

Appendix E

Financial Systems and Procedures

1. GENERAL

Why is this important?

- 1.1 Service areas have many systems and procedures relating to the control of the authority's assets, including purchasing, costing and management systems. Service areas are increasingly reliant on computers for their financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.
- 1.2 The Chief Finance Officer has a professional responsibility to ensure that the authority's financial systems are sound and should therefore be notified of any new developments or changes.

Key controls

- 1.3 The key controls for systems and procedures are:
 - (a) Basic data exists to enable the authority's objectives, targets, budgets and plans to be formulated ;
 - (b) Performance is communicated to the appropriate managers on an accurate, complete and timely basis;
 - (c) Early warning is provided of deviations from target, plans and budgets that require management attention; and
 - (d) Operating systems and procedures are secure.

Responsibilities of the Chief Finance Officer

- 1.4 To make arrangements for the proper administration of the authority's financial affairs, including to:
 - (a) Issue advice, guidance and procedures for officers and others acting on the authority's behalf;
 - (b) Determine the accounting systems, form of accounts and supporting financial records;
 - (c) Establish arrangements for audit of the authority's financial affairs;
 - (d) Approve any new financial systems to be introduced;
 - (e) Approve any changes to be made to existing financial systems; and
 - (f) Issue the Data Protection Policy and related guidance notes.

Responsibilities of Chief Officers

- 1.5 To ensure that accounting records are properly maintained and held securely.
- 1.6 To ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the Chief Finance Officer.
- 1.7 To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.
- 1.8 To incorporate appropriate controls to ensure that, where relevant:
 - (a) All input is genuine, complete, accurate, timely and not previously processed;
 - (b) All processing is carried out in an accurate, complete and timely manner; and
 - (c) Output from the system is complete, accurate and timely.
- 1.9 To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.
- 1.10 To ensure there is a documented and tested business continuity plan to allow information system processing to resume quickly in the event of an interruption.
- 1.11 To ensure that systems are documented and staff trained in operations.
- 1.12 To consult with the Chief Finance Officer before changing any existing system or introducing new systems.
- 1.13 To establish a scheme of delegation identifying officers authorised to act upon the Chief Officer's behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.
- 1.14 To supply lists of authorised officers, with specimen signatures and delegated limits, to the Chief Finance Officer , together with any subsequent variations.
- 1.15 To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building.
- 1.16 To ensure that, where appropriate, computer systems are registered in accordance with data protection legislation and that staff are aware of their responsibilities under the legislation and the Data Protection Policy issued by the Chief Finance Officer.
- 1.17 To ensure that relevant standards and guidelines for computer systems issued by the Chief Finance Officer are observed.
- 1.18 To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.
- 1.19 To comply with the copyright, designs and patents legislation and, in particular, to ensure that:

- (a) Only software legally acquired and installed by the authority is used on its computers;
- (b) Staff are aware of legislative provisions; and
- (c) In developing systems, due regard is given to the issue of intellectual property rights.

2. INCOME

Why is this important?

- 2.1 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked promptly and properly. It is preferable to obtain income in advance of supplying goods or services as this improves the authority's cash flow and also avoids the time and cost of administering debts.

Key controls

- 2.2 The key controls for income are:

- (a) All income due to the authority is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed;
- (b) All income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery;
- (c) The method(s) of payment for all systems is determined in conjunction with the Chief Finance Officer;
- (d) All money received by an employee on behalf of the authority is paid without delay to the Chief Finance Officer or if so directed, to the authority's bank or National Giro account, and properly recorded. The responsibility for cash collection should be separated from that for:
 - identifying the amount due
 - reconciling the amount due to the amount received
- (e) Effective action is taken to pursue non-payment within defined timescales;
- (f) Formal approval for debt write-off is obtained;
- (g) Appropriate write-off action is taken within defined timescales;
- (h) Appropriate accounting adjustments are made following write-off action;
- (i) All appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule; and
- (j) A person who is not involved in the collection or banking process reconciles money collected and deposited to the bank account.

Responsibilities of the Chief Finance Officer

General

- 2.3 To order and supply to service areas all receipt forms, books or tickets and similar items and to satisfy himself or herself regarding the arrangements for their control.

Billing

- 2.4 To approve all debts to be written off in consultation with the relevant Chief Officer and the Director of Corporate Support Services and to keep a record of all sums written off up to the approved limit and to adhere to the requirements of the Accounts and Audit Regulations 2003.
- 2.5 To agree the write-off of bad debts up to the approved limit of £2,500 in each case and to refer larger sums to the Portfolio Holder.
- 2.6 To obtain the approval of the Portfolio Holder in consultation with the relevant Chief Officer for writing off debts in excess of the approved limit.
- 2.7 To ensure that appropriate accounting adjustments are made following write-off action.

Income Collection

- 2.8 To agree arrangements for the collection of all income due to the authority and to approve the procedures, systems and documentation for its collection.

Banking

- 2.9 To arrange facilities for the banking and/or collection by a security courier of income as is deemed necessary. Money deposited and collected must be reconciled to the bank account on a regular basis.

Responsibility of the Director of Housing

- 2.10 To agree in consultation with the Director of Corporate Support Services the write-off of rent arrears and credits of former tenants up to the approved limit of £2,500 in each case and to refer larger sums to the Portfolio Holder.

Responsibilities of Chief Officers

- 2.11 To establish a charging policy for the supply of goods or services in consultation with the Chief Finance Officer, including the appropriate charging of VAT, and to review it regularly, in line with corporate policies.
- 2.12 To ensure that only Council employees, or where appropriate agents working to a formal contract, are authorised to bill, collect, bank or otherwise handle council monies, unless prior agreement is obtained from the Chief Finance Officer. Each authorised officer or agent shall use such systems, make such returns and keep such records as the Chief Finance Officer requires or approves.
- 2.13 To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.

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Billing

- 2.14 To render accounts for any sums due as soon as possible.
- 2.15 To notify the Chief Finance Officer promptly of all monies due to the Council and of contracts, leases and other agreements and arrangements entered into which involve the receipt of monies by the Council.
- 2.16 To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly. In circumstances in which legal action for recovery is necessary the matter shall be referred to the Director of Corporate Support Services for appropriate action. Chief Officers have a responsibility to assist the Chief Financial Officer and the Director of Corporate Support Services in collecting debts that they have originated, by providing promptly any evidence required for the recovery process to proceed. Chief Officers similarly should not unreasonably withhold any further information requested by the debtor.
- 2.17 To recommend to the Chief Finance Officer all debts to be written off and to keep a record of all sums written off up to the approved limit. Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off. An adjustment to a debt can only be made to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.
- 2.18 To notify the Chief Finance Officer of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Chief Finance Officer.
- 2.19 To keep a record of every transfer of money between employees of the authority and/or any security courier. The receiving officer must sign for the transfer and the transferor must retain a copy.

Income Collection

- 2.20 To issue official receipts or to maintain other documentation for all income collection. In no circumstances must any form of receipt be used which has not been approved by the Chief Finance Officer.
- 2.21 To ensure that at least two employees are present when post is opened so that money received by post is properly identified, recorded and banked. The form of these systems is to be agreed with the Chief Finance Officer.
- 2.22 To ensure that no unsolicited business cheques are accepted for personal debts.
- 2.23 To ensure that cheques are not accepted for casual income without a valid bankers/building society cheque guarantee card.
- 2.24 To hold securely receipts, tickets and other records of income for the appropriate period.
- 2.25 To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling. Only up to approved levels of cash can be held on the premises.
- 2.26 To ensure income is not used to cash personal cheques or make any other payments. Cheques drawn by the Council for the reimbursement of petty cash

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endorsed by the recipient are not covered by this regulation and may be encashed from monies collected.

- 2.27 To ensure the separation of all monies collected from the collecting officer's personal monies and from other official funds.

Banking

- 2.28 To ensure that each authorised officer or agent who prepares money for banking to the credit of the Council's account shall enter on the paying-in slip and on the duplicate(s) thereof, particulars of such payments including, in the case of each cheque paid in, the amount of the cheque and suitable reference to identify the payee and the account for which the cheque was rendered. The name of the receiving establishment shall be recorded on the back of each cheque received.
- 2.29 Unless otherwise authorised by the Chief Finance Officer, collecting officers or agents shall bank, pass to an authorised security courier or pay over to the Chief Finance Officer each weekday, all monies collected to the time of banking, collection or payment over.

3. EXPENDITURE

Ordering and Paying for Work, Goods and Services

Why is this important?

- 3.1 Public money should be spent with demonstrable probity and in accordance with the authority's policies. Authorities have a statutory duty to achieve best value. The authority's procedures should help to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the authority's contract standing orders and its procurement strategy.

General

- 3.2 Every officer and Member of the authority has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the authority, in accordance with appropriate codes of conduct.
- 3.3 Official orders must be in a form approved by the Chief Finance Officer. Official orders must be issued for all work, goods or services to be supplied to the authority, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions specified by the Chief Finance Officer. Where due to an emergency situation goods are supplied or works are executed without the authority of an official order, a confirmatory order shall be issued no later than two working days after the verbal order.
- 3.4 Where items of similar work require to be undertaken, similar goods to be purchased or similar services to be provided, individual elements may not be placed by the issue of orders without consideration of the total sum with reference to Contract Standing Orders.
- 3.5 Apart from petty cash, the normal method of payment from the authority shall be by BACS transfer or other instrument or approved method, drawn on the authority's

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bank account or by the Chief Finance Officer. The use of direct debit shall require the prior agreement of the Chief Finance Officer.

- 3.6 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of authority contracts.

Key controls

- 3.7 The key controls for ordering and paying for work, goods and services are:
- (a) All goods and services are ordered only by appropriate persons and are correctly recorded ;
 - (b) All goods and services shall be ordered in accordance with the authority's contract standing orders using the Marketplace system;
 - (c) Except in the case of emergency or extreme urgency, orders will only be made where there is sufficient uncommitted budgetary provision to fund the proposed purchase;
 - (d) Goods and services received are checked to ensure they are in accordance with the order. Goods should not be received by the person who placed the order;
 - (e) Payments are not made unless goods have been received by the authority to the correct price, quantity and quality standards;
 - (f) All payments are made to the correct person, for the correct amount and are properly recorded;
 - (g) All appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention schedule; and
 - (h) All expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected

Responsibilities of the Chief Finance Officer

- 3.8 To approve the form of official orders and associated terms and conditions.
- 3.9 To make payments from the authority's funds on the Chief Officer's authorisation that the expenditure has been duly incurred in accordance with financial regulations.
- 3.10 To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.
- 3.11 To make payments to contractors on the certificate of the appropriate Chief Officer, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- 3.12 To provide advice and encouragement on making payments by the most economical means.

- 3.13 To ensure that all the authority's financial systems and procedures are sound and properly administered.
- 3.14 To approve any changes to existing financial systems and to approve any new financial systems before they are introduced.

Responsibilities of Chief Officers

- 3.15 To ensure that all expenditure incurred and committed is in accordance with the Council's standing orders and these financial regulations.
- 3.16 To ensure that official orders as approved by the Chief Finance Officer are used for all goods and services, other than the exceptions specified in 3.3.
- 3.17 To ensure that orders are only used for goods and services provided to the directorate. All orders raised must contain adequate details of the goods and services to be supplied and the best possible estimate of the cost. Individuals must not use official orders to obtain goods or services for their private use.
- 3.18 To ensure that the department maintains and reviews periodically a list of staff approved to authorise orders and/or invoices. Names of authorising officers together with specimen signatures and details of the limits of their authority shall be forwarded to the Chief Finance Officer.
- 3.19 To ensure that only those staff designated by him or her authorise orders. The authoriser of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Best value principles should underpin the authority's approach to procurement. Value for money should always be achieved; In a demonstrable way.
- 3.20 To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. A different officer from the person who authorised the order should where possible, carry out this check. Appropriate entries should then be made in inventories or stores records.
- 3.21 To ensure that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment, confirming:
 - (a) Receipt of goods or services;
 - (b) That the invoice has not previously been paid;
 - (c) That the invoice has been prepared by the supplier and not by any employee of the Council;
 - (d) That expenditure has been properly incurred and is within budget provision;
 - (e) That prices are arithmetically correct and accord with quotations, tenders, contracts or catalogue prices;
 - (f) Correct accounting treatment of tax;
 - (g) That the invoice is correctly coded;

- (h) That discounts have been taken where available; and
 - (i) That appropriate entries will be made in accounting records.
- 3.22 To ensure that invoices are passed for payment to the Chief Finance Officer in a timely fashion and in any case in sufficient time to enable any discounts or other rebates to be obtained.
- 3.23 To ensure that at least two authorised members of staff are involved in the ordering, receiving and payment process. A different officer from the person who authorised the order shall certify the invoice for payment, ideally the receipt of the goods should also be confirmed by a different officer.
- 3.24 To ensure that payments are not made on a photocopied or faxed invoice, statement or other document other than the formal invoice. Any instances of these being rendered should be reported to the Chief Internal Auditor.
- 3.25 To ensure that payment is authorised only by an invoice in which details are recorded in ink, type or other acceptable permanent method. All amendments to original invoices shall be made in ink and the reason for alteration, if not otherwise clear, briefly stated on the account. The authorising officer shall sign all such amendments. Invoices containing correction fluid (such as Tippex) will not be accepted.
- 3.26 For payments, other than for goods, services and work, for which an invoice is not available (for instance the payment of grant aid) an expenditure voucher form shall be duly completed and certified and dealt with as an invoice under these regulations.
- 3.27 To encourage suppliers of goods and services to receive payment by the most economical means for the authority. It is essential, however, that payments made by direct debit have the prior approval of the Chief Finance Officer.
- 3.28 To ensure that the service obtains best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, with regard to the procurement strategy
- 3.29 To ensure that employees are aware of the local staff code of conduct.
- 3.30 To ensure that loans, leasing or rental arrangements are not entered into without prior agreement from the Chief Finance Officer. This is because of the potential impact on the authority's borrowing powers, to protect the authority against entering into unapproved credit arrangements and to ensure that value for money is being obtained.
- 3.31 To notify the Chief Finance Officer of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Chief Finance Officer and, in any case, not later than 30 April.
- 3.32 To arrange for any invoice or request for payment that falls within the purview of the "Construction Industry Scheme" (CIS) to be duly stamped in red with "Within Construction Industry". Each Chief Officer shall maintain a register of CIS exemption certificates showing expiry dates and ensure any supplier within the purview of the scheme has an up to date certificate. No supplier within the construction industry that is unregistered shall be used. Copies of any new exemption certificates shall be forwarded to the Chief Finance Officer.

- 3.33 To notify the Chief Finance Officer immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- 3.34 To ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the document retention schedule.

Contract Payments

- 3.35 Contracts within the scope of this section are defined as those that require completion of formal contract documentation by the Director of Corporate Support Services to enable compliance with Contract Standing Orders. This section should be read in conjunction with those Standing Orders. This includes work under a schedule of rates and those instances where individual items of work or services placed by orders require a formal contract for the totality of the services or works.

Responsibilities of the Chief Finance Officer

- 3.36 To keep a register of contracts and enter therein particulars of all contracts entered into by the Council and of payments made under such contracts.
- 3.37 To comment on the financial viability of the potential contractor and recommend if appropriate contract and/or annual limits, unless otherwise determined by some other method adopted by the Council.
- 3.38 To issue appropriate guidelines concerning the calculation of bonds and liquidated damages.

Responsibilities of Chief Officers

- 3.39 Before compiling a select list or otherwise entering into a contract, each Chief Officer shall ensure that the Chief Finance Officer has sufficient opportunity to comment on the financial viability of the potential contractor concerned unless this has already been determined in accordance with 3.37 above.
- 3.40 To adhere to any guidelines issued by the Chief Finance Officer concerning the calculation of bonds and liquidated damages.
- 3.41 To inform the Chief Finance Officer forthwith, and in any case before the first payment of monies becomes due, of every contract entered into.
- 3.42 To ensure that all interim certificates issued under contract conditions by the Chief Officer or consultant named in the contract are verified by adequate and accurate valuations of work executed to the certificate date. Interim certificates shall be issued for all contracts entered into and shall show the total amount of the contract, the value of work executed to date, retention money, amount paid to date, amount now certified due and any tax levied. Interim certificates shall be authorised by the client Chief Officer for the project or the authorised spending control officer.
- 3.43 To ensure that, on completion of the contract and before final payment (including the issue of the Certificate for final payment where appropriate) the responsible officer complies with the following Contract Standing Orders:

completion of a Final Account Certificate and supply of a copy to the Chief Internal Auditor;

for contracts if more than £500,000 in value, submission to the Chief Internal Auditor of all details of the contract at the time of practical completion.

The Chief Internal Auditor shall have the right to examine all accounts, vouchers and documents before final payments are made. The Chief Internal Auditor shall be entitled to such further information and explanations as may be required. Nothing under this regulation shall remove or modify the responsibility of the officer or consultant designated in the contract or other responsible officer concerned.

- 3.44 Claims received from contractors in respect of matters not clearly within the terms of the appropriate contract shall before agreement is reached be referred to the Director of Corporate Support Services for consideration of legal liability and to the Chief Internal Auditor for financial consideration.

4. PETTY CASH ACCOUNTS AND CASH FLOATS

Why is this important?

- 4.1 There are numerous petty cash accounts and cash floats used throughout the Council that facilitate the smooth operation of services and enable the local collection of cash. These accounts and floats must have proper controls to prevent loss.

Key Controls

- 4.2 The Key controls for petty cash accounts and cash floats are:
- (a) Defined procedures are in place for the operation and reconciliation of petty cash accounts and cash floats;
 - (b) Only designated employees will hold and operate petty cash accounts; and
 - (c) Cash floats are only provided to designated cash collection points.

Responsibilities of the Chief Finance Officer

- 4.3 To issue defined procedures for the operation and reconciliation of petty cash accounts and cash floats.
- 4.4 To provide designated employees of the authority with petty cash accounts to meet minor expenditure on behalf of the authority and to prescribe rules for operating these accounts. Minor items of expenditure should not exceed the prescribed amount.
- 4.5 To determine the petty cash limit and to maintain a record of all transactions and petty cash advances made, and periodically to review the arrangements for the safe custody and control of these advances.
- 4.6 To reimburse petty cash account holders as often as necessary to restore the account, but normally not more than monthly.
- 4.7 To provide cash floats to designated cash collection points.

Responsibilities of Chief Officers

- 4.8 To designate the employees within their service who will hold and operate each petty cash account and cash float.
- 4.9 Follow the defined procedures for the operation of petty cash accounts and cash floats as issued by the Chief Finance Officer.
- 4.10 To ensure that designated employees operating a petty cash account:
- (a) Obtain and retain vouchers to support each payment from the petty cash account. Where appropriate, an official receipted VAT invoice must be obtained;
 - (b) Make adequate arrangements for the safe custody of the account;
 - (c) Produce upon demand by the Chief Finance Officer cash and all vouchers to the total value of the petty cash amount;
 - (d) Record transactions promptly;
 - (e) Reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the petty cash account holder;
 - (f) Provide the Chief Finance Officer with a certificate of the value of the account held at 31 March each year;
 - (g) Ensure that the petty cash account is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the account and change relating to purchases where an advance has been made; and
 - (h) On leaving the authority's employment or otherwise ceasing to be entitled to hold a petty cash account, an employee shall account to the Chief Finance Officer for the amount advanced to him or her.

5. PAYMENTS TO EMPLOYEES AND MEMBERS

Why is this important?

- 5.1 Staff costs are the largest item of expenditure for most authority services. It is therefore important that payments are accurate, timely, made only where they are due for services to the authority and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that Members' allowances are authorised in accordance with the scheme adopted by the Council.

Key controls

- 5.2 The key controls for payments to employees and Members are:
- (a) Proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to starters, leavers, variations and enhancements and that where appropriate payments are made on the basis of timesheets or claims;

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- (b) Frequent reconciliation of payroll expenditure against approved budget and bank account;
 - (c) All appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule; and
 - (d) That the regulations of Her Majesty's Revenue and Customs are complied with.
- 5.3 Officers shall comply with any instructions regarding claims specifically provided from the Head of Paid Service and/or the Director of Corporate Support Services and may be asked to provide information or evidence to substantiate compliance. This information may relate to the vehicle used for travel and which may include an independent reading of the odometer.

Responsibilities of the Director of Corporate Support Services

- 5.4 To arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date.
- 5.5 To record and make arrangements for the accurate and timely payment of tax, pension and other deductions.
- 5.6 To make arrangements for payment of all travel and subsistence claims or financial loss allowance.
- 5.7 To make arrangements for paying Members travel or other allowances upon receiving the prescribed form, duly completed and authorised.
- 5.8 To provide advice and encouragement to secure payment of salaries and wages by the most economical means.
- 5.9 To ensure that there are adequate arrangements for administering pension matters on a day-to-day basis.

Responsibilities of the Chief Finance Officer

- 5.10 To act as the Council's Specified Person for the purposes of the Internal Dispute Resolution Procedure.

Responsibilities of Chief Officers

- 5.11 To ensure appointments are made in accordance with the regulations of the authority and approved establishments, grades and scale of pay and that adequate budget provision is available.
- 5.12 To notify the Director of Corporate Support Services promptly, in the form and to the timescale required by him or her, of:
 - (a) All appointments, resignations, dismissals and suspensions;
 - (b) Absences from duty for sickness or any other reason;

- (c) Changes in remuneration other than normal increments and pay awards and agreements of general application; and
 - (d) Information necessary to maintain records of services and benefits for Income Tax, National Insurance, etc. which may affect the pay or pension of a Member, an employee or a former employee.
- 5.13 To ensure that adequate and effective systems and procedures are operated, so that:
- (a) Payments are only authorised to bona fide employees;
 - (b) Payments are only made where there is a valid entitlement;
 - (c) Conditions and contracts of employment are correctly applied; and
 - (d) Employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- 5.14 In the case of employees whose work activity, hours and / or rates may be variable, to prepare a timesheet in a form determined by the Director of Corporate Support Services, showing such information as he or she may require. The employee shall make out timesheets personally with any alterations personally initialled. Timesheets shall be submitted monthly to the Director of Corporate Support Services in accordance with the timetable set by him or her.
- 5.15 To send an up-to-date list of the names of officers authorised to sign records, timesheets and claims to the Director of Corporate Support Services, together with specimen signatures.
- 5.16 To ensure that payroll transactions are processed only through the payroll system. Chief Officers should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. The Inland Revenue applies a tight definition for employee status, and in all cases, advice should be sought from the Director of Corporate Support Services.
- 5.17 To certify travel and subsistence claims and other allowances and expenses. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the authority, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications and that the Director of Corporate Support Services is informed where appropriate. All claims shall be signed by the employee who has incurred the expenditure and shall be certified as correct by the Chief Officer or authorised representative who (with the sole exception of the Head of Paid Service) shall be the line manager of (or if the line manager is unavailable shall at least be senior in grade to) the claimant. Claim forms shall be submitted monthly to the Director of Corporate Support Services in accordance with the timetable set by him or her.
- 5.17 To ensure that the Director of Corporate Support Services is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.
- 5.18 To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.

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Responsibilities of Members

- 5.19 To submit claims for Members' travel and subsistence allowances on a quarterly basis and, in any event, within one month of the year-end to the Assistant to the Chief Executive for examination, who shall then pass them to the Director of Corporate Services. The Director of Corporate Support Services is the only officer authorised to make payments to Members of the Council.

6. TAXATION

Why is this important?

- 6.1 Like all organisations, the authority 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.

Key controls

- 6.2 The key controls for taxation are:
- (a) Budget managers are provided with relevant information and kept up to date on tax issues;
 - (b) Budget managers are instructed on required record keeping;
 - (c) All taxable transactions are identified, properly carried out and accounted for within stipulated timescales;
 - (d) Records are maintained in accordance with instructions; and
 - (e) Returns are made to the appropriate authorities within the stipulated timescale.

Responsibilities of the Chief Finance Officer

- 6.3 To complete all HMRC returns regarding PAYE.
- 6.4 To complete a monthly return of VAT inputs and outputs to HMRC.
- 6.5 To provide details to HMRC regarding the construction industry tax deduction scheme.
- 6.6 To maintain up-to-date guidance for authority employees on taxation issues.

Responsibilities of Chief Officers

- 6.7 To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HMRC regulations.
- 6.8 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.

- 6.9 To ensure that all persons employed by the authority are added to the authority's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.
- 6.10 To follow the guidance on taxation issued by the Chief Finance Officer.

7. TRADING ACCOUNTS

Why is this important?

- 7.1 Trading accounts have become more important as local authorities have developed a more commercial culture. Under best value, authorities are required to keep trading accounts for services provided on a basis other than straightforward recharge of cost. They are also required to disclose the results of significant trading operations in the BVPP.

Responsibilities of the Chief Finance Officer

- 7.2 To advise on the establishment and operation of trading accounts.

Responsibilities of Chief Officers

- 7.3 To observe all statutory requirements in relation to trading, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged, and to produce an annual report in support of the final accounts.
- 7.4 To ensure that the same accounting principles, standing orders and financial regulations are applied in relation to trading accounts as for other services or business units.
- 7.5 To ensure that each business unit prepares an annual business plan.

8. CONTROLLED STATIONERY

- 8.1 All controlled stationery including order books, official receipt forms or books, tickets, licences or other such documents representing money or monies worth or for which fees are chargeable, shall be in a form determined or approved by the Chief Finance Officer.
- 8.2 Procedures for the ordering, receipt, storage and issuing of controlled stationery will be determined by the Chief Finance Officer in conjunction with the Chief Officer concerned. The procedures will include the keeping of controlled stationery register(s).
- 8.3 Chief Officers are responsible for the safe custody of all used and unused documents in their possession. Redundant financial stationery shall be destroyed by shredding or incineration under supervision and a written record kept of such occurrence.