financial or any other activity of the Council;
 - c) have access to any assets of the Council;
 - d) require from any member, employee, agent, partner, contractor or other person engaged in Council business any necessary information and explanation.
- 12.8 These rights of access include access to relevant records (whether electronic or otherwise) held by service providers. They apply to Council services provided under contracts and partnership arrangements of all kinds including joint and pooled arrangements.
- 12.9 This right of access shall be incorporated within all relevant contract or service agreement documents involving Council services provided other than internally. It applies to all internal auditors legitimately engaged on Council Internal Audit business, whether they are employees of Internal Audit or are provided under an authorised agency or other contract or partnership.
- 12.10 Internal Audit shall remain at all times free from undue influence or other pressure affecting its actions and reporting.
- 12.11 Internal Audit shall report in its own name to the Chief Finance Officer. The Council's Head of Internal Audit shall have direct access and the right of report to the Chief Executive, Directors, the Monitoring Officer, the External Auditor and the Resources and Finance Committee, where appropriate if, in his/her opinion, there are matters of concern that could place the Council in a position where the risks it faces are unacceptable.

EAST CAMBS FINANCIAL PROCEDURE RULES

- 12.12 The Head of Internal Audit shall report to the Resources and Finance Committee quarterly on progress made in delivering the Internal Audit Annual Plan.
- 12.13 Implementation of the recommendations made in internal and external audit reports shall be monitored by the Resources and Finance Committee. Directors are accountable to the Resources and Finance Committee for ensuring that appropriate action is taken in accordance with those recommendations.
- 12.14 The Chief Finance Officer shall report annually to the Resources and Finance Committee on the review of the effectiveness of the Council's system of internal audit.

Directors' and employees responsibilities in respect of financial control and irregularities

- 12.15 All officers shall maintain proper financial controls in financial systems operated within their area of responsibility (see section 2 of these rules) and shall be responsible for the prevention, detection and resolution of fraud and irregularities.
- 12.16 All employees are under a duty to report to their senior officer any instance where financial irregularity is suspected. (Guidelines to staff on this matter are contained in the Council's whistle-blowing procedures).
- 12.17 Officers shall cooperate fully at all times with Internal Audit and ensure that Internal Audit can properly fulfil its role. Any disputes or non-cooperation may be referred to the Chief Finance Officer and ultimately the Resources and Finance Committee for resolution.
- 12.18 Immediately any actual or potential financial irregularity affecting the Council is known or suspected, the appropriate Director shall inform the Head of Internal Audit and Chief Finance Officer to make proposals in respect of any further investigation that may be required (and the extent of any support required from Internal Audit) and make proposals in respect of other action to be taken.
- 12.19 If the proposals are acceptable to the Chief Finance Officer, Directors shall carry out the proposed actions. Otherwise, alternative proposals shall be made.
- 12.20 Directors are responsible for taking appropriate action on receipt of recommendations from Internal Audit, either as a consequence of a planned or specially commissioned review or an investigation into a suspected fraud or financial irregularity.

EAST CAMBS FINANCIAL PROCEDURE RULES

Investigations

- 12.21 The Chief Finance Officer shall ensure that every case where there are grounds for suspicion of fraud or financial irregularity is considered, and that proposals for action (where appropriate) are made by Directors. The Chief Finance Officer reserves the right to investigate any suspected fraud or irregularity via the Internal Audit Service.
- 12.22 All action taken shall comply with the Council's Anti-Fraud and Corruption Policy Statement as adopted and approved by the Resources and Finance Committee.
- 12.23 In respect of investigations into suspected Housing and Council Tax benefits fraud, the Chief Finance Officer, or another person authorised by the Chief Finance Officer for this purpose (ARP), shall have full discretion to determine the appropriate course of action, including referral to Legal Services or the Police for consideration of prosecution.
- 12.24 In all other cases, referral to the Police shall only be made after full consultation with the appropriate Director and the Monitoring Officer

13. EXTERNAL AUDIT

- 13.1 Public Sector Audit Appointments appoint the Council's External Auditors for the audit of the main accounts. The Council is required to make its own arrangements for the procurement of Audit services for the audit of the Housing Benefit Grant Claim. Once appointed the auditors carry out their statutory and other responsibilities and exercise their professional judgement independently of any external sources.
- 13.2 The statutory responsibilities of appointed auditors are set out in the Audit Commission Act 1998 and the Local Government Act 2000, but their principal duties are:
- a) the audit of the Council's annual statement of accounts;
 - b) the audit of the Council's use of resources; and
 - c) the audit of grant claims.
- 13.3 In discharging these specific responsibilities and powers, auditors are required to carry out their work in accordance with the Audit Code of Audit Practice.

EAST CAMBS FINANCIAL PROCEDURE RULES

GLOSSARY

Financial System	Any system (computerised or otherwise) and associated procedures for making or recording any financial transaction of the Council.
Council Tax requirement	The amount required by the Council from council taxpayers in any given year to meet its budgeted expenditure.
Directorate budget	The sum of all individual service budgets for which a single director is responsible.
Functional budget	The functional budget allocated by Council to a particular function or area. The budget represents the maximum spending allowed.
Virement	A virement is a reallocation of funds and their purpose from one budget heading / service to another.
Earmarked reserve	A reserve created for a specific purpose.
Surplus Savings reserve	A reserve created for the purpose of holding underspends created by making savings ahead of need, that will be used to assist with balancing the budget in future years.
Additional budget	A new or additional budget to that approved by Council in February, this would mostly relate to a new capital scheme.
Capital Programme	Is the Council's planned level of spending on all capital schemes, including the funding for each scheme from capital resources or borrowing.
Purchase Requisition	A priced and itemised request, created on Agresso by an authorised officer, for an official order to be raised.
Official Order	An order for works, supplies or services, created on Agresso following the approval of a purchase requisition by an authorised officer.
Petty Cash Float / Imprest account	An amount of money provided for the purpose of funding small cash payments incurred on behalf of the Council.
Petty Cash / Imprest digital form	A record of cash payments made from a petty cash/imprest account.

EAST CAMBS FINANCIAL PROCEDURE RULES

Cash Voucher	A receipt or other document evidencing the making of a payment from petty cash float/imprest account, supplied by the vendor.
Asset Register	A register of all significant assets owned by the Council, which is maintained by the Chief Finance Officer for statutory accounting purposes.
Inventory	A record of all plant, machinery, vehicles, equipment and other assets under the custody of Directors and officers, including assets the Council does not own outright. It should aid effective control of such assets and can support the management of risk of loss or damage.