

PR 5 - FINANCIAL PROCEDURES RULES

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PR 5 - FINANCIAL PROCEDURE RULES

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1. INTRODUCTION

- 1.1 *The purpose of these rules (formerly referred to as Financial Regulations) is to advise Councillors and employees of Stockport Council of the required standards to be complied with in the management of the Council's financial affairs. They are the rules referred to in Article 16 of the Council's constitution.*
- 1.2 These rules set out those financial matters that are delegated to Chief Officers under the scheme of delegation or under statute and are to be managed by officers and agents of the Council.
- 1.3 All officers and agents responsible for the financial matters covered by these rules are required to maintain and promote the highest standards of financial management, integrity and administration. Chief Officers are responsible for ensuring that all relevant officers in their departments understand their responsibility for taking reasonable action to provide for the security of any assets under their control, and for ensuring that the use of these resources is legal, properly authorised and provides value for money.
- 1.4 All account keeping arrangements and financial systems operated by the Council shall be subject to standards, controls and protocols determined by the Chief Finance Officer. Any proposed departure from using corporate financial systems must be justified on value for money and service grounds and subsequently approved by the Chief Finance Officer.
- 1.5 These rules should also be read in conjunction with other relevant parts of the Constitution including:
- Article 4 (Para. 4.01) – Definition of Policy Framework and Budget
 - Article 14 – Definition and Functions of the Chief Finance Officer
 - Article 15 – Principles of Decision Making and Definition of 'Key Decision'
 - Article 16 – Finance, Contracts and Legal Matters
 - Part 3 – The Scheme of Delegation
 - Part 5 (PR2) – Policy Framework and Budget Procedure Rules
 - Part 5 (PR6) – Contract Procedure Rules
- 1.6 The Stockport Scheme for Financing Schools sets out the financial relationship between the Council and the maintained schools that it funds and takes precedence over similar provisions within these rules.

2. DEFINITIONS

In these Rules the words and phrases below have the following meanings:

Authorised Finance Officer means officers or posts that have been nominated in writing by Chief Officers as being responsible for the duties and activities set out in these Financial Procedure Rules.

Budget Holder means officers or posts responsible for discharging the relevant duties and activities set out in these Financial Procedure Rules. [Budget Holders are defined as the Chief Executive, Corporate Directors, Directors, Heads of Service and Strategic Leads, together with any other Officer with the relevant delegated authority to control and monitor budgets.](#)

CIPFA means The Chartered Institute of Public Finance and Accountancy.

Chief Finance Officer means the officer responsible for the proper administration of the financial affairs of the Council pursuant to Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988 or suitably qualified and experienced officers nominated by the Chief Finance Officer as being able to deputise for this role in the context of these Financial Procedure Rules.

Chief Internal Auditor means the officer nominated by the Chief Finance Officer as being responsible for the Council's internal audit arrangements.

Chief Officer means Corporate Directors, the Chief Finance Officer, ~~and~~ Head Teachers and Chairs of Governors of schools covered by the Stockport Scheme for Financing Schools, and Director of Public Health.

Capital Financing means borrowing, capital receipts, grants, third party contributions, commuted sums, revenue contributions or any other source that is earmarked to finance capital expenditure.

Financial Records means receipts, invoices, claim forms, income and expenditure records, or any other document supporting or relating to a financial transaction, contract, or prospective contract.

Stockport Scheme for Financing Schools means the approved scheme published on the Council's website which defines the financial relationship between the Council and the schools in its area. The scheme contains requirements relating to financial management and associated issues, which are binding on both the Council and on the schools. The scheme is subject to specific statutory arrangements and governance arrangements whereby any changes to the scheme are subject to consultation with school governing bodies and must be approved by the Schools Forum.

Transparency Code means the Local Government Transparency Code covering the publication of expenditure and other information.

3. **ROLE OF THE CHIEF FINANCE OFFICER**

3.1 To support the Chief Finance Officer in the fulfilment of their duties, the Council will comply with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. In particular, the Council will ensure that the Chief Finance Officer:

- ✓ is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest;
- ✓ must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy; and
- ✓ must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times always safeguarded and used appropriately, economically, efficiently, and effectively.

3.2 To deliver these responsibilities the Chief Finance Officer must:

- ✓ lead and direct a finance function that is resourced to be fit for purpose; and
- ✓ be professionally qualified and suitably experienced.

3.3 GENERAL RESPONSIBILITIES OF THE CHIEF FINANCE OFFICER

Subject to the overall control of the Council and the Cabinet on matters of policy, the Chief Finance Officer is responsible for the proper administration of the Council's financial affairs through:

- (i) advising the Council [Meeting](#), Cabinet and all Committees and officers on accounting and financial matters;
- (ii) supervising the arrangements for the receipt of monies due to the Council, payment of monies due from the Council, and the Council's treasury management and insurances;
- (iii) the format and preparation of the annual estimates and the presentation of these to the Cabinet and the Council, ensuring that a balanced, robust and sustainable budget has been set;
- (iv) the preparation and presentation of the Statement of Accounts of the Council;
- (v) the operation of bank accounts.

The Chief Finance Officer is responsible for approving and controlling all accounting and financial systems in all departments of the Council, including the form of any documents and records used. All Directors must notify the Chief Finance Officer as soon as possible of any matter within their area of responsibility which may affect the financial position of the Council.

When any changes in service are contemplated, a report must be prepared, in conjunction with the Chief Finance Officer, containing financial appraisals prior to submission to the Cabinet.

The Chief Finance Officer is responsible for ensuring that there is an effective Financial Scheme of Delegation and that this scheme is followed in practice within [the Council](#).

Only the Chief Finance Officer, or Officers specifically nominated and authorised by the Chief Finance Officer, are to undertake the general responsibilities outlined in this section. It is contrary to the Financial Procedure Rules for any other officer to assume or to allow others to believe that they have assumed these responsibilities.

4. FINANCIAL MANAGEMENT

- 4.1 Chief Officers shall in writing nominate which officers or posts within their service are authorised to:
- ✓ Carry out the role of Authorised Finance Officer;
 - ✓ Carry out the role of Budget Holder; and
 - ✓ Process debit or credit card transactions (by telephone, internet or point of sale) from clients or customers on behalf of the Council.
- 4.2 Chief Officers shall determine which income, expenditure, assets, liabilities, services and/or projects each of the above are responsible for managing (both revenue and capital). The Chief Finance Officer shall be notified in writing of these details and promptly informed of any changes to the authorisations. All officers who are given specific financial responsibilities must familiarise themselves with these rules and ensure proper financial controls are maintained.
- 4.3 Authorised Finance Officers shall approve suitable access to financial systems to enable:
- ✓ Budget Holders and those officers supporting Budget Holders to carry out their duties under these Rules;
 - ✓ Officers authorised to process debit or credit transactions from clients or customers to carry out their duties under these Rules
- 4.4 Budget Holders shall notify their Authorised Finance Officer and the Chief Finance Officer as soon as possible of any matter within their area of responsibility which may lead to a material budget deficit or loss. The Chief Finance Officer will provide guidance or advice on request with regard to materiality levels. Notification shall be given whether or not the matter is to come before a committee, the Cabinet or a Cabinet Member. *Budget deficits or losses include significant potential liabilities, projected variations against revenue budgets and capital scheme allocations, instances of non-compliance with laws or regulations which could affect the finances of the Council, significant pending legislation and instances of known irregularities arising from fraud, error, or corruption.*
- 4.5 Budget Holders are responsible and accountable for the following activities that fall within their span of control:
- ✓ Developing detailed and robust financial plans including the development of savings plans and proposals to redesign service provision as and when required by Chief Officers or Authorised Finance Officers;
 - ✓ The regular monitoring of expenditure and income generation against financial plans taking account of any approved virements, budget realignment, the re-phasing of expenditure and transfers to or from reserves;
 - ✓ Taking action to mitigate and reduce a forecast deficit or delays to expenditure plans;
 - ✓ Preparing and reporting forecast and final outturn positions and providing an explanation of any forecast surpluses or deficits against budget in accordance with standards and timescales determined by the Chief Finance Officer;
 - ✓ Ensuring material items of income and expenditure are accounted for (coded) correctly and recognised in the correct financial year;
 - ✓ Ensuring that proper financial controls are maintained, and appropriate separation of duties is enforced to mitigate the risk of fraud, error or corruption;
 - ✓ Promptly authorising or rejecting purchase order requests, changes to purchase orders, departmental recharges, and payments which support activities within their span of control;
 - ✓ Ensuring income from all sources is collected in a timely manner by preparing grant claims to the required standard in accordance with official deadlines, ensuring income is collected at the point services are requested wherever possible and by raising

bills/following up sundry debtors promptly to minimise the risk of accruing bad or doubtful debts.

- 4.6 Authorised Finance Officers shall ensure another officer within the service at an appropriate level of seniority can act as a substitute for carrying out Budget Holder duties in the event of absence or a vacancy.
- 4.7 Authorised Finance Officers shall approve appropriate access to financial systems, reports and other information for officers occupying Budget Holder Positions and other officers or agents required to support Budget Holders in the discharge of their duties.
- 4.8 Authorised Finance Officers and Budget Holders shall undertake their activities using corporate financial systems, methodologies, protocols, and guidance determined by the Chief Finance Officer.
- 4.9 Budget holders shall also adhere to any standards and timescales specified by The Chief Finance Officer.
- 4.10 The Chief Finance Officer will make arrangements to support budget holders in these endeavours by:
- ✓ Providing training, support and advice that is focused on improving standards of financial management and that encourages a 'self-service' approach to dealing with regular or routine financial matters;
 - ✓ Providing financial advice and support commensurate with risk assessments of spending and income generating activity;
 - ✓ Providing advice on technical financial matters; particularly with regard to the interpretation of accounting codes of practice and the local government finance framework;
 - ✓ Providing support for complex costing/financial modelling activities and any associated profiling of expenditure linked to the achievement of milestones;
 - ✓ Assisting with the procurement of specialist financial advice where required.

Financial Planning Framework

- 4.11 It is a legal requirement for the Council to ringfence and separately manage the following financial resources and expenditure.
- ✓ Housing Revenue Account income and expenditure;
 - ✓ Income and expenditure which falls within the remit of the Stockport Scheme for Financing Schools;
 - ✓ Capital expenditure and its financing;
 - ✓ The Collection Fund;
 - ✓ Any trust fund being managed on behalf of their trustees;
 - ✓ Any other ringfenced budget coming into effect after the publication of these rules.
- 4.12 The Council may also be required to earmark specific or ringfenced grants, contributions, or other resources to particular activities.
- 4.13 Any income or expenditure which does not fall within the categories set out at paragraph 4.11 is deemed to fall within General Fund (non-schools).
- 4.14 Having regard to all statutory arrangements, the Chief Finance Officer, after consulting the Cabinet and other Chief Officers, shall be responsible for designing and implementing the annual budget and medium-term financial planning system. The Chief Finance Officer is responsible for the preparation of a Medium-Term Financial [Plan Strategy, Capital Strategy, corporate revenue budget, capital programme, and to provide advice on the setting of Council Tax.](#)

~~corporate revenue budget, capital programme and to provide advice on the setting of a Council Tax.~~

Budgetary Control

- 4.15 Chief Officers, Authorised Finance Officers and Budget Holders shall:
- ✓ not take steps intended to exceed the overall revenue budget and/or capital programme resources allocated to them;
 - ✓ not allocate ringfenced funding to activities that fall outside of the relevant statutory arrangements or the conditions imposed by the relevant funding body;
 - ✓ ensure borrowing, capital receipts or capital grants are not used to finance revenue expenditure unless prior approval has been obtained from the relevant Government Minister or Secretary of State;
 - ✓ take all reasonable steps to mitigate the impact of events that may cause net expenditure to exceed budgeted amounts for a given financial year.
- 4.16 The re-phasing of planned expenditure between financial years is only permitted if:
- ✓ resources can also be brought forward or carried forward to avoid creating 'in year' deficits or surpluses;
 - ✓ The overall approved budget for the relevant service, project or scheme is not exceeded.

Budget Monitoring

- 4.17 The Chief Finance Officer (in consultation with the Cabinet and other Chief Officers) shall from time to time specify the reporting framework for disclosing forecast or outturn expenditure compared to budgets, total revenue and capital expenditure and the financial arrangements of major policies, schemes and projects presented for approval to the Council meeting or the Cabinet. Budget Holders shall supply the information necessary to undertake these tasks in compliance with the format, standards and timescales specified by the Chief Finance Officer.
- 4.18 Budget Holders shall be responsible for revenue budget and capital programme management within the totals allocated to them. Revenue and capital budgets and financial resource transfers must comply with the Virement and Budget Realignment Rules set out below.
- 4.19 Authorised Finance Officers shall ensure financial monitoring and governance arrangements are put in place that are commensurate with the size, risk, complexity, and volatility associated with particular revenue budgets and capital schemes. Regular 'in year' reports will be prepared by the Chief Finance Officer for the Cabinet and individual Cabinet Member comparing actual net expenditure to budget for which the relevant Cabinet Member is accountable.
- 4.20 Where either a deficit or the re-phasing of expenditure is anticipated, Budget Holders shall identify why the deficit or re-phasing has arisen, specify what steps are being taken to ensure it will not be repeated and how the impact on revenue budgets and/or capital programme allocations will be mitigated.
- 4.21 Where one-off surpluses are carried forward to a future financial year, they may be used to fund existing commitments on a temporary basis. However, they must not be used solely to commit the Council to new or additional services that result in permanent ongoing expenditure that will require continued funding in subsequent years.

- 4.22 Authorised Finance Officers are responsible for ensuring 'exit strategies' are in place to support, for example the winding-up of any service provision that is financed from time-limited specific grants or third-party contributions.
- 4.23 Where any monitoring information is referred to Scrutiny Committees, Authorised Finance Officers, or members of the Cabinet shall make arrangements to supply such further information as is requested by the relevant Scrutiny Committee provided the request falls within the relevant Committee's Terms of Reference.

Virement

- 4.24 Virement is the transfer of financial resources from one activity area to another. Virement between revenue budgets and virement between capital schemes are only permitted within the rules set out below.
- 4.25 Either the Cabinet collectively, or the appropriate Cabinet Member in respect of budgets within their area of responsibility (portfolio), may authorise virement, provided that such virement does not conflict with the Policy Framework determined by the Council Meeting.
- 4.26 Chief Officers, Authorised Finance Officers and Budget Holders may exercise virement between services and budget items within their span of control, provided that such virement does not:
- ✓ Conflict with the Policy Framework or with any other policy or strategy adopted by the Cabinet or an ordinary Committee of the Council;
 - ✓ Conflict with a decision taken previously by the Council Meeting, the Cabinet or an Ordinary Committee or Area Committee;
 - ✓ Create greater permanent spending commitments than would otherwise exist, or commit the Council to additional spending in future years;
 - ✓ Create or increase a deficit against any individual budget item;
 - ✓ Change the revenue budget or capital programme resources allocated to individual Cabinet Member portfolios (such virements must be approved by the appropriate Cabinet Member(s) or the Cabinet).
- 4.27 Budget Holders must keep a record of all virements affecting their revenue budget or capital programme allocations, including the reasons for the virement. The Chief Financial Officer will report regularly to the Cabinet in respect of virements that result in transfers between the portfolios of individual Cabinet Members.
- 4.28 Where budgets are delegated to Area Committees, virement may only be undertaken within the constraints, if any, determined by the Cabinet.

The revenue budget virement/realignment request form determines the approval process and the completion of the form requirement.

Budget Realignment

- 4.29 Budget Realignment means the transfer of activities and their associated budgets, reserves or spending allocations from one area of the Council to another. Budget realignment is normally necessary after the restructuring of council services or changes to individual Cabinet Member (portfolio) responsibilities.
- 4.30 The Chief Finance Officer will sanction Budget Realignment to keep pace with changes in organisational structure or changes to individual Cabinet Member (portfolio) responsibilities. The Chief Financial Officer will report regularly to the Cabinet in respect of Budget Realignment that results in transfers of revenue budget or capital scheme allocations between the portfolios of individual Cabinet Members.

The revenue budget virement/realignment request form determines the approval process and the completion of the form requirement.

Bids for additional external funding

- 4.31 Where third parties invite the Council to bid for additional resources (e.g., capital grants), care should be taken to ensure that the costs and risks associated with preparing a bid do not outweigh the benefits of receiving additional funding. All costs associated with bidding should be financed from the relevant service budget unless the Cabinet has specifically approved alternative financing arrangements. Successful bids typically require the Council to deliver specific outcomes or provide additional matched funding. Failure to meet these obligations could result in the claw back of funding from the donor organisation. Any decision to bid for external funding must take account of the costs, risks and obligations associated with the bid being accepted by the provider of the funding.
- 4.32 The Chief Finance Officer shall be notified by Budget Holders of all external bids for additional resources and any additional confirmed funding. Copies of original correspondence confirming funding allocations shall also be forwarded by Budget Holders to the Chief Finance Officer.

Capital Expenditure and Financing

- 4.33 Capital expenditure shall be accounted for in accordance with the relevant statutory definition. The Chief Finance Officer will provide guidance or advice on request as to whether an item can be treated as expenditure for capital purposes. Budget Holders should develop plans to support capital investment commensurate with the value, risks and complexity associated with the activity. Where those plans include phases or milestones, Budget Holders should forecast:
- ✓ the expected date each phase or milestone will be achieved;
 - ✓ the expenditure incurred at the completion of each phase or milestone.
- 4.34 Decisions to approve new schemes or variations to existing schemes must consider:
- ✓ the value, risks and complexity associated with delivering new investment;
 - ✓ Capital Financing requirements;
 - ✓ any additional revenue expenditure commitments arising from proposed new capital expenditure such as additional maintenance costs or additional capital financing costs.
 - ✓ the governance arrangements for managing and monitoring progress against plans.
- 4.35 Decisions to earmark uncommitted Capital Financing to particular programme areas, service areas or Cabinet portfolios must consider:
- ✓ the type of funding to be earmarked including the amount, its purpose, timescales for spending, and any ringfencing or other conditions associated with the funding;
 - ✓ whether there are alternative options for deploying funding elsewhere;
 - ✓ The process for allocating earmarked funding to specific schemes or projects and which councillors and officers will be responsible for making those decisions.
- 4.36 Projects which are financed from Prudential Borrowing shall comply with the Prudential Code for Capital Finance in Local Authorities (published by CIPFA). Furthermore, Head Teachers shall ensure that they comply with the Prudential Borrowing and Leasing Scheme for Schools as agreed by and updated from time to time by the Schools' Forum.

5. CLOSURE OF ACCOUNTS/STATUTORY AND STATISTICAL FINANCIAL RETURNS

- 5.1 The Chief Finance Officer shall prepare and publish the Council's annual Statement of Accounts, and in consultation with the Council's Monitoring Officer shall ensure that the Council complies with relevant financial legislation and best practice e.g., Accounts and Audit Regulations and CIPFA Codes of Practice, which set out the statutory dates for

approval and publication of the annual accounts. ~~in accordance with the relevant statutory requirements and accounting codes of practice.~~

- 5.2 Budget Holders shall supply working papers and supporting information to assist the preparation of the Statement of Accounts. This information shall comply with the format, standards and timescales specified by the Chief Finance Officer.
- 5.3 Budget Holders shall also supply to the Chief Finance Officer such information to complete corporate statutory financial and statistical returns, meeting the format, standards and timescales determined by the Chief Finance Officer
- 5.4 Arrangements for the completion of all other statutory statistical returns will be the responsibility of the relevant Chief Officer.

6 INCOME

Charging for Services (Fees and Charges)

- 6.1 The Chief Finance Officer shall publish guidance from time to time setting out the process for reviewing the scale and scope of discretionary Fees and Charges.- Budget Holders shall ensure that up to date fees and charges are published on the relevant service web pages of the Council's website.

The Collection of Income

- 6.2 The Chief Finance Officer shall be responsible for the collection of Council Tax and Non-Domestic Rates.
- 6.3 Income may only be collected using methods and channels approved by the Chief Finance Officer. Officers responsible for the collection of income shall utilise and promote the most cost-effective approved means of collection including electronic payments. Where it is reasonable to do so, income should be collected at the point a service is requested. Budget Holders shall be responsible for the prompt collection of all income due to their budget area whether grants, contributions, commuted sums, sales, fees, charges, or rents, in a cash or credit form. Value Added Tax must be added to charges where statutorily required and must be shown separately on bills and receipts under the circumstances specified by HMRC.
- 6.4 Officers who collect income on behalf of the Council shall, where possible issue receipts for all 'customer present' transactions showing the full amount received. Receipts will be issued for postal remittances that are sent to the correct address if requested by the payee and if a stamped addressed envelope is enclosed with the remittance. Where it is not possible to issue a receipt for a 'customer present' transaction, additional controls shall be put in place by the relevant Budget Holder to prevent fraud and ensure all such takings are justified and accounted for correctly.
- 6.5 The form of receipt issued in respect of income shall be approved in guidance issued by the Chief Finance officer from time to time. Where a receipt is given officers must only use machine-printed or receipt forms approved by the Chief Finance Officer.
- 6.6 Officers or posts are only permitted to process debit/credit card transactions (by telephone, internet or point of sale) if authorised to do so by Chief Officers. Officers who process debit/credit card transactions must:
- be trained to correctly use the council's income processing system and must only use their own unique user ID to access the system;
 - uphold the quality and security standards laid down by the Payment Card Industry;
 - comply with the council's Payment Card Security Policy and any supporting guidance.

- 6.7 Debit/credit card transactions must only be processed in a secure office environment where ID badges are worn at all times. Debit/credit card transactions cannot be processed by homeworkers where security procedures cannot be monitored effectively.
- 6.8 Whenever possible, refunds of debit/credit card payments back to clients or customers should be processed against the card used to make the original payment. Officers who processed a debit/credit card payment that is now being refunded should either:
- ✓ ensure the refund is processed by a different officer that is authorised to process debit/credit card transactions; or
 - ✓ ensure the refund is supervised and checked by an officer independent of the transaction while it is carried out.
- 6.9 All requests for the provision of Chip and PIN devices must be approved by the Chief Finance Officer. The location of Chip and PIN devices and their use must comply with Payment Card Industry Standards and the Council's Payment Card Security Policy (including supporting guidance issued by the Chief Finance Officer from time to time). Whenever possible, Chip and PIN devices and other channels for card payments should be interfaced/linked to the council's corporate income processing system.
- 6.10 Where the Council is supplying goods or services, any payment by cheque at the point of supply shall be supported wherever possible by a cheque guarantee card subject to the conditions imposed by such cards.
- 6.11 All cash, cheques and postal orders received shall be deposited promptly into the Council bank account specified by the Chief Finance Officer. The frequency of [bankingsbanking](#) should be commensurate with the amounts collected relative to the cost of making a deposit (either in person at locations specified by the Chief Finance Officer or by an authorised secure courier). Cash, cheques, and postal orders must be stored securely between [bankingsbanking](#).
- 6.12 Every officer who prepares [bankingsbanking](#)/deposits on behalf of the council shall complete separate paying-in slips for cash and cheque deposits.- Postal orders should be included on the same paying in slip as cheques. Officers must also promptly complete and submit an income analysis sheet and email it to deposits@stockport.gov.uk to accompany each paying in slip. The form of the income analysis sheet and instructions for submission will be specified by the Chief Finance Officer. However, if the officer enters the details directly into CivicaPay (Cash Office, Registrars, Business Hub), the officer does not need to complete the income analysis sheet.

Reconciliation

- 6.13 All income collected shall be reconciled daily to till rolls and receipts/tickets or certificates issued and any other daily income records. [BankingsBanking](#) shall be reconciled to total income collected.
- 6.14 A check shall be carried out by an officer independent of the person undertaking the [bankingsbanking](#) to prevent fraud and ensure that [bankingsbanking](#) [areis](#) properly credited to the Council's bank and recorded correctly in the ledger.
- 6.15 Budget Holders shall arrange for periodic reviews to be undertaken throughout the year to ensure that these reconciliations and checks are being carried out appropriately.
- 6.16 Officers shall ensure that their own monies, any unofficial funds (e.g., school funds) and Council monies are kept separate. Officers must never borrow Council funds or unofficial funds nor use Council funds or unofficial funds to cash personal cheques. Sums due to the

Council shall not be paid into personal or non-Council bank accounts.

- 6.17 Whenever any transfer of Council or unofficial fund money is made from one officer to another, the officer receiving the money must sign for it and date and record the receipt. The officer passing the money on shall retain the record bearing the receiving officer's signature and the date of the transfer.
- 6.18 Authorised Finance Officers shall establish adequate procedures and controls to ensure that all officers entrusted with Council money are properly trained and familiar with these rules.

Debt Recovery

- 6.19 The Chief Finance Officer is responsible for determining the procedures to be followed in relation to debt recovery.
- 6.20 Budget Holders shall ensure that there is documentary evidence to support the raising of an invoice. This is essential if the debt has to be pursued at a later date because it is unpaid. Invoices should only be raised where there is sufficient evidence that the recipient of the invoice is responsible for the debt.
- 6.21 Budget Holders shall enforce recovery in relation to debts due that have been raised against their budget. Enforcement shall be carried out in accordance with the Corporate Recovery Code Policy Statement. Where statute requires a specific form of debt recovery, those procedures must be followed e.g., for rent collection or Council Tax collection.
- 6.22 The circumstances in which debt should be considered for write off are covered in the Council's Corporate Recovery Code Policy Statement. Where debts are deemed to be irrecoverable, write off shall be approved in accordance with the limits set out in the following table:

Debt Value	Approved By:
Up to £499.99 500	The Budget Holder for the service area against which the debt was raised. Also see paragraph 6.23 below.
£500 up to £4,999.99 5,000	An Authorised Finance Officer or <u>Service Manager for the Head of Revenues and Benefits</u> in the case of centrally managed debts
£5,000 up to £9,999.99 10,000	Chief Finance Officer
£10,000 up to £49,999.99 50,000	Cabinet Member
£50,000 or above	The Cabinet

- 6.23 It is not legally possible to recover debts that are cancelled ~~as a result of~~because of liquidation or bankruptcy proceedings. Where debts are cancelled ~~as a result of~~because of liquidation or bankruptcy proceedings, write off shall be approved as follows:

Debt Value	Approved By:
Up to £9,999.99 5,000	The <u>Service Manager for Head of Revenues and Benefits</u> or such other officer as the Chief Finance Officer may nominate from time to time
Over £105,000 or above	The Chief Finance Officer

- 6.24 Periodically, officers from the Revenues and Benefits service will undertake a data cleansing exercise to maintain the quality of information held regarding debtors and outstanding balances. Officers undertaking this work will be permitted to write off uncollectable residual debts worth up to £20.

6.25 The above amounts are exclusive of any value added tax where it is charged.

- 6.26 Multiple invoices shall not be raised, nor write-offs made in several stages to circumvent the above-mentioned approval levels.

Credit Requests and Refund Requests

- 6.27 A credit note can only be issued in relation to a debt in order to correct a factual inaccuracy or administration error in the calculation and/or billing of the original debt.
- 6.28 Where an invoice has been raised in error or includes an error, Officers may submit a credit request.
- 6.29 Credit requests shall be approved in accordance with the limits set out on the credit request form.
- 6.30 Where a customer account contains a credit, either from overpayment or a credit has been processed after receipt of payment, a refund can be requested. However, if a customer receives regular invoices, a credit advice alone may be enough. Officers should avoid the additional administration of providing a refund if possible, although a refund may have to be given upon request by the customer.
- 6.31 Refunds shall be approved in accordance with the limits set out on the refund request form.

7 PURCHASING

Procurement, Commissioning and Purchasing

- 7.1 Purchases shall only be made when a need has been established and a budget is identified as available. The decision to purchase shall only be made by Chief Officers, Authorised Finance Officers or Budget Holders.
- 7.2 All purchases shall be lawful, made in accordance with the Council's **Contract Procedure Rules (PR6)** and based on a clear need in relation to the provision of Council services.
- 7.3 The Chief Finance Officer shall from time to time determine the processes to be followed for all purchase to payment activity. In this regard, the Chief Finance Officer shall issue policies or guidance covering:
- ✓ The provision of access to financial systems;
 - ✓ Roles and Authorisation Limits;
 - ✓ Supplier Verification and Set Up;
 - ✓ The Process for ordering, receiving, and paying for goods and services, known as the Purchase to Pay Policy.
- 7.4 Budget Holders shall make arrangements for managing supplier relationships and shall resolve supplier queries, mismatches between orders; goods receipt notes and invoices and deal with disputes including their resolution. In the event of absence, Authorised Finance Officers shall ensure another (substitute) officer is nominated to manage the supplier relationship.

Choice of Supplier

- 7.5 Officers and agents responsible for purchasing goods and services on behalf of the Council shall ensure that value for money is obtained and be able to provide evidence that this has been achieved by complying with the Council's Contract Procedure Rules. Prior to placing orders, officers responsible for awarding contracts or approving the use of a particular supplier must ensure the supplier's details are accurately recorded in the

council's financial systems in accordance with procedures specified by the Chief Finance Officer. To prevent fraud, supplier details (including bank details) must be independently verified as part of this process.

7.6 Authorised Finance Officers shall ensure that officers utilise the expertise of the STAR procurement service to support all procurement and commissioning activity and in addition are aware of the Corporate Contracts Register.

7.7 The decision to procure and award a contract must be in accordance with the Scheme of Delegation.

Ordering

7.~~87~~ To support value for money objectives and facilitate prompt and efficient invoice processing, the Council's 'No Purchase Order, No Pay' policy must be adhered. Aa purchase order must be placed for all goods and services unless the goods and services are covered by the Purchase to Pay exemptions issued by the Chief Finance Officer. Orders provided to suppliers must be placed using the Council's ordering systems as set out in the Procure to Pay Policy issued by the Chief Finance Officer. All orders should be clear, unambiguous and must quote an official purchase order number. Purchase orders shall include the name and contact details of the Officer duly authorised to manage the supplier relationship. Orders should normally be priced, and where appropriate make reference to the quotation, tender or contract concerned. Budget Holders authorised

to manage the supplier relationship must ensure that supplier invoices reference the purchase order number.

- 7.98 To prevent fraud and minimise the risk of duplicate supply or payment, confirmation, copy or replacement orders shall only be issued in accordance with guidance issued from time to time by the Chief Finance Officer.
- 7.109 Additional monitoring arrangements shall be put in place for goods and services that are purchased without quoting an official purchase order number (e.g., those items that are included on exemptions list which is part of the purchase to pay). As a minimum supplier invoices should quote the Officers full name, and the cost centre and general ledger code of the budget the invoice will be coded against. The purpose of these additional arrangements is fraud prevention and to ensure that goods or services supplied are in accordance with the terms and conditions associated with any agreement or contract.
- 7.110 Officers shall not attempt to bypass Standing Orders or European Union Procurement Directives by deliberately breaking up or staging purchases or phasing of work so that they remain below any threshold or limits specified in the Contract Procedure Rules.
- 7.124 Where it is identified prior to the order or before the goods are received that they are to be leased, this shall be recorded on the copy order. The Chief Finance Officer shall be notified of all requests to lease equipment prior to entering into a leasing arrangement. All requests to lease equipment shall be subject to approval by the Chief Finance Officer.

Receipt of Goods and Services

- 7.132 The 'goods receipting' process shall be carried out promptly in accordance with guidance issued from time to time by the Chief Finance Officer. The correct receipt of goods shall be acknowledged by an appropriate officer who checks for quantity and quality to the details set out on the delivery note to validate the receipt of goods or services. Delivery notes shall be matched and checked to the appropriate copy order and retained. Budget Holders shall establish clear procedures for the treatment of part or incorrect deliveries.
- 7.143 Goods shall be held with appropriate security and entered into stores or an inventory if appropriate (see sections 10 and 12). Permanent valuable items shall be marked as the property of Stockport Metropolitan Borough Council. This does not apply to equipment leased by the Council which shall be marked to indicate the equipment is leased in such a way as not to deface the equipment.

8 PAYMENTS

- 8.1 All payments shall be made in accordance with guidance issued from time to time by the Chief Finance Officer. Payments shall only be made in respect of goods or services properly received on receipt of an official invoice quoting an official purchase order number sent by the supplier. In limited circumstances where the supplier insists on payment with order, authorisation must first be sought from the Chief Finance Officer. Invoice prices should be checked for accuracy against the related purchase order and/or goods receipt note. Copy invoices shall not be paid until a thorough check has been made that the invoice has not already been paid and the appropriate officer should certify that this is the case. To facilitate prompt and efficient payment, suppliers should be instructed to send invoices to the correspondence address specified by the Chief Finance Officer.
- 8.2 Payments shall not be made against statements sent by suppliers. Duplicate invoices and copy orders shall be marked as such to mitigate the risk of making duplicate orders or payments. Payments to settle invoices should be made by BACS transfer unless the Chief Finance Officer specifies that an alternative payment method may be used in specific circumstances.

- 8.3 Credit notes shall be checked to the original order and payment. Where a credit note cannot be deducted from current or future payments, a refund shall be requested from the supplier. All credit notes and refunds shall be credited to the budget code(s) used to fund the original payment.
- 8.4 Payments shall be coded to valid and accurate accounting codes which are appropriate to the goods or service provided. Budget Holders shall ensure sufficient budget is made available to finance the payment.
- 8.5 Budget Holders shall ensure that the treatment of value added tax and the contractor's tax deduction scheme has been considered and undertaken correctly.
- 8.6 Any discounts e.g., for early payment shall be deducted when payments are made within the required terms.
- 8.7 Payments shall be authorised or rejected by the relevant Budget Holder using systems and protocols determined by the Chief Finance Officer.
- 8.8 No one Officer shall alone be responsible for all stages of the purchasing and payment process, i.e., ordering, receipt, checking to the original order and authorisation.
- 8.9 Authorised Finance Officers shall ensure efficient and prompt payment by following the procedures set out in these rules and in policies or guidance issued by the Chief Finance Officer. Where possible, advantage should be taken of early payment discounts and payments should be made in accordance with specified terms of trade but never more than 30 days from receipt of the goods or service or receipt of invoice whichever is the later. (Payment should only be made later than 30 days if specifically included in the contract terms). *Failure to achieve these deadlines may lead to the council incurring a financial penalty in accordance with relevant legislation which will be charged against the relevant budget.*

Payments without an Invoice

- 8.10 Payments relating to Salaries, Wages, Pensions, Travelling, Subsistence and Other Employee Allowances are covered in sections 14 and 15 below. Requests to make other payments without an invoice (including the transfer of funds to bank imprest accounts and prepaid or top up cards) must be made using systems and protocols determined by the Chief Finance Officer.

Payment Methods

- 8.11 Where practical, officers should support all efforts to process payments by BACS. For most transactions, BACS is the most cost-effective method of payment. The use of alternative payment methods must be justified on value for money grounds and is only permitted if approved in writing by the Chief Finance Officer.

Payment Disputes

- 8.12 Budget Holders shall be responsible for liaising with suppliers, clients, customers and other third parties in order to resolve payment disputes. In the event of absence, Authorised Finance Officers shall ensure another (substitute) officer is nominated to deal with such matters.

Corporate Purchasing Cards/Credit Cards

- 8.13 The Council shall operate a Corporate Purchasing Card Scheme. The definition of Purchasing Cards shall also include Credit Cards. The terms of the Corporate Purchasing Card Scheme shall be determined by the Chief Finance Officer and the card provider. The

Chief Finance Officer shall issue guidance relating to the operation of the scheme which cardholders and their managers/supervisors must comply with. All requests for a purchasing card should be justified by a suitable business case and signed off by the appropriate Authorised Finance Officer.

- 8.14 Officers should not seek to obtain a Corporate Purchasing Card in order to circumvent the Council's purchasing and procurement rules. Use of a purchasing card does not change an officer's obligation to follow financial and contract procedure rules. Officers continue to have an obligation to secure value for money for purchasing card expenditure. All purchasing card expenditure that has been incurred must be checked/verified by an Officer who is not the cardholder.
- 8.15 Officers who use a Corporate Purchasing Card must retain copies of all receipts for expenditure to facilitate the monitoring and auditing of card expenditure and to enable the council to legitimately reclaim VAT on expenditure incurred. Copies of receipts must be retained for a period of six years. Purchasing cardholders must also submit monthly spend analysis returns on request in the form determined by the Chief Finance Officer to facilitate accurate recording of expenditure in the ledger and to enable the council to meet its obligations regarding the publication of expenditure under the Transparency Code.
- 8.16 Officers who hold a Corporate Purchasing Card will have an Authorised Finance Officer assigned to them. Authorised Finance Officers are responsible for monitoring spend on the Purchasing Cards they have been assigned to ensure the above requirements are met and assist with the prevention of fraudulent spend.

9. **BANKING AND FINANCING ARRANGEMENTS**

Treasury Management

- 9.1 The Chief Finance Officer shall be responsible for the management of the Council's cash flow, lending and borrowing in accordance with the Treasury Management Policy Statement approved by the Council meeting.
- 9.2 The Chief Finance Officer shall approve the opening of all bank accounts (including imprest accounts), funds and similar arrangements (except for bank accounts held by schools under the Stockport Scheme for Financing Schools). Signatories and Authorisers for all council operated bank accounts must be approved by the Chief Finance Officer.
- 9.3 The Chief Finance Officer shall be responsible for all external financing arrangements for borrowing and leasing, including those for schools exercising delegation under the Stockport Scheme for Financing Schools.
- 9.4 The Council must not offer any type of consumer credit which would require specific registration with the Financial Conduct Authority.

Payments from Bank Accounts

- 9.5 The Chief Finance Officer in consultation with the Council's provider of banking services shall approve the design of all cheques and shall be responsible for the ordering, issuing and safe keeping of cheques. All cheques issued shall be crossed 'account payee only'. The opening of cheques payable to 'cash' is prohibited.
- 9.6 Council cheques for the main bank accounts shall bear the facsimile or actual signature of the Chief Finance Officer or be signed by an Officer authorised by the Chief Finance Officer.
- 9.7 Cheques drawn against other bank accounts shall be signed by at least two officers of the Council. Cheques drawn against other bank accounts must not be pre-signed before issue.

- 9.8 If a school exercises its legal right to operate its own bank account, the account must be operated within the terms of the Stockport Scheme for Financing Schools.

Cash Floats, Petty Cash, and Imprest Bank Accounts

- 9.9 The effective operation and control of cash floats, petty cash and imprest bank accounts is the responsibility of the appropriate Budget Holder. Budget Holders shall arrange for records to be kept of holders, locations, amounts, and signatories acknowledging receipt of the cash and any subsequent variations. The holding of and operation of such accounts shall be subject to annual review by the Chief Finance Officer.
- 9.10 All petty cash payments shall be supported by relevant receipts and by VAT invoices where appropriate.
- 9.11 A record of expenditure and reimbursements shall be maintained. This shall be reconciled at least at each reimbursement to ensure that the sum of the payments to be reimbursed and the cash in hand or at the bank equals the total of the imprest.
- 9.12 Budget Holders shall arrange for an independent reconciliation of the imprest to be carried out no less than annually.
- 9.13 Income received on behalf of the Council other than for the reimbursement of payments from the account shall not be paid into a petty cash float or imprest bank account. It shall be paid into the Council's bank account in accordance with section 6 'Income'.
- 9.14 A cash float, petty cash or imprest bank account holder shall provide full details of the account to the Chief Finance Officer on request. Budget Holders shall provide on request to the Chief Finance Officer a list of all float, petty cash, and bank imprest account holders, locations, and balances.
- 9.15 Prior to leaving Council employment or otherwise ceasing to hold a cash float, petty cash or bank imprest account, the officer shall account for the advanced amount to the appropriate Budget Holder or Authorised Finance Officer.
- 9.16 Imprest bank account holders shall not cause an account to become overdrawn. Banks shall be requested by the Chief Finance Officer not to allow any formal or authorised overdraft facilities on such accounts.

10. **STORES**

- 10.1 Budget Holders shall be responsible for the custody, security, control and recording of stores and stock items and shall provide the Chief Finance Officer with such information as required. Stores shall not be misapplied and must be held securely and free from possible damage.
- 10.2 Budget Holders shall ensure stocks are managed and maintained at appropriate levels and shall operate a form of continuous stocktaking so that all items are checked at least once a year in all stores or stocks held under their control. They should retain evidence of these and make such regular stocktaking returns as determined by the Chief Finance Officer. All discrepancies should be investigated and pursued to a satisfactory conclusion, including where appropriate the removal from the council's records (i.e., write-off). Budget Holders shall be responsible for approving the write-off of stocks.
- 10.3 Budget Holders shall ensure that obsolete or surplus very slow-moving items are disposed of at the best price possible.

- 10.4 Budget Holders should keep under review the need for stocking items, which should ~~take into account~~consider options available for alternative provisioning methods.

11. **INSURANCE**

- 11.1 The Chief Finance Officer shall arrange all insurance cover and negotiate any claims in consultation with appropriate officers and outside claims agencies. The exceptions to this are schools which may arrange insurance cover, personal accident and sickness schemes and balance of risks under the Stockport Scheme for Financing Schools.
- 11.2 Authorised Finance Officers shall inform the Chief Finance Officer promptly of all new risks, properties or vehicles requiring insurance and of any alterations affecting existing policies.
- 11.3 Authorised Finance Officers shall inform the Chief Finance Officer of any new scheme, working practice, or programme that entails potential risk or possible loss or legal action.
- 11.4 The Chief Finance Officer shall inform Authorised Finance Officers of any conditions of the policies affecting insured risks. Authorised Finance Officers shall be responsible for ensuring that such conditions are met and that the actions of officers do not invalidate any claims.
- 11.5 Authorised Finance Officers shall immediately inform the Chief Finance Officer of any loss, damage, or liability, actual or potential, which is likely to lead to a claim by or against the Council. Where appropriate the Police shall be informed of the incident
- 11.6 The Chief Finance Officer shall review all insurances in consultation with appropriate Authorised Finance Officers, at least annually.
- 11.7 The Chief Finance Officer shall be responsible for administering any self-funding arrangements set up either to run alongside or replace conventional, externally provided insurance. Exceptions to this relate to the internal funds for balance of risks, personal accident, and sickness cover.
- 11.8 Authorised Finance Officers shall consult the Chief Finance Officer about any indemnity requested from the Council, by an outside body. *An indemnity is an agreement between an outside body and the Council in which the Council is required to make good a loss sustained by the outside body by means of a monetary payment.*

12. **INVENTORIES**

- 12.1 Budget Holders shall keep an inventory of assets within their control. This shall include adequate descriptions of furniture, fittings, equipment, plant, and machinery. Items that are not material in value may be ignored unless collectively they make up a substantial asset. The Chief Finance Officer will provide guidance or advice on request with regard to materiality levels for inventories.
- 12.2 Budget Holders shall be responsible for ensuring that a physical check of items against their inventories is carried out at least annually. This shall be evidenced on the inventory by date and signature of the officer undertaking the check. Any deletions from or amendments to inventories shall be approved by Authorised Finance Officers.
- 12.3 The Council's property shall not be removed except in the ordinary course of the Council's business or used for non-Council purposes unless the Authorised Finance Officer concerned has issued written specific authorisation. All such removals shall be recorded.

13. SECURITY

- 13.1 Officers shall be responsible for ~~maintaining proper security at all times~~always maintaining proper security for all buildings, stocks, stores, furniture, equipment, cash etc. under their control.
- 13.2 Cash kept in a safe shall not, except in exceptional circumstances, exceed the value of the limit as recommended by the Chief Finance Officer. *Guidance on limits for safes will be included in the insurance guide.*
- 13.3 Keys to safes etc. shall always be carried by the person responsible and not left on premises overnight. Lost keys shall immediately be reported to the appropriate Authorised Finance Officer who shall take appropriate action to ensure the continuing security of the cash etc. held. Duplicate keys shall be kept to a minimum. Safes and cupboards etc. used for holding cash shall be kept locked unless the key holder(s) is present.

14. SALARIES, WAGES AND PENSIONS

- 14.1 All salaries, wages, and other associated payments to employees or former employees of the Council shall be made in accordance with arrangements approved by the Chief Finance Officer.
- 14.2 All timesheet records or other pay documents shall be in a form approved by the Chief Finance Officer and must be certified by the appropriate line manager as determined in the Council's establishment structure. The Chief Finance Officer may specify that additional authorisation is required for certain items including some employee benefits.
- 14.3 The Chief Finance Officer shall approve the form of authorisation required for data that is input to the computerised payroll/HR system.
- 14.4 Budget Holders shall ensure that all appointments are made in accordance with HR Recruitment Policies, approved establishments, grades, and scale of pay and that adequate budget provision is available.
- 14.5 Budget Holders shall notify the Chief Finance Officer of all matters affecting such payroll payments as soon as possible, or by agreed deadlines and in the required manner. In particular:
- ✓ appointments, resignations, dismissals, suspensions affecting pay, secondments, and transfers;
 - ✓ absences for sickness or other reason, apart from approved leave with pay;
 - ✓ changes in pay rates, other than national pay awards and other general agreements;
 - ✓ information necessary to maintain records of service for superannuation, income tax, national insurance, and other deductions;
 - ✓ information necessary to ensure an officer's salary and other payroll related costs are charged to the correct budget code;
 - ✓ approved changes to the establishment.
- 14.6 Budget Holders shall ensure that effective systems and procedures are operated so that:
- ✓ payments are only to authorised bona_fide employees
 - ✓ payments are only made where there is a valid entitlement
 - ✓ conditions and contracts of employment are correctly applied
 - ✓ employees names listed on the payroll are checked at regular intervals to verify accuracy and completeness.

- 14.7 Budget Holders should ensure that pay transactions are only processed through the payroll. Careful consideration should be given to the employment status of individuals employed on a self-employed or sub-contract basis. HMRC applies a tight definition for employee status and the HMRC IR35 rules must be applied in these instances. ~~and in cases of doubt, advice should be sought from the Chief Finance Officer.~~
- 14.8 Budget Holders should notify the Chief Finance Officer of any benefits in kind, to enable full and complete reporting within the income tax self-assessment system. *e.g., long service awards below 20 years.*
- 14.9 If a local authority-maintained school decides to use a different payroll/HR system supplied in accordance with the Stockport Scheme for Financing Schools, such information will need to be provided to the appropriate service provider or maintained by the school if returns to HMRC and other Government departments are required.

15. TRAVELLING, SUBSISTENCE AND OTHER ALLOWANCES

- 15.1 All claims by Officers for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be duly authorised by the appropriate line manager as specified in the Council's approved establishment.
- 15.2 The certifying officer must be satisfied that the journeys, expenses and/or overtime were pre-approved, the expenses properly and necessarily incurred and that the allowances are properly payable by the Council.
- 15.3 Councillors who are entitled to claim travel or other expenses, including co-opted members of committees, shall make their claims promptly and regularly in the manner specified by the Chief Finance Officer. Payment shall be made by the Chief Finance Officer when authorised forms have been received.
- 15.4 Allowances and expenses shall be paid at approved rates and in accordance with appropriate National or Local Conditions of Service.
- 15.5 All claims for financial year ending 31st March shall be submitted before the 7th of April.
- 15.6 Claims submitted more than six months after the expenses were incurred shall not be paid unless there are exceptional circumstances.

16. TAXATION

- 16.1 The Council is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers to be aware of their role.
- 16.2 The Chief Finance Officer shall make arrangements for the completion of all returns regarding PAYE and the Construction Industry Scheme and monthly returns of VAT inputs and outputs to HM Revenue and Customs.
- 16.3 The Chief Finance Officer shall make arrangements for the provision of up-to-date guidance on employer responsibilities relating to the taxation of employees.
- 16.4 Budget Holders shall ensure that:
- ✓ all account keeping / record keeping obligations are complied with;
 - ✓ all taxable transactions are identified, properly carried out and accounted for within stipulated timescales

- ✓ records are maintained in accordance with transactions
- ✓ returns are made to the appropriate authorities within the stipulated timescales

- 16.5 Budget Holders shall ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Revenue and Customs regulations.
- 16.6 Budget Holders shall ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- 16.7 Budget Holders shall ensure that all persons employed by the Council are added to the Council's payroll and tax deducted where appropriate from any payments, except where the individuals are bona fide self-employed, consultancy firm, or are employed by a recognised staffing agency. In such cases, Budget Holders must comply with the HMRC IR35 rules.
- 16.8 Authorised Finance Officers shall ensure that guidance on taxation issued by the Chief Finance Officer is followed.

17. VOLUNTARY AND UNOFFICIAL FUNDS

- 17.1 *The term "voluntary" or "unofficial" fund refers to any fund, other than an official fund of the Council, which is controlled wholly or partly by an officer or teacher employed by the Council, or by the managers or governors of a school funded by the Council and is related to the activities operated by such teacher or officer and is a consequence of the employment by the Council.*
- 17.2 Officers operating any voluntary or unofficial fund shall notify their Authorised Finance Officer of the details of the fund.
- 17.3 All such unofficial or voluntary funds shall be held and operated according to accounting requirements set by the Chief Finance Officer. There shall be at least two signatories to any bank/building society account or investment.
- 17.4 The accounts of voluntary and unofficial funds shall be completed each year and an annual statement of income and expenditure or receipts and payment account produced. This statement shall be published on the notice board of the building or school and included in a report to the managers or governors where considered appropriate by the appropriate Authorised Finance Officer and the Chief Finance Officer. Wherever possible these statements should be supplied in any annual report to parents.
- 17.5 Authorised Finance Officers shall ensure that arrangements for auditing these funds have been made.

18. INTERNAL AUDIT

- 18.1 The objective of the Internal Audit Service is to provide an independent appraisal function that provides an independent and objective opinion to the Council on the control environment, by evaluating its effectiveness in achieving its objectives. It objectively examines, evaluates, and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient, and effective use of resources, and in compliance with nationally set Public Sector Internal Audit Standards.
- 18.2 It is the responsibility of Chief Officers to implement and maintain adequate and effective controls and to ensure the efficient and effective use of Council resources.

- 18.3 The role of Internal Audit is to carry out independent reviews to provide assurance that the control framework is operating effectively.
- 18.4 The Council has delegated to the Chief Finance Officer the responsibility for maintaining an effective system of Internal Audit so as to comply with Regulation 5 of the Accounts and Audit Regulations 2015. The Internal Audit Service will also assist the Chief Finance Officer in ensuring that his responsibilities under Section 151 of the Local Government Act 1972 are met in that there is in place a proper administration of the Authority's financial affairs.
- 18.5 The Chief Internal Auditor shall determine the priorities of the Internal Audit Service. Chief Officers shall ensure that the Internal Audit Service is given unrestricted access to all parts of the Council's operations as required.
- 18.6 The Chief Internal Auditor shall have direct access to the [Chair of the Audit Committee](#)~~member of the Cabinet whose portfolio includes Internal Audit activities~~, Chief Officers and Governing Bodies, on matters determined by the Chief Internal Auditor.
- 18.7 The Chief Internal Auditor, in the proper pursuit of their duties,
- ✓ shall have access on request, to all Council premises or land
 - ✓ shall have access on request, to all records, documents and correspondence relating to any Internal Audit enquiry
 - ✓ shall be given on request, any explanations, by any employee, officer, or member, concerning any matter being examined
 - ✓ shall have produced to them on request, by an employee, cash, stores or any other Council property
- 18.8 Authorised Finance Officers shall notify the Chief Finance Officer [and/or the Chief Internal Auditor](#) and, in consultation, decide what action to take whenever there is any suspected irregularity involving financial records, cash, stores, other Council property or the functioning of the Council. Any officer may also follow the Council's whistleblowing policy as set out in section CP4 of the Constitution.
- 18.9 When initial evidence suggests that a criminal offence has been committed, the Chief Internal Auditor shall consult the appropriate Authorised Finance Officer, the Council's Monitoring Officer, and the Head of People and Organisational Development before involving the Police unless to do so would be likely to impede the prevention or detection of crime. The Chief Internal Auditor shall be the final determinant on what is referred to the Police and shall inform the Authorised Finance Officer and the Chief Finance Officer of the reasons for the decision in accordance with the Council's Anti-Fraud, Bribery and Corruption Policy.
- 18.10 At the completion of each audit, the Internal Audit Service will issue a draft report outlining any issues where improvements in controls or procedures are required to address risks. After receipt of comments and any timescales for improvements, a final report will be sent to the Authorised Finance Officer. Authorised Finance Officers shall respond to Internal Audit Service reports within the timescales laid down.

19. RETENTION OF FINANCIAL RECORDS

Budget Holders shall ensure that financial records, i.e., documents supporting a payment, or an item of income received, are retained for six years or the periods specified by statute if longer.