

APPENDIX 1

Financial Procedure Rules

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1. Introduction

Background

- 1.1 Financial Procedure Rules are designed to maintain a high standard of financial administration. They must be available to, and be followed by, all Officers, Members and agents acting for the Council. Together with Standing Orders they regulate the conduct of the Council's business.
- 1.2 To help you understand the terminology used in the Financial Procedure Rules a Glossary of Terms is attached at Appendix A.
- 1.3 The contents are set out in alphabetical order for ease of reference.

Legislation

- 1.4 Section 151 of the Local Government Act 1972 requires every local authority "to make arrangement for the proper administration of their financial affairs and secure that one of their Officers has responsibility for the administration of those affairs" The Council has appointed the Director of Finance, Housing and Community as the Section 151 Officer. The Section 151 Officer has nominated the Head of Finance as his deputy.
- 1.5 Section 114 of the Local Government Finance Act 1988 requires the Officer appointed under Section 151 to report to the Authority and provide a copy of the report to the external auditor if it appears to him / her that:
 - (i) The Authority, the Cabinet, Portfolio Holder, Committee, or Officers of the Authority or Joint Committee on which the Authority is represented:
 - Has made or is about to make a decision which involved or would involve the Authority incurring expenditure which is unlawful.
 - 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 authority.
 - Is about to enter an item of account, the entry of which is unlawful.
 - (ii) The expenditure of the Authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to meet that expenditure.
- 1.5 The Accounts and Audit Regulations 2015 reiterate the responsibilities of the 'Section 151 Officer' with regard to accounting records and maintenance of proper accounting practices. These regulations place the responsibility for the maintenance of an adequate and effective system of internal audit on the Authority as a whole.
- 1.6 Section 76 of the Local Government and Housing Act 1989 requires the Council to take corrective action if there is likely to be a deficit on the Housing Revenue Account.

Scope and Review

- 1.7 It is the responsibility of Heads of Service to ensure that all staff in their departments are aware of their responsibilities according to the Financial Procedure Rules and other regulatory documents (e.g. the Anti-Fraud and Corruption Policy, the Money Laundering Policy, Whistleblowing Policy) and comply with them.
- 1.8 Failure to follow the Financial Procedure Rules and Standing Orders will be reported to the Director of Finance, Housing and Community immediately and, if serious, to the Cabinet and may be treated as a disciplinary offence.
- 1.9 Financial Procedure Rules also apply to agents and consultants acting for the Council and services carried out under agency arrangements or partnerships, unless specifically exempted by the relevant Head of Service and the Director of Finance, Housing and Community.
- 1.10 All Members and Officers have a general responsibility for taking reasonable action to provide for the security of assets under their control, and ensuring that the use of these resources is legal, is properly authorised and provides value for money.
- 1.11 The Director of Finance, Housing and Community is responsible for maintaining a continuous review of these regulations and submitting any changes necessary to Full Council for approval.

Interpretation

- 1.12 On a day-to-day basis, queries should be directed to the Head of Finance.
- 1.13 All references to Heads of Service relate to the Chief Executive, Directors, and all other Heads of Service.

2. Accounting Records and Procedures

- 2.1 The Section 151 Officer is responsible for keeping the Council's accounts in accordance with statutory requirements.
- 2.2 Heads of Services shall consult the Director of Finance, Housing and Community before changing any accounting procedures, financial records or the implementation or development of computer systems that involve a financial operation or produce output that may influence the allocation of resources.
- 2.3 The following principles will apply in accounting procedures:
 - (iii) Calculating, checking and recording of sums due to or from the Council will be separated as completely as possible from their collection or payment.
 - (iv) Officers responsible for examining and checking cash transaction accounts will not process any of these transactions.
- 2.4 The Head of Finance is responsible for ensuring financial and management accounting information is available for all services administered by the Council through the budget monitoring system.
- 2.5 The Council's statutory accounts will be prepared in accordance with the Accounts and Audit Regulations 2015 and the current Code of Practice on Local Authority Accounting in the United Kingdom.

2.6 The Head of Finance shall have overall control of the closing of the Council's accounts and preparation of the Council's Statement of Accounts. Heads of Service and budget managers shall comply with the closing of accounts timetable and guidance issued by the Head of Finance.

3. **Financial Management of the Council's Assets**

3.1 The Director of Environment and Corporate Assets will maintain a register of all land and property owned or leased by the Council.

3.2 The Head of Finance is responsible for maintaining the Council's Asset Register to reflect acquisitions, capital expenditure and disposals as appropriate.

4. **Audit**

Internal Audit

4.1 In accordance with the Accounts and Audit Regulations 2015, the Council shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control, and any Officer or Member shall:

(i) Make available to Internal Audit such documents that relate to the Council's accounting and other records that appear to be necessary for the purpose of the audit; and

(ii) Supply Internal Audit with such information and explanation as is considered necessary to Internal Audit for the purpose.

4.2 Internal Audit operates in accordance with the Public Sector Internal Audit Standards and with Terms of Reference and the Audit Charter, which are approved by the Governance Committee. Internal Audit shall have authority to:

(i) Enter at all reasonable times any Council premises or land;

(ii) Have access to all records, documents, contracts and correspondence, including computerised hardware and software, relating to any financial and/or other transaction of the Council;

(iii) Require and receive such explanations as are necessary concerning any matter under examination; and

(iv) Require any employee of the Council to produce cash, stores or any other Council property under his control.

4.3 Internal Audit is provided through the East Kent Audit Partnership. The Head of Audit Partnership has the right of access directly to the Section 151 Officer, the Chief Executive, The Monitoring Officer, the Solicitor to the Council, the Chair of the Governance Committee, and the Leader of the Council.

4.4 The scope for Internal Audit is the 'entire control environment'. This means that the scope for Internal Audit includes all the Council's own operations, resources, services and also its responsibilities in relation to other bodies. In order to turn this generic description into actual subjects for audit, the Head of Audit Partnership uses a Risk Assessment Method which allows all high risk subjects to be identified. Although this

process inevitably identifies the Council's fundamental financial systems as being 'high risk', other non-financial systems and functions are also identified as important areas for review by Internal Audit.

- 4.5 A four-year Strategic Plan will be prepared by the Head of Audit Partnership, which will be approved by the Governance Committee. A one-year Operational Plan will be prepared each year from the Strategic Plan. The Head of Audit Partnership will report the work performed against the Plan to the Governance Committee on a quarterly basis.

Preventing Fraud and Corruption

- 4.6 The Director of Finance, Housing & Community shall maintain the Council's Strategy for the Prevention of Fraud and Corruption and the Protocol for Dealing with Allegations of Fraud and Corruption. These documents are available on the Council's Intranet.
- 4.7 It is the duty of all Officers and Members who are aware of any financial irregularity to follow the strategy and protocol.

Whistleblowing

- 4.8 The Council has a Whistleblowing Policy to enable employees to raise their concerns at an early stage and in the right way.
- 4.9 This Policy is available on the Council's Intranet.

Money Laundering

- 4.10 It is the Council's policy to do all it reasonably can to prevent, wherever possible, the organisation and its staff being exposed to money laundering, to identify the potential areas where it may occur, and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases.
- 4.11 The Council has nominated the Director of Finance, Housing and Community as the Money Laundering Reporting Officer and the Head of Finance to be the deputy.
- 4.12 The Anti-Money Laundering Policy is available on the Council's Intranet.

5. Banking Arrangements

- 5.1 The Director of Finance, Housing and Community, as the appointed S151 Officer, has overall responsibility for the sound operation of the Council's bank accounts. This is delegated for day to day operations to the Head of Finance.
- 5.2 The Director of Finance, Housing and Community will review the Council's banking arrangement at least every 5 years.
- 5.3 The Director of Finance, Housing and Community and other Officers approved in writing by the Director of Finance, Housing and Community each have authority, in accordance with the mandate given to the bank, to sign and be accepted as satisfactory signatures for any other purpose in connection with the Council's bank accounts.

- 5.4 All payment instructions for amounts of £30,000 and above require two authorising signatures.
- 5.5 All bank accounts are to be reconciled to the cash book by the end of the following quarter to which they relate.

6. **Budget Process**

Introduction

- 6.1 The Director of Finance, Housing and Community shall have overall responsibility for the co-ordination and preparation of the Council's Budget (i.e. Capital & Revenue Projects, General Fund Revenue and Housing Revenue Account Budgets), taking into account the priorities established in the Corporate Plan or otherwise set by Members.
- 6.2 Each year the Head of Finance will prepare timetables for the preparation, submission and approval of the Medium Term Financial Plan, including the Capital Programme, Treasury Management Strategy and detailed Revenue Budgets.
- 6.3 All budgets will be prepared in accordance with the Budget and Policy Framework Procedure Rules.

Capital & Special Projects Programme

- 6.4 "Capital Expenditure" shall be interpreted in accordance with section 16 Local Government Act 2003. In summary capital expenditure relates to:
- Purchase or construction of an asset;
 - Enhancement of an asset;
 - Grants for capital purposes.
- 6.5 The Head of Finance will prepare a draft capital programme, which includes all funded and unfunded capital schemes proposed to be undertaken by the Council. The programme will be submitted to Corporate Management Team for consideration and comment. This will subsequently be submitted to the Cabinet as part of the budget report together with the estimate of resources available.
- 6.6 All one-off expenditure over £10,000 shall be treated as either a capital or special revenue project and requires a project appraisal and approval prior to commencement. The Project Flowchart is detailed on the Intranet.

Prudential Indicators

- 6.6 The Head of Finance will submit a set of Prudential Indicators for approval as part of the Medium Term Financial Plan.

Medium Term Financial Plan

- 6.7 In consultation with the Corporate Management Team the Director of Finance, Housing and Community shall prepare recommendations for the Council's budget to be considered by the Cabinet.
- 6.8 Heads of Service will prepare information needed to produce the Medium Term Financial Plan for each of their services.

- 6.9 A Draft Budget and Medium Term Financial Plan shall be presented to the Cabinet in January/February of each year.

Detailed Revenue Budget

- 6.10 Heads of Service will prepare budget estimates of income, expenditure and recharge apportionments for the next financial year in accordance with the timetable and guidance as specified by the Head of Finance.
- 6.11 The Director of Finance, Housing and Community will report the detailed draft Revenue Budget to Corporate Management Team for consideration and comment. This will subsequently be submitted to the Cabinet as part of the budget report.

Budget Scrutiny Process

- 6.12 The Cabinet's draft budget proposals will be referred to the Scrutiny (Policy and Performance) Committee in January/February each year for examination and consideration.
- 6.13 The Scrutiny (Policy and Performance) Committee shall report to the Cabinet on the outcome of its deliberations before the final budget report is submitted to the Cabinet in March.

Approval of Annual Revenue Budget

- 6.14 The budget will be proposed by the Executive on the advice of the Director of Finance, Housing & Community and approved by the Council. The draft budget should integrate capital and revenue planning and should include allocation to different services and projects, proposed taxation levels, calculated mandatory prudential indicators; contingencies, and use of reserves.
- 6.15 By the 9th March each year the Council shall determine the revenue and capital budgets, prudential indicators and council tax levels for the year beginning on the following 1st April.
- 6.16 Housing rents are determined by the Director of Finance, Housing & Community or the Head of Strategic Housing.

7. Budgetary Control

Introduction

- 7.1 The whole of the organisation is required to operate within the budget (which includes any supplemental expenditure) approved by the Council.
- 7.2 The Cabinet shall recommend to the Council any amendments to budgetary control procedures as part of its budget proposals.

Authority for Incurring Expenditure

Normal Revenue Expenditure

- 7.3 The Chief Executive, Directors, Heads of Service, and their duly Authorised Officers may incur expenditure on items already approved specifically or generally within the Council's budget or capital programme, provided no overspending or under-recovery will occur.
- 7.4 Heads of Service have operational responsibility for the budget and shall manage the budgets at their disposal and be accountable to the Cabinet for performance. Budget resources are to be deployed to deliver agreed service objectives and priorities.

Capital & Special Projects Programme

- 7.5 The inclusion of items in an approved capital programme shall not, in itself, constitute authority to incur such expenditure. Prior to incurring expenditure approval of a project appraisal should be undertaken for each scheme by the appropriate budget manager in a form approved by the Director of Finance, Housing & Community.
- 7.6 Completed projects shall be reported in the quarterly budget monitoring report and post implementation reviews undertaken where considered appropriate by the Director of Finance, Housing & Community.

The Authority to Use Reserves

- 7.7 All applications of and contributions to reserves to fund expenditure will be made in accordance with the approvals of the Budget and Medium Term Financial Plan.

Budget Monitoring

- 7.8 The Director of Finance, Housing and Community is responsible for providing appropriate financial information to enable the budget to be monitored effectively. Heads of Service shall monitor their budgets on a regular and appropriate basis and report any forecast changes through the budget monitoring system or to Accountancy. Significant budget changes will be reported to Corporate Management Team and Members through the Quarterly Budget Monitoring Report and Performance Report.
- 7.9 It is the responsibility of Heads of Service to control income and expenditure within their budgets and to monitor performance. They will take any action necessary to avoid exceeding their budget allocation and report any problems through the budget monitoring process.
- 7.10 Corrective action must be taken to deal with either a forecast or known overspend or to accommodate a new demand that is considered important or unavoidable. Corrective actions may take the form of a re-allocation of budgets (virement), the suspension or deletion of other planned expenditure or the application of reserves.
- 7.11 Where overspendings arise which are not corrected in year the Director of Finance, Housing and Community shall be entitled to recommend to the Cabinet that the overspending be addressed as part of the following year's budget.
- 7.12 An outturn report shall be submitted to the Cabinet by no later than the 30th September each year to include material variances incurred.

Virements

- 7.13 A virement is defined as the reallocation of approved spending authority between heads within the approved budget.
- 7.14 A supplementary estimate is defined as a request for additional financial resource where no provision exists within the current approved budget.
- 7.15 Controls need to be exercised to ensure that expenditure remains within the agreed limits and in accordance with the Council's stated policy objectives. Consequently, virements and any request for supplementary estimates are subject to the authorisation procedures stated below.

Revenue Budget Virements

- 7.16 Revenue budget virements will be subject to the following procedures; and will apply to all revenue budgets including the use of contingency provision and vacancy allowance:
- (i) No virement shall be authorised, where it has significant policy implications by virtue of the amount involved and / or the nature of the virement, without also being agreed with the appropriate Portfolio holder(s).
 - (ii) Other virements may be authorised by:
 - Heads of Service subject to the agreement of the Head of Finance; or
 - Cabinet.
 - (iii) Significant virements will be reported through the quarterly budget monitoring report.
- 7.17 The above regulations shall apply equally to all revenue cost centres. The exception is special revenue schemes, where the capital and special revenue programme virement procedures below apply.

Capital and Special Revenue Programme Virements

- 7.18 Virement between specific elements of an approved project may be made without limit by the Head of Service responsible for the project in consultation with the Head of Finance, provided that the total cost of the project remains unaffected.
- 7.19 Between projects, virements of up to a maximum of £50,000 may be approved by the Director of Finance, Housing & Community. Virements of more than £50,000 must be approved by Cabinet

Capital Receipts

- 7.20 The Director of Finance, Housing & Community will calculate the amount of capital receipts from the sale of HRA assets due to Central Government, under the pooling of capital receipt regulations. The Director of Finance, Housing & Community will ensure that the due amount is paid over to Central Government, within regulatory set deadlines, to avoid penalties.
- 7.21 A capital receipt from the sale of an asset totalling less than £10,000 will be placed in the appropriate revenue account.

Supplementary Estimates

- 7.22 At any time when the totality of additional expenditure, reduced income, or a combination of the two are such that there is projected to be an increase in the net General Fund revenue requirement, a reduction in HRA projected reserves, or an increase in the overall outturn costs of approved projects within the current programme this shall be reported to CMT and Cabinet for consideration of the additional resources or the corrective action required.

Emergency Planning and Business Continuity

- 7.23 The duty director may incur expenditure, whether or not contained within an approved budget, which is essential to meet any needs created by a sudden emergency empowered under section 138 of the Local Government Act 1972. The duty director is required to keep an appropriate record of such expenditure including the amount, the date, the suppliers name, VAT incurred, any payments made and the purpose or reason for the expenditure. Any expenditure that cannot be contained within the revenue budget must be reported to the next Cabinet meeting and onto the next Council meeting for supplementary approval.

Carry Forward of Resources at Year End

- 7.24 Carry over of underspent revenue budgets to the next financial year will be subject to the approval of:
- (i) The Director of Finance, Housing & Community; or
 - (ii) Cabinet.
- 7.25 The budget provision remaining at the end of a financial year for any capital or special revenue project will be automatically carried forward to the following financial year except where the capital or special revenue project is completed and any unspent balance is not required.

Prudential Indicators

- 7.26 The Head of Finance will monitor the Prudential Indicators and report to Governance Committee on a quarterly basis. Any changes will be agreed by Cabinet and Council.

8. Corporate Credit Cards

- 8.1 The Procurement Manager has responsibility for the issue of Corporate Credit Cards. This will only be done on the written request of the appropriate Head of Service. The credit limit will be set by the Procurement Manager.
- 8.2 Corporate Credit Cards may only be used for Council business and in no circumstances used for personal purposes.
- 8.3 Corporate Credit Cards must only be used in accordance with the guidance notes for the use of Credit Cards, issued by the Procurement Manager, available on the Intranet.
- 8.4 All payments made must be supported by the appropriate documentation and properly certified by an Authorised Officer.

8.5 Any misuse of a Corporate Credit Card will result in the card being withdrawn and could lead to disciplinary action.

8.6 Summary details will be covered by the Council's disclosures on transparency.

9. **External Funding**

9.1 External funding is potentially a very important source of income, but funding conditions need to be carefully monitored to ensure they are compatible with the aims and objectives of the Council.

9.2 Heads of Service shall be responsible for preparation of bids for grants, other assistance and subsidies, and the Director of Finance, Housing and Community shall be responsible for their authorisation.

9.3 Heads of Service shall ensure that:

- (i) Conditions of funding and any statutory requirements are complied with.
- (ii) The responsibilities are clearly understood.
- (iii) The project progresses in accordance with the agreed project plan and conditions.
- (iv) All expenditure is properly incurred and accounted for.
- (v) All claims for funds are made by the due date.
- (vi) Future revenue implications are included within the Medium Term Financial Plan.
- (vii) Appropriate exit strategies exist.
- (viii) That all the necessary records are kept to substantiate claims for audit purposes.

9.4 The Director of Finance, Housing and Community shall ensure that all funding awarded by external bodies is received and properly recorded in the Council's accounts and that all audit requirements are complied with.

10. **Income**

Setting Fees and Charges

10.1 The Director of Finance, Housing and Community, in consultation with Heads of Service, will be responsible for advising the Cabinet on the fixing of fees and charges for services, except for Parking fees and charges, which will be reported by the Director of Environment and Corporate Assets.

10.2 Fees and charges will be reviewed and approved by Cabinet at least annually. Fees and Charges will be adjusted by Heads of Service, in consultation with the relevant Portfolio Holder to comply with any subsequently received government guidelines (when they are received) or other minor changes without being the subject of a further Cabinet approval unless they are materially different from current charges, or have a material impact on the level of income.

Collection of Income Due

- 10.3 The Head of Finance is responsible for paying all monies received into the Council's bank.
- 10.4 Individual Officers shall be responsible for any monies received by them on behalf of the Council. They must follow the procedures for paying in, receipting and accounting which have been agreed between their Head of Service and the Head of Finance.
- 10.5 All receipts, tickets and similar documents or stationery dealing with receipt of monies will be subject to the approval of the Head of Finance.
- 10.6 Every sum received by a Council Officer will be immediately acknowledged by the issue of an official receipt, except for cheques and bank transfers where the Head of Finance may agree other arrangements.
- 10.7 Heads of Service will inform the Head of Finance of all contracts, agreements, grant claims etc. that will result in the Council receiving money. This ensures that the income can be identified when it is received.
- 10.8 All monies received by the Council on behalf of a third party, will be accounted for and paid to that third party without delay, or in accordance with any agreement or instruction by the Head of Finance, after deduction of any amounts due in respect of commission or other allowance due to the Council.
- 10.9 All systems that record income will be reconciled regularly to the Council's financial management system by the end of the following quarter to which they relate.

Invoicing of Income Due

- 10.10 Heads of Service shall be responsible for ensuring that sales ledger invoices are raised promptly for credit income due to the Council in respect of their services.
- 10.11 The Head of Shared Services will maintain the Council's Corporate Debt Recovery Policy and all debt recovery will be carried out in accordance with that policy and related procedures. A copy of the Council's Corporate Debt Recovery Policy is available on the Council's Intranet.
- 10.12 Credit terms for all sundry debts due to the Council shall be 14 days, unless agreed otherwise with the Head of Shared Services.
- 10.13 Details of Officers authorised to cancel and amend sundry debts will be sent to the Procurement Manager, together with specimen signature and authority limits. The Procurement Manager will maintain a register of all such authorised officers and ensure it is available to income staff to authenticate all credit notes and cancellations requested.
- 10.14 Enforcement action for the recovery of debts will only be taken following consultation with the relevant Head of Service.
- 10.15 At the end of each financial year Heads of Service will notify the Head of Finance of all income due before the end of the financial year but not yet invoiced, in accordance with the closure timetable issued.

11. **Insurance**

- 11.1 The Director of Governance will effect all insurance cover and negotiate all claims in consultation with other officers where necessary.
- 11.2 Heads of Service shall promptly notify the Director of Governance or his designated officer in writing of all new risks, properties or vehicles needing to be insured, and of any disposals or alterations affecting existing insurances.
- 11.3 Heads of Service shall notify the Director of Governance or his designated officer in writing of any loss, liability or damage or any event likely to lead to a claim on any Council policy, and shall where appropriate notify the police of the relevant circumstances.

12. **Procurement of Work, Goods and Services**

Official Orders

- 12.1 A purchase order must be raised for all expenditure, except where directed by the Head of Finance.

Goods Receipts

- 12.2 Purchase orders will be goods receipted by the Officer responsible for the services, works or receiving the goods. When an Officer receipts goods, services or works he/she is confirming that the order is correct in all respects and may be paid.

13. **Payment of Invoices**

- 13.1 The Head of Finance is responsible for examining and verifying invoices when they are input into the financial management system. Where an order has been raised and the goods or services receipted by the appropriate authorised officer and the invoice matches the order, payment will be made. Any exceptions will be returned to originating Officers for certification.
- 13.2 Details of Officers authorised to sign such certifications will be sent to the Procurement Manager, together with specimen signatures and authority limits. The Procurement Manager will maintain a register of all Authorised Officers and make it available on the Intranet for checking by appropriate officers.
- 13.3 When certifying an invoice for payment the officer is confirming that the payment is correct in all respects including:
 - (i) The work, goods or services, to which the account relates have been received, carried out, examined and approved.
 - (ii) The prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct and agree with the official order or contract.
 - (iii) The relevant expenditure has been properly incurred and is within the approved budget.
 - (iv) Appropriate entries have been made in inventories, stores records or other records as required,

- (v) The account has not been previously passed for payment and is a proper liability of the Council.
 - (vi) The correct expenditure code has been inserted in respect of each item.
- 13.4 It is the individual Officer's responsibility to make any investigations they deem necessary before giving that certification.
- 13.5 Invoices for payment shall be passed to the Head of Finance without delay. All payments will be processed for immediate payment unless alternative terms are required and explicitly stated. Payment made outside the agreed payment terms may incur statutory interest.
- 13.6 Where an invoice is found to be incorrect, e.g. because of an addition error, the VAT is incorrectly calculated or the invoice is not addressed to the Authority, it should be returned to the supplier with an explanatory note. Handwritten amendments should not be made to an invoice as this may invalidate the recovery of VAT.
- 13.7 Heads of Service will notify the Head of Finance of all outstanding expenditure relating to the previous financial year in regard to goods and services received in that financial year, in accordance with the agreed closure timetable.
14. **Cash Floats**
- 14.1 The issue and use of cash floats will be under the overall control of the Director of Finance, Housing and Community.
- 14.2 Officers responsible for cash floats will give the Director of Finance, Housing and Community an annual certificate for each account balance in accordance with agreed Closure Timetable.
15. **Cabinet and Council Reports**
- 15.1 Report authors will consult with the Finance and Legal teams prior to the production of Cabinet and Council reports in accordance with the report preparation timetables.
- 15.2 All reports will be circulated via the DDC Cabinet Reports mailbox.
- 15.3 The Director of Finance, Housing and Community shall be responsible for advising the Cabinet and Council Committees on the resource implications of reports presented to them.
16. **Retention of Financial Records**
- 16.1 The Director of Finance, Housing and Community and Head of Finance will retain records in accordance with the retention schedules.
- 16.2 The Council has received dispensation from HM Revenues and Customs to hold scanned images in lieu of hard copy documents.
- 16.3 Heads of Service will retain records which substantiate grant claims made by them and any evidence required in connection with likely future claims which may be made by or against the Council.
17. **Salaries, Wages and Members' Allowances**

- 17.1 The Head of Collaborative Services shall be responsible for paying salaries, wages, expenses and other emoluments to Council employees; for making deductions for income tax, national insurance and superannuation and paying these to the relevant authorities and for maintaining the necessary records.
- 17.2 The process for submitting timesheets and expenses claims is detailed in the Employee Handbook.
- 17.3 Heads of Service will notify the Head of Collaborative Services immediately of all appointments, resignations, or other events affecting terms of employment or pay, including all sick absences, honorariums, accidents on or off duty, or special leave without pay.
- 17.4 Heads of Service will follow the Job Evaluation process detailed on the Intranet for new or changed posts.
- 17.5 The Head of Collaborative Services will make payments to any Member entitled to claim allowances in accordance with the Council's scheme for allowances.

18. **Stock Accounting arrangements**

- 18.1 Heads of Service shall be responsible for the secure custody of any stocks held within their services and for the recording, issuing and accounting arrangements.
- 18.2 Stocktaking should take place at the end of each financial year and at other times if the Head of Service or Internal Audit deems it appropriate. A signed stock certificate as at the 31st March each year will be provided to the Head of Finance in accordance with the agreed closure timetable issued.
- 18.3 Volumes of stock held will not exceed reasonable requirements and will be reviewed periodically by each Head of Service or duly Authorised Officer concerned.

19. **Taxation**

- 19.1 Tax issues are very complex and the penalties for incorrectly accounting for tax are severe. It is important for all Officers to be aware of their roles and responsibilities so if in doubt, Heads of Service should consult the Director of Finance, Housing and Community or Head of EK Human Resources for advice.
- 19.2 The council has access to external advisory services that should be used, in consultation with the Director of Finance, Housing and Community, to advise on the tax implications of council activities.

Construction Industry Taxation Scheme

- 19.3 The Director of Finance, Housing and Community is responsible for maintaining all records, making all deductions and returns as required by HM Revenues and Customs under the Construction Industry Taxation Scheme.
- 19.4 Heads of Service are responsible for ensuring that tax liabilities and returns can be correctly completed by:
 - (i) Ensuring that orders/contracts for works of a building maintenance or construction nature (as defined under the Construction Industry Scheme) are

only placed with contractors who hold and have supplied a current and valid card or certificate entitling them to be paid for works of this type under this scheme; and

- (ii) Correctly identifying the value of labour subject to tax on any invoice where a tax deduction is necessary.

Value Added Tax (VAT)

- 19.5 The Director of Finance, Housing and Community is responsible for maintaining all records, accounts and claims as directed by the Value Added Tax Act 1983 (as amended).
- 19.6 The Director of Finance, Housing and Community will take responsible steps to ensure that the payment documentation provided by all suppliers of goods, works or services conforms to the requirements of a proper VAT invoice.
- 19.7 Each Officer responsible for raising invoices on behalf of the Council will ensure within reason that the Council has complied with the relevant VAT legislation regarding the supply of its services.
- 19.8 For services where VAT supplies are classified as Exempt under VAT regulations, Officers will ensure that all activities are fully evaluated for VAT purposes and any tax implications are identified before any expenditure is committed or contractual arrangements made.
- 19.9 The Director of Finance, Housing and Community will prepare monthly VAT returns and the annual VAT partial exemption.

Income Tax and National Insurance

- 19.10 The Head of Collaborative Services is responsible for ensuring that liabilities to account for Income Tax and National Insurance can be correctly and accurately accounted for within the Council's Accounts in accordance with HM Revenues and Customs and Contributions Agency Regulations. This will include:
 - (i) Ensuring that all payments to staff are made via the Council's payroll system;
 - (ii) Ensuring that any taxable benefits arising from payments made/ benefits in kind supplied to and on behalf of staff is notified to the Head of Collaborative Services for inclusion on P11D and similar returns;
 - (iii) Ensuring that all persons employed by the Authority are added to the Council's payroll;
 - (iv) Confirming that suppliers of labour other than employees (e.g. consultants) are not liable to deduction of Income Tax and National Insurance as if they were an employee, i.e. by obtaining evidence of Schedule D employment or CIS status and checking their employment status using the HMRC tool.

20. Treasury Management

- 20.1 This Council has adopted CIPFA's Code for Treasury Management in Local Authorities.

- 20.2 The code requires that the Council shall determine a Treasury Management Strategy setting out its strategy and procedures for Treasury Management and set the Council's Prudential Indicators. The policy shall be reviewed once a year and adopted by full Council as part of the Medium Term Financial Plan.
- 20.3 All money in the Council's possession shall be aggregated for Treasury Management purposes under the overall control of the Director of Finance, Housing & Community.
- 20.4 Day to day decisions on borrowing, investment (including the review of the list of the Council's current short and long term investment counterparties, with particular reference to their credit rating) and financing, including use of Capital Receipts, Reserves and Leasing are delegated from the Council to the Director of Finance, Housing and Community (or through him to his Officers) within the agreed Treasury Management Strategy and Medium Term Financial Plan.
- 20.5 The Director of Finance, Housing and Community will make all investment of Council's funds in the name of the Council, unless otherwise approved in the Treasury Management Strategy. All investments will be in accordance with the statutory framework and the approved Treasury Management Strategy.
- 20.6 All loans to the Council will be negotiated the by the Director of Finance, Housing and Community and paid direct by the lender or his agent into the Council's bank account.
- 20.7 The Director of Finance, Housing and Community is authorised to borrow temporarily pending receipts of money from Business Rates, Loans, Council Tax, Government Grants and other income properly due to the Council, within the limit agreed by the Council each year.
- 20.8 The Director of Finance, Housing and Community will report to the Cabinet not less than once each financial year and quarterly to the Governance Committee on the activities of the Treasury Management operation, and on the exercise of Treasury Management powers delegated to them.

21. **Write-Offs of Income, Stocks, Furniture and Equipment**

Debts

- 21.1 The Director of Finance, Housing and Community shall approve the procedures for the write-off of debts or other sum owing to the Council which is deemed irrecoverable or uneconomic to pursue.
- 21.2 Debt reports, including levels of write off, shall be presented to the Governance Committee on an annual basis after the financial year end.
- 21.3 The Director of Finance, Housing and Community shall make the appropriate entries in the accounting records in respect of write-offs in accordance with proper accounting practice.

Goods, Materials, Vehicles and Stocks

- 21.4 The Director of Finance, Housing and Community may write off the following:
- (i) Damaged or stolen goods;
 - (ii) Surplus goods and materials;

- (iii) Goods, vehicles or materials that are considered to have no material value due to deterioration or obsolescence.
- 21.5 Heads of Service shall forward details of any item under above that they consider should be written off within their Division to the Director of Finance Housing and Community for approval together with:
 - (i) Details of the item to be written off;
 - (ii) The circumstances necessitating the write-off.
- 21.6 The Director of Finance, Housing and Community will make the appropriate entries for write-offs in the accounting records in accordance with proper accounting practice.