

**Financial Regulations  
February 2019**

# 1. Purpose

The purpose of this document is to set out the Financial Regulations of the Council having due regard to the overall regulatory framework of Local Authorities, as well as Harrow's own approach to financial management.

To conduct its business effectively, the Authority needs to have sound financial management policies in place that are strictly adhered to. Part of this process is to adopt and implement Financial Regulations. The Regulations contained herein have been drawn up to ensure the financial matters of the Authority are conducted properly, reflect the application of best practice and the requirements of legislation. These include but are not restricted to:

- a) s151 Local Government Act, 1972;
- b) s113 Local Government Finance Act, 1988;
- c) s114 and S114 (7) Local Government Finance Act, 1988;
- d) Local Government Act, 2003 (England and Wales);
- e) Proceeds of Crime Act, 2002;
- f) Accounts and Audit (England) Regulations, 2015,
- g) Approved Accounting Standards – International Accounting Standards Board
- h) Code of Practice on Local Authority Accounting – CIPFA;
- i) Public Sector Internal Audit Standards (PSIAS) – CIPFA and IIA;
- j) Code of Recommended Practice for Local Authorities on Data Transparency – CLG;
- k) Money Laundering Regulations, 2007 SI 2007/2157;
- l) Prudential Code for Capital Finance in Local Authorities – CIPFA ;
- m) Service Reporting Code of Practice – CIPFA;
- n) Statement on the Role of the Chief Financial Officer – CIPFA;
- o) Standing Guide to Commissioning Local Authority Work and Services – CJC;
- p) Treasury Management in the Public Sector Code of Practice – CIPFA
- q) [Criminal Finance Act 2017 – Corporate Criminal Offence in relation to facilitation of tax evasion](#)

They also seek to reinforce the standards of conduct in public life required by the Authority of its Members and officers, and in particular the need for openness, accountability and integrity.

## **2. Status**

Financial Regulations provide the framework for managing the Authority's financial affairs and form part of the Authority's Constitution. They apply to every Member and officer of the authority. The Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory framework of the Authority that includes the role of committees, codes of conduct for Members and officers, schemes of delegation and Procurement Standing Orders as well as detailed procedure guides. The role of the Chief Finance Officer ("CFO") is defined in detail in the Council's Constitution.

Compliance with Financial Regulations is mandatory. Breaches of Financial Regulations of a serious nature may result in action being undertaken under the Conduct procedure. Breaches shall be reported in the first instance to the CFO who will decide what further action needs to be taken, in consultation with the Monitoring Officer.

### **3. Contents**

<b>Section A</b>	<b>Financial Management Framework</b>	<b>p5</b>
<b>Section B</b>	<b>Financial Management and Planning</b>	<b>p8</b>
<b>Section C</b>	<b>Corporate Governance, Risk Management &amp; Control of Resources</b>	<b>p19</b>
<b>Section D</b>	<b>Financial Administration (<a href="#">Systems and Procedures</a>)</b>	<b>p37</b>
<b>Section E</b>	<b>External Arrangements</b>	<b>p49</b>
<b>Section F</b>	<b>Scheme of Approval and Delegation for Financial Transactions</b>	<b>p54</b>
<b>Section G</b>	<b>Glossary and Abbreviations</b>	<b>p64</b>

References are made throughout the individual sections to delegated limits of authority. The actual value of each limit is contained in Section F in order to avoid reviewing the whole set of Financial Regulations when changes to delegated limits are approved by Council.

## **Section A. Financial Management Framework**

**A1** Financial management covers all financial accountabilities in relation to the running of the authority, including the policy framework and budget.

### **Policy Framework**

#### **Roles and Responsibilities**

**A2** The role and responsibility of Council are described in Article 4 of the Constitution

**A3** The role and responsibilities of the statutory officers are laid out in Article 12 of the Constitution.

#### **Chief Financial Officer/ s151 Officer (“CFO”)**

**A4** The CFO is the Authority’s most senior executive role charged with leading and directing financial strategy and operations. This role is a statutory role under section 151 of the Local Government Act, 1972.

#### **Directors:**

**A5** For the purpose of these regulations only, Directors includes the Head of Paid Service, all Corporate Directors, Divisional Directors and Head Teachers of Maintained Schools.

**A6** Directors are responsible for ensuring that Cabinet Members are advised of the financial implications of all proposals and that the financial implications have been agreed by the CFO. Budget decisions are taken by all Members at Full Council.

**A7** It is the responsibility of Directors to consult with the CFO and seek approval on any matter liable to affect the Authority’s finances materially, before any commitments are incurred. They must also provide the CFO with the access they require to all locally held financial records and systems.

#### **A8 Directors' responsibilities also include:**

- I. ensuring their staff including consultants or temporary staff are aware of the existence and content of the Authority’s Financial Regulations and other internal regulatory documents and that they comply with them;
- II. notifying the CFO of any situation that may create a contingent liability, potential claim or an overspend of their budget;
- III. signing contracts on behalf of the Council within the approved Officers’ Scheme of Approval and Delegation and Contract Procedure rules;
- IV. complying with any Council wide spending restriction protocol determined by the CFO;
- V. ensure that there is an effective management hierarchy and budget management.

- A9** A delegation in Financial Regulations to a Chief Officer shall permit further delegation to other officers, provided that the terms of the delegation are clearly documented and authorised. Directors remain accountable for their operation.

### **Other Accountabilities**

#### **Virement**

- A10** The full council is responsible for agreeing procedures for virement of expenditure between budget headings (see table within Section F)

#### **Treatment of year-end balances**

- A11** The full Council is responsible for agreeing procedures for carrying forward under- and overspendings on budget headings.

#### **Accounting policies**

- A12** The CFO is responsible for selecting accounting policies and ensuring that they are applied consistently subject to the approval of the Governance, Audit, Risk Management and Standards Committee. (GARMS).

#### **Accounting records and returns**

- A13** The CFO is responsible for determining the accounting procedures and records for the authority subject to the approval of GARMS.

#### **The Annual Statement of Accounts**

- A14** The CFO is responsible for ensuring that the Annual Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and in accordance with statutory deadlines.

- A15** GARMS is responsible for approving the annual Statement of Accounts within the statutory deadlines.

#### **Budget Managers**

- A16** Budget managers are responsible for the delivery and monitoring of their service revenue and capital budgets and achieving the level of service/performance required to be delivered within them.

#### **Individual's responsibilities**

- A17** All employees involved with finance should be aware of the regulations and relevant procedures for their work area. If an officer is unclear about some aspect of these rules they should seek advice before acting from their line manager, Finance Team or [Internal Audit](#)

- A18** All Members and officers (including temporary agency staff and consultants), have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised and provides value for money.

## Schools

- A19** Delegated budgets of schools, in accordance with the Schools Standards and Framework Act 1998, remain part of the authority. The statutory responsibilities of the CFO and [these regulations](#) apply to schools in the same way as any other part of the Council.

## Section B Financial Management and Planning

**B1** Financial management covers all financial accountabilities in relation to the running of the authority, including the policy framework and budget.

### Policy Framework

**B2** The full council is responsible for agreeing the Authority's policy framework and budget, which will be proposed by the Executive. In terms of financial planning, the key elements are:

- I. the Corporate Plan (Harrow Ambition Plan);
- II. the Revenue Budget;
- III. the Capital Programme, and
- IV. the Medium Term Financial Strategy ("MTFS")

**B3** The full Council is responsible for approving the policy framework and budget. In addition, local authorities can specify additional plans or strategies (statutory or non-statutory) to be adopted or approved by the full council. The detailed policy framework can be found in Article 4 of the Constitution.

**B4** All Members and officers have a duty to abide by the highest standards of probity dealing with financial issues. This is facilitated by ensuring that all officers are clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

**B5** Members, the Corporate Strategic Board (CSB) and the CFO shall receive updates on the financial performance of the Authority by receiving regular budget monitoring and outturn reports, and also the annual External Audit management letter.

**B6** The Head of Paid Service will ensure there is an effective performance management framework in place that brings together financial and non-financial information in a meaningful way to assist financial planning and management.

**B7** The CFO shall ensure that all officers:

- I. are aware of, and comply with, proper financial management standards, including these Financial Regulations; [The Council's weekly newsletter to all staff will inform where the financial regulations are held on the intranet, highlight when they are updated and bring to the attention major changes. Compliance with the financial regulations would be a feature of all induction courses and refresher training for existing members of staff.](#)
- II. are properly managed, developed, trained and have adequate support to carry out their financial duties effectively. [This will be achieved through in house training and cascading of financial briefings throughout the year.](#)

**B8** Directors shall ensure that specific duties and responsibilities in financial matters are made clear to individual officers and that these are properly recorded. This includes ensuring that financial information is made available to the CFO to enable accurate



and timely monitoring and reporting of comparisons of national, regional and local financial performance indicators.

- B9** All officers, but especially the statutory officers should be mindful of the 'Wednesbury' rules which emphasise the importance of ensuring that when developing policy all relevant matters are properly considered. In addition they should also be aware of other duties such as the public sector equality duty and the need to consult in certain circumstances. (See Glossary).

### **Financial Planning**

- B10** The Head of Paid Service will ensure that there are processes in place to develop corporate priorities, a corporate strategy and directorate service plans.
- B11** The CFO will ensure that procedures are in place for an integrated financial planning process, linked to the corporate strategies and service plans.
- B12** The annual Revenue Budget, MTFS, capital programme, Treasury Management Strategy and Housing Revenue Account must be recommended by the Cabinet to Council in accordance with the statutory timetable. The Council must agree the final Revenue Budget and Council Tax prior to the 10th March each financial year.

### **Medium Term Financial Strategy (MTFS)**

- B13** The CFO shall ensure that there are sound medium to long term financial plans for both revenue and capital and that these are subject to regular review, including the continuing relevance of the underlying assumptions.
- B14** The CFO shall determine the format of the Medium Term Financial Strategy to be presented to the Authority, in consultation with the Head of Paid Service. The format is to comply with all legal requirements and with latest guidance issued by the Chartered Institute of Public Finance & Accountancy ("CIPFA").
- B15** The CFO is responsible for issuing financial planning guidance, co-ordinating the MTFS process, ensuring that it is integrated with service planning and that there is effective consultation with Members, officers and other stakeholders. The CFO is ultimately responsible for ensuring that a lawful budget is approved by Council.
- B16** It is unlawful for an authority to set a deficit budget. Under section 25 of the Local Government Act 2003 the CFO is responsible for advising the Cabinet and the Council on the robustness of the budget and on the adequacy of the levels of reserves.
- B17** The CFO, in consultation with Directors, is responsible for providing timely advice on the available funding options for the budget for a period of up to three years after the current financial year. This includes advice on central government funding, capping, general grant, fees and charges and other grants, options for borrowing and appropriations to and from reserves and use of provisions; based upon an interpretation of government funding assumptions and the information available at that time. This will include potential implications for local taxation.
- B18** The CFO will actively seek to increase and diversify the Authority's resource base, within an appropriate risk management strategy.

- B19** The CFO shall ensure that roles and responsibilities in budget development, management and monitoring are clear and that there is adequate financial advice and support to Members and officers.
- B20** Directors are responsible for responding to the guidance, meeting deadlines, drafting integrated service and financial plans, and identifying and quantifying issues and risks which have an impact on the budget over the medium term.
- B21** Directors have overall responsibility for ensuring that their proposals are robust and that they have identified all of the issues and for giving this assurance to the CFO. This will include:
- I. policy requirements approved by the Authority as part of the policy framework;
  - II. unavoidable future commitments, including legislative requirements;
  - III. initiatives already underway;
  - IV. spending patterns and pressures revealed through the budget monitoring process;
  - V. proposed service developments and plans which reflect public consultation;
  - VI. the need to deliver efficiency and / or productivity savings;
  - VII. government grant allocations and other external income; and
  - VIII. revenue implications of the draft four year capital programme;
- B22** Directors must ensure that the guidelines and associated instructions are fully cascaded through their Budget managers so that they understand and are involved in the budget setting process from the bottom up.
- B23** Given that there is likely to be a gap between available resources and required resources, Directors must ensure that spending plans are prioritised carefully.

### **Capital Strategy**

- B24** The CFO will revise annually, in consultation with Directors, the corporate Capital Strategy within the agreed timetable. The strategy will cover a minimum of **two** years and should show how capital investment will be prioritised to deliver the Authority's objectives and priorities. The CFO will seek approval from Cabinet to recommend to Council the Capital Strategy.
- B25** Directors will contribute to the development of the Capital Strategy within the corporate deadline and will ensure it is consistent with Directors' other plans and strategies.

### **Annual Revenue Budget Preparation and Approval**

- B26** The budget is the financial expression of the Council's plans and policies. The Council has adopted an integrated planning framework to ensure that the corporate plan and MTFs are developed in tandem.

- B27** The format of the annual budget determines the level of detail to which financial control and management will be exercised and shapes how the virement rules operate. The general format of the Budget will be approved by the Council on the advice of the CFO. The proposed budget will include allocations to directorates at service level, proposed taxation levels, contingency funds, provisions and allocations to reserves and balances.
- B28** The Executive must before 31st January each year approve the Council tax base and calculate the estimated level of non-domestic rates (NDR) it anticipates to collect for the following financial year. The CFO will inform MHCLG, precepting and levying bodies of the approved Council tax base and NDR income.
- B29** By 15<sup>th</sup> January each year the CFO will determine the probable Collection Fund surplus or deficit for the year, notify precepting bodies, and report to the Executive before the 31st January, or such other date as is specified in legislation.
- B30** The Executive will make recommendations to the Council regarding the annual budget for the following financial year and the Council tax required to finance it, including any prudential borrowing.
- B31** At a meeting on or before 10<sup>th</sup> March each year, the Council will approve the budget and any prudential borrowing proposal and set the resulting Council tax for the following financial year.

### **Format of the Annual Budget**

- B32** The format of the budget determines the level of detail to which financial control and budget management will be exercised.
- B33** The CFO will:
  - I. advise Members on the format of the budget to be proposed by the Executive to be approved by full Council in accordance with statutory requirements. The draft budget should include allocations to different services and projects, proposed taxation levels and contingency funds; and
  - II. determine the detailed form of revenue and capital estimates and the method for their preparation. They shall be consistent with the approved budget.
- B34** Directors will comply with the guidance issued by the CFO and provide the information required to produce a balanced budget, in the format and to the timescales specified.

### **Budget preparation**

- B35** The CFO is responsible for ensuring that a revenue budget is prepared on an annual basis and consistent with the MTFs, before submission to the full Council.
- B36** The full Council may amend the budget or ask the Executive to reconsider it before approving it.
- B37** **The CFO is responsible for issuing guidance on the general content of the budget as soon as possible following approval by full Council. This will ensure that:**

- I. the Budget format will be consistent with statutory and CIPFA guidance and will be on a Total Cost basis. All expenditure budgets and revenue costs must be gross, and not reduced by any income, even where the income is in respect of a successful insurance claim or other reimbursements or abatements of expenditure;
- II. a Corporate Budget Book is issued at the start of each financial year at an appropriate level of detail; and
- III. the revenue budget will be presented and approved at Directorate level by full Council following the recommendation by the Cabinet and having considered the advice of the CFO. This will determine the level of detail to which financial control and management can be exercised.

**B38** It is the responsibility of Directors to ensure that budget estimates reflecting agreed service plans are submitted to the Executive and that these estimates are prepared in line with guidance issued by the CFO.

### **Preparation of the Capital Programme**

**B39** Capital expenditure, involves the acquisition, creation or the significant enhancement of non current assets with a long-term value to the Authority, such as land, buildings, and major items of plant, equipment, vehicles or intangible assets such as IT systems or software licences. Capital assets shape the way services are delivered for the long term and create financial commitments for the future in the form of financing costs and revenue running costs.

**B40** Any expenditure on a single capital item, or a group of similar items within a financial year, that totals less than the capital de minimus outlined in Section F, is to be treated as revenue.

**B41** The CFO is responsible for:

- I. producing an annual capital strategy for Cabinet to recommend to Council;
- II. setting up procedures under which capital expenditure proposals are evaluated and appraised to ensure that value for money is being achieved;
- III. ensuring that a Medium-Term Capital Programme is prepared and updated annually which is derived from the Capital Strategy, the Asset Management Plan, and the evaluation process;
- IV. that the capital programme is consistent with corporate, service and asset management objectives and priorities;
- V. that there is a robust process for scrutinising the capital schemes to be added to the capital programme;
- VI. that the programme is fully funded and is affordable and sustainable in accordance with the Prudential Code;
- VII. setting up procedures for corporate monitoring of all sources of capital funding;

- VIII. that the tax implications of significant capital schemes are considered, including the impact on the Council's VAT partial exemption calculation, any stamp duty land tax (SDLT) and Corporation Tax on profits from Council trading companies; and
- IX. that the revenue implication of capital schemes is included in the Budget and MTFS.

**B42** The inclusion of a scheme in the approved Capital Programme does not imply automatic approval to spend. These schemes are subject to meeting further criteria relating to the objectives, cost or funding confirmed through the governance process at the Capital Forum. Directors must ensure that all necessary levels of approval have been obtained before projects proceed in accordance with the scheme of approval and delegation set out at Section F

**B43** Directors are responsible for ensuring that where a project is dependent on external funding, it must not proceed until there is confirmation that this has been secured and the grant conditions can be met.

**B44** In all cases Directors must follow the Contract Procedure Rules before expenditure is incurred.

### **Budget Amendment**

**B45** Approved revenue budgets, may be amended during a financial year in the following circumstances:

- I. virements in accordance with the Scheme of Approval (Section F);
- II. under-spends approved for carry forward from previous years in accordance with Financial Regulations;
- III. supplementary requests from General Fund reserves or the Council Contingency Funds with the approval of the Portfolio Holder with Responsibility for Finance or full Cabinet; and
- IV. grants, in accordance with the Scheme of Virement.

**B46** Where the responsibility for a service is transferred from one directorate to another, the CFO will transfer the appropriate resources in consultation with the relevant chief officer(s) and report to Cabinet.

**B47** Capital grants are shown in relation to the capital programme. Revenue grants should be included within the revenue budget in relation to the financial year that the grant is received in.

**B48** Additions in year to the Capital Programme

- I. Up to **£5 million** - Additional capital spending can be approved by Cabinet on specific projects where :-
- II. the expenditure is wholly covered by additional external sources; and

- III. the expenditure is in accordance with at least one of the priorities listed in the capital programme; and
- IV. there are no full year revenue budget effects
- V. The additional capital spending agreed by Cabinet in one financial year cannot exceed £20 million`.

### **Scheme of Virement**

- B49** A virement is a planned movement of resources between approved budgets that leaves the Authority's overall revenue and capital budget unchanged. Ad-hoc virements during the year are generally discouraged, especially where they relate to temporary adjustments. The financial Limits for the Scheme of Virement for revenue and capital expenditure are outlined in Section F and are intended to enable the Directors to manage their service budgets with a degree of flexibility within the overall policy framework determined by the Authority.
- B50** The published budget book is used for determining the service level and analysis of type of expenditure to which making changes constitute virement in relation to revenue. The capital programme agreed at Council is the level to which changes made constitute virement in relation to capital.
- B51** Technical budget changes do not require virement. Examples of these are Support Service Charge changes and Capital Financing Charge changes, where there is no service or overall financial impact
- B52** The exceptions to the above framework that are not allowed are:
- I. provisions included within departmental budgets on the instructions of the CFO, e.g. insurance, capital and depreciation charges, leasing costs, transfer payments, central support service recharges and revenue expenditure funded from capital etc., can only be vired by the CFO;
  - II. virement between capital and revenue;
  - III. virements between an income budget line and an expenditure budget line require the approval of the CFO, as they change the revenue commitments of the Authority;
  - IV. budget variances that apply to the current year only. These should be reported as a Variance in the monthly forecast; and
  - V. between salaries and non-salaries budget heads unless supported by an approved amendment to the establishment.
- B53** For the purposes of the financial limits outlined in Section F virements between the budget heads within the same financial year must be aggregated to determine the appropriate approval limit.

### **Budget Monitoring and Control**

- B54** The CFO is responsible for providing appropriate financial information to enable budgets to be monitored effectively and for presenting consolidated monitoring reports to the Executive on a regular basis.

### **Overview and Control**

- B55** Budget management is a continuous process that ensures the approved resources are used for their intended purpose and are properly accounted for, subject to virement rules. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.
- B56** The Authority itself operates within an annual cash limit, approved when setting the overall budget. To ensure that the Authority in total does not overspend, each budget manager is required to manage expenditure within their budget allocation, subject to the rules of virement.
- B57** Management of budgets must not be seen in isolation but in conjunction with service outputs and performance measures, which bring together financial and non-financial information in a meaningful way.

### **Revenue Budget Monitoring**

- B58** The CFO has overall responsibility for ensuring that there are appropriate systems in place to ensure that relevant, accurate, complete and timely budgetary control information is received by budget managers, Directors and Members. The process will include reporting the revenue budget and capital programme financial position internally and to Cabinet on a regular basis.
- B59** Directors must ensure that there is a clear allocation of responsibility for revenue budgets at cost centre level and capital schemes within their areas. Budget responsibility should be aligned as closely as possible to the decision making that commits expenditure.
- B60** Directors and Budget managers (as appropriate) have authority to incur expenditure on the approved policies and activities of the Council where financial provision exists in the approved budget for the year. The Scheme of Delegation is included at Section F. It sets out the limits for authorising financial transactions. Directors should ensure that they properly record any local delegations specific to their service area.
- B61** Directors are responsible for ensuring that they manage expenditure within the total net budget for their services. Budget managers are responsible for monitoring their budgets and forecasting future spending on a monthly basis by using My4Cast via the SAP system. Overspends and underspends relative to the approved budget should be formally reported as soon as they are known and closely monitored. The budget monitoring process will ensure that CSB receives on a monthly basis updates on budget v actual to date with forecasts of potential over / underspends. At the same time corrective action to be taken by Budget managers should be identified. Budget monitoring should reflect the level of risk associated with particular budgets.
- B62** Directors and Budget managers should monitor and report on significant and overall income performance at each monthly reporting interval with the same rigour as applied for expenditure monitoring. Income should be tracked each month to ensure overall income forecasts are likely to be met and to respond to any changes in income with either service or charge alterations.

## Capital Monitoring

- B63** The CFO is responsible for the preparation, review and monitoring of the capital programme. The CFO must ensure that all capital proposals are supported by option appraisals; robust costed business cases including whole life costing in accordance with proper governance arrangements.
- B64** Changes to the approved programme must be reported to Cabinet for approval in accordance with the Scheme of Delegation (Section F).
- B65** Directors are responsible for supplying accurate capital forecasts in the manner and to the timetable determined by the CFO, which identify and explain variances and clearly identify slippage.
- B66** Corporate Directors must inform the Director of Finance of any capital expenditure on schemes where it becomes necessary to take the decision to abort that scheme. The Director of Finance will then report to the Build a Better Harrow Board of any such scheme and on recommendation of that Board the expenditure incurred will be reclassified from capital to revenue expenditure. The delegated authority limits are shown in Section F.

## Carried Forward Balances

- B67** A year-end balance is the amount by which actual income and expenditure varies from the final budget, normally identified down to budget manager level. Unspent balances will not be carried forward, except with the permission of the CFO. Unspent balances will only be considered for carry forward where:
- I. There is an unspent ring fenced grant and the grant must be repaid if it is not spent on its intended purpose.
  - II. Funding has been allocated to a specific project and the project is not yet complete, and both the directorate and the Council in total are not overspent.
  - III. External funding has been received for a specific project which is not yet complete
- B68** All other commitments will have to be accommodated within the new year budget.

## Statement of Accounts

### Responsibilities of the CFO

- B69** The CFO is responsible for the preparation of the Authority's Statement of Accounts for each financial year ending 31<sup>st</sup> March, within the statutory deadline, in accordance with proper accounting practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC),

In addition to complying with the local authority code, the CFO is responsible for:

- I. Selecting suitable accounting policies and then applying them consistently;



- II. Making judgements and estimates that are reasonable and prudent;
- III. prepare, sign and date the Statement of Accounts, stating that it presents fairly the financial position of the Authority at the accounting date and its income and expenditure for the financial year just ended; and
- IV. publish the approved and audited accounts of the Authority each year, in accordance with the statutory timetable;

**B70** To ensure detailed guidance and timetable for final accounts is issued to Directors and Budget managers as appropriate each year to ensure that the relevant information is collected and that the statutory deadline is achieved.

**B71** The CFO will ensure that the accounts are subject to external audit, to provide assurance that the accounts have been prepared properly, that proper accounting practices have been followed and that high quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the Authority's resources.

**B72** The Governance, Audit, Risk Management & Standards Committee ("GARMS") has specific responsibility for approving the statutory Annual Statement of Accounts.

### **Accounting Records and Returns**

**B73** Directors shall be responsible for ensuring that records are carefully and systematically filed and retained for inspection by the CFO, Internal and External Audit or Government agencies (e.g. HM Revenue and Customs).

**B74** Accounting records (see Glossary for detail) should be retained for a period of 6 years plus the current financial year, unless otherwise instructed by the CFO. The advised minimum periods for the retention of financial records are set out below:

- I. mortgages, bonds, stocks and other holdings, insurance, contracts, pension information and transfer values should be held indefinitely;
- II. PFI contracts should be retained for the period of the contract plus 12 years; and
- III. other contract documents including the final account where the contract is under seal should be retained for 12 years.

### **Finance Comments on Reports**

**B75** The CFO is responsible for monitoring the quality of the financial implications information included within Committee Reports, Scrutiny reports and other formal reports by Directors and providing financial comments where there are implications such as corporate revenue or capital resources requirements. The Director of Finance may delegate this responsibility to the [Deputy S151 officer](#) and respective Finance Business Partners (FBP's).

**B76** Directors are responsible for ensuring:

- I. suitable options appraisal are carried out in relation to all significant policy issues;

- II. that financial implications in the current and future years are identified in all relevant reports and that such financial implications are agreed by the CFO and are in accordance with virement rules. The Director of Finance may delegate this responsibility to the Deputy S151 officer and respective Finance Business Partners (FBP's);
- III. that where reports impact on other directorates or have implications for corporate resources, financial implications comments are requested from them and / or the CFO sufficiently in advance of reporting deadlines; and
- IV. the financial implications in reports are reflected in current budgetary provisions and in the agreed Budget and MTFS.

## **Section C. Corporate Governance, Risk Management and Control of Resources**

- C1** It is essential that robust, integrated systems are developed and maintained for identifying, evaluating and managing risk to the authority. This process should be integrated with the Financial Planning and Business Planning process.

### **Treasury Strategy**

- C2** The CFO will ensure that a Treasury Strategy is prepared, formally agreed in line with the Constitution and published annually before 31<sup>st</sup> March. The strategy will comply with statutory regulation, including that issued under section 15(1)(a) of the Local Government Act 2003 and the CIPFA Treasury Management Guide. In particular:
- I. the investment priorities should be security and liquidity. Yield should be considered but only within the properly established security and liquidity levels;
  - II. the Investment Strategy should go to full Council at the start of each year and reviewed mid-year, or more often should market conditions require it;
  - III. it should comment on the use of credit ratings and of any additional sources of information on credit risk;
  - IV. it should comment on the use of treasury management advisers;
  - V. it should contain the training programme for officers and Members;
  - VI. strategies should comment on the investment of money borrowed in advance of spending need; and
  - VII. it will include a policy in regard to Minimum Revenue Provision.

### **Pensions Governance**

- C3** The Administrating authority (the 'Council') is responsible for investing on behalf of employees, ex-employees and pensioners. It is essential that the use of these finances is properly planned and controlled to provide maximum benefit to the Pension Fund whilst not exposing those finances to undue risk.
- C4** The CFO must ensure that a Funding Strategy Statement is reviewed annually and published.

### **Asset Management Plan**

- C5** The Corporate Director of Community is responsible for corporate asset management, apart from Housing assets which are the responsibility of the Asset Management team within Community [Directorate](#).
- C6** They should maintain adequate asset management plans (AMPs) for Schools, Housing and Highways. These plans should show the number and value of the assets held, how assets are used and whether they are operational or non-

operational, running costs, the condition of assets and the maintenance required. The plans will inform the Council's capital and revenue budget strategy and disposals policy.

- C7** The CFO must ensure that the Asset Management Plans are supported by detailed asset registers and accurate valuations. The registers are used as a day to day management tool and to provide information for the Council's accounts and insurance purposes.
- C8** Directors must ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place in line with Corporate Policy. Directors must supply the information required by the CFO.
- C9** Budget managers are responsible for ensuring that all assets in their control are appropriately maintained, clearly identified and marked as property of the Council where appropriate. No Council asset should be subject to personal use by an employee without prior authorisation from the appropriate Chief Officer.

### **Projects and Programmes**

- C10** Directors are responsible for ensuring that programmes are conducted using the Council's project and programme management process. Business cases should be developed and approved for all projects and programmes in accordance with the agreed corporate template and approval process.
- C11** Directors must obtain the agreement of the CFO as to the expenditure and funding for all new schemes not included in the approved budget or capital programme and submit to Cabinet for approval. See Section F.

- C12** Property leases may constitute a capital liability. Directors shall notify the CFO of all proposed property leases or renewals before any agreement is made and these shall be included in the proposed capital programme. Any lease with a value, or term, above the limits set out in Section F must be approved by Cabinet.
- C13** Directors must not enter into credit arrangements, such as leasing agreements, without the prior approval of the CFO and, if applicable, approval of the scheme should be included as part of the capital programme.
- C14** The CFO shall be responsible for the evaluation and arrangement of all capital financing facilities. This excludes the short term hiring of equipment for periods of less than 12 months.
- C15** Budget managers must take appropriate advice from Finance and Legal before entering into a lease agreement.

### **Contingent Asset and Liabilities**

- C16** Directors must inform the CFO of any potential contingent assets and contingent liabilities.

### **Maintenance of Provisions and Reserves**

- C17** Provisions are held against present obligations (liabilities) of uncertain timing that can reasonably be estimated. If the event itself rather than the timing is uncertain then it would be a Contingent Liability or Asset.
- C18** Any sum set aside that is not a provision, is a reserve. Reserves can be Earmarked Reserves set aside for specific policy purposes or General Reserves, set aside for purposes such as general contingencies and cash flow management.
- C19** The CFO is responsible for advising on prudent levels of reserves for the Council when the annual budget is being considered, having regard to assessment of the financial risks facing the authority and the views of the external auditor.
- C20** The CFO must make an annual statement on the adequacy of general reserves and provisions.
- C21** All contributions to, and appropriations from, General Fund reserves must be approved by the Portfolio Holder with Responsibility for Finance, subject to any limitations set by the Council in the approved budget framework.
- C22** The CFO can establish earmarked reserves. The CFO is responsible for ensuring that detailed controls are established for the creation of new reserves and provisions and any disbursements therefrom. This should include:
  - I. the reason for the reserve;
  - II. how and when it can be used;
  - III. the responsibilities for their management and reporting in the Medium Term Financial Strategy and annual budgets; and
  - IV. the timescale for review, at least annually, to ensure adequacy.

- C23** Directors must inform the CFO of any future liabilities that have been incurred and may need to be accounted for.

### **Reporting Key Decisions**

- C24** The definition and rules concerning Key Decisions are to be found in Article 13 of the Constitution.

### **Risk Management and Risk Strategy**

- C25** All organisations face risks to their people, property, finances, services, reputation and continued operations. Whilst risk cannot be eliminated altogether, risk management provides a planned and systematic approach to the identification, evaluation and control of risk. It is an integral part of good business practice and is essential to the Council achieving its objectives, securing its assets and to ensuring continued financial and organisational wellbeing.
- C26** Regulation 3 of The Accounts and Audit (England) Regulations 2015 specifically requires that the “a relevant authority must ensure that it has a sound system on internal control which a) facilitates the effective exercise of it’s functions and the achievement of it’s aims and objectives; b) ensures that the financial and operational management of the authority is effective and c) includes effective arrangements for the management of risk”
- C27** The Head of Paid Service in conjunction with the Head of Internal Audit is responsible for preparing and promoting the Authority’s risk management policy and strategy, securing the endorsement of the Council, and maintaining the Corporate Risk Register and other risk registers and risk analyses as appropriate.
- C28** Directors are responsible for ensuring that there is a continuous review of exposure to risk within their departments, maintaining detailed Risk Registers and action plans, and maintaining Business Continuity Plans. It is essential that risk management is integrated into business processes in line with corporate guidelines. These processes include budget preparation and integrated service and financial planning, budget monitoring and performance management, programme and project management, procurement and contract management.

### **Business Continuity and Disaster Recovery**

- C29** The Head of Paid Service will establish and regularly test comprehensive business continuity and disaster recovery procedures to deal with the consequences of events and minimise potential disruption.
- C30** Directors will ensure that controls are in place to minimise the likelihood of the risk occurring and / or minimising its potential impact through regular inspection and continuous monitoring of identified key risk areas.

### **Insurance**

- C31** The Council maintains insurance cover to deal with the financial consequences of any incident which may give rise to a claim being made by / against the Council or result in financial cost or loss which may not otherwise be provided for. The extent to which the Council “self insures” is informed by the perceived risk and the Council’s claims history.

**C32** The CFO is responsible for effecting corporate insurance cover, through external insurance and internal funding, and negotiating all claims in consultation with other officers, where necessary.

**C33 Directors should**

- I. notify the CFO immediately of any loss, liability or damage that may lead to a claim being made by / against the Council and take appropriate action to prevent a repeat loss;
- II. inform the CFO of all new risks, ventures, properties or vehicles that may require insurance, and of any alterations or disposals affecting existing insurances;
- III. ensure that claims against insurance policies are made promptly and comply with the timescales for investigating claims and the insurer's conditions;
- IV. ensure that before any contract for works is made, that adequate insurance cover is furnished by the contractor in respect of any act or default;
- V. ensure that procedures are in place to identify Contingent Liabilities, which are doubtful events that may represent a charge to the Authority at a future date, and ensure that these are recorded in a note to the annual accounts;
- VI. ensure that employees, or anyone covered by the Authority's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim. Failure could directly affect the Authority's ability to make or defend a claim or could result in financial penalties being imposed on the Authority; and
- VII. consult the CFO and seek legal advice on the terms of any indemnity that the Authority is requested to give.

**Internal Controls**

**C34** Internal controls are systems put in place by management to mitigate risk, increase the likelihood that the Authority's objectives are met and to safeguard the Authority's staff, assets and interests.

**C35** Internal controls must be reviewed on a regular basis by management. Control systems should provide for clarity of policies, objectives, targets, responsibilities and accountabilities, and appropriate authorisations and approvals, separation of duties, level of internal check, management information and physical safeguards.

**C36** The CFO will ensure that the Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

**C37** The CFO will ensure that effective internal controls are an integral part of the Authority's underlying framework of corporate governance and that they are reflected in its local code, ensuring that clear Financial Regulations exist.

**C38** The CFO in conjunction with the Monitoring Officer and the Head of Internal Audit is responsible for assisting the authority in putting in place an appropriate control

environment and effective internal controls that comply with all applicable statutes, regulations and codes of practice.

- C39** Regulation 6 (1) (b) of The Accounts and Audit (England) Regulations 2015 require the authority to prepare an Annual Governance Statement. The statement will be prepared following an annual review of governance and include a description and evaluation of the internal control environment, the review process, and identify any significant gaps in governance. It must include a statement that the Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. There should be an action plan to address any significance governance gaps and a report on progress on the issues identified in previous years. The Governance, Audit, Risk Management & Standards ("GARMS") Committee should seek to satisfy itself that it has obtained sufficient, relevant and reliable evidence to support the disclosures made and that statutory guidance has been followed.
- C40** The Governance Statement should be approved at a meeting of the Authority or delegated committee (GARMS) and signed by the Head of Paid Service and the Leader.
- C41** Directors are responsible for establishing, maintaining, monitoring and reporting on systems of internal control which guard against risk and promote the achievement of objectives. On an annual basis they are required to complete a Management Assurance Statement, in the format and timescale specified the Head of Paid Service, of the Council. The statements and supporting evidence will be independently reviewed by Internal Audit, evaluated by the Corporate Governance Group and results fed into the Council's Annual Governance Statement.

## **Internal Audit**

- C42** Section 151 of the Local Government Act 1972, requires that the Authority 'makes arrangements for the proper administration of their financial affairs. Further specific arrangements are detailed in Regulation 5 of The Accounts and Audit Regulations 2015 in that a 'relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards and guidance'.
- C43** Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management; control and governance processes.
- C44** The internal audit service must be free from interference in determining the scope of internal auditing, performing work and communicating results. The Head of Internal Audit must disclose such interference to the Corporate Strategic Board (CSB) and GARMS Committee and discuss the implications.
- C45** The CFO must develop and maintain an effective Audit Committee (for Harrow this is the GARMS).
- C46** Internal audit is an important independent internal scrutiny activity. The CFO must support the Authority's internal audit arrangements and ensure that the Authority's



Audit Committee (GARMS) receives the necessary advice and information, so that both functions can operate effectively.

**C47** The CFO must ensure an effective internal audit function is resourced and maintained.

**C48** The Head of Internal Audit is the officer responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the Public Sector Internal Audit Standards' Definition of Internal Auditing, the Code of Ethics and the Standards. The Head of Internal Audit:

- I. must periodically review the internal audit charter and present it to the Corporate Strategic Board (CSB) and GARMS Committee for approval;
- II. must have direct and unrestricted access to senior management, CSB and the GARMS Committee to achieve the degree of independence necessary to carry out the responsibilities of the internal audit service and must report functionally to the GARMS Committee. The Head of Internal Audit must also establish effective communication with, and have free and unfettered access to, the Chief Executive Officer and the Chair of the GARMS Committee. In addition the Head of Internal Audit should report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities. The Head of Internal Audit must confirm to the GARMS Committee, at least annually, the organisational independence of the internal audit activity;
- III. must effectively manage the internal audit activity to ensure it adds value to the organisation;
- IV. must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals;
- V. must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to CSB and the GARMS Committee for review and approval. The Head of Internal Audit must also communicate the impact of resource limitations;
- VI. must ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan;
- VII. must report periodically to CSB and the GARMS Committee on the internal audit activity's purpose, authority, responsibility and performance relative to its plan and on its conformance with the Code of Ethics and the Standards;
- VIII. must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. This opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- IX. Where the Head of Internal Audit has or is expected to have roles and / or responsibilities that fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity.

**C49** Internal Auditors and Corporate Anti-fraud Investigators have the authority to:

- I. access Authority premises at reasonable times;
- II. access all assets, records, documents, correspondence and control systems;
- III. receive any information and explanation considered necessary concerning any matter under consideration;
- IV. require any employee of the authority to account for cash, stores or any other authority asset under his or her control;
- V. access records belonging to third parties, such as contractors, when required (third party contracts should specify access rights); and
- VI. direct access to senior managers and elected Members where appropriate.

**C50** Managers are required to notify the Head of Internal Audit of new areas of risk / major projects which may need to be subject to audit review or proactive audit input e.g. when considering or implementing alternative delivery vehicles, significant procurement, reorganisations impacting on control or governance arrangements, redesign of systems or new systems.

**C51** Managers must ensure that internal auditors are given access at all reasonable times and in a timely manner to premises, personnel, documents and assets and provided with information and explanations that the auditors consider necessary for the purposes of their work.

**C52** Managers are also required to consider and respond promptly to recommendations in audit reports, ensure that agreed actions arising from audit recommendations are carried out in a timely and efficient fashion and in line with the timescale agreed with the Head of Internal Audit, and report on progress.

## **External Audit**

**C53** The basic duties of the external auditor are defined in the Local Government Act 1999 and the Audit Commission's Code of Audit Practice. These require the auditor to review and report upon:

- I. the Council's Statement of Accounts;
- II. whether the Council has made proper arrangements for securing financial resilience and
- III. whether the Council has proper arrangements for securing economy, efficiency and effectiveness.

**C54** The CFO in conjunction with the Head of Paid Service advises on the development of the Annual Audit Plan, leads on any negotiations related to the annual audit fee and advises the Cabinet and Directors on their responsibilities in relation to external audit and issues arising from the Annual Audit and Inspection Letter.

**C55** Directors are required to ensure that external auditors are given access at all reasonable times to premises, personnel, documents, and assets, and provided with information and explanations which the external auditors consider necessary for the purposes of their work, in the timescales required.

**C56** Directors are also required to consider and respond promptly to recommendations in external audit reports, ensure that agreed actions arising from external audit recommendations are carried out in a timely and efficient fashion and in line with the timescale agreed with the external auditor, and report on progress.

### **Preventing Fraud, Bribery and Corruption**

**C57** The Council is responsible for substantial public funds and other assets and has a duty to demonstrate the highest standards of probity and stewardship in the day to day management of its affairs. It is therefore essential to develop and maintain an anti-fraud culture and to create a working climate in which all staff and elected Members remain alert to the potential for fraudulent or corrupt behaviour against the Council from inside or outside the organisation and are aware of the mechanisms available for the confidential reporting and investigation of any reported instances.

**C58** The key controls regarding the prevention of financial irregularities are that:

- I. the Head of Paid Service will ensure a formal code of conduct is established and widely publicised and, as part of this, a Register of Interests is maintained and the receipt of hospitality and gifts covering both Members and officers in accordance with any relevant statutory code of conduct;

- I. the Head of Paid Service will ensure that the fraud risk register is established and reviewed at least annually and maintained by the Directorates with support from the Corporate Anti Fraud Team / Internal Audit so that significant fraud risks are identified, mitigated with robust controls and fraud prevented where possible;
- II. the Public Interest Disclosure Act 1998 (PIDA) protects workers who 'blow the whistle' about malpractice or wrongdoing within an organisation. The Head of Paid Service will maintain and make available a whistle-blowing policy and procedures that enables officers, the general public and contractors to make allegations of fraud, misuse and corruption in confidence, and without recrimination, to an independent contact. All such allegations are diligently and robustly investigated;
- III. the CFO is responsible for implementing appropriate measures to prevent and detect fraud and corruption including ensuring that the Authority has an effective anti-fraud and corruption strategy and fraud response plan consistent with legislation including the Bribery Act 2010, the Public Interest Disclosure Act 1998 and the Freedom of Information Act 2000;
- IV. the CFO and management are responsible for ensuring internal control systems exist which minimise the risk of fraud and corruption occurring;
- V. the CFO is responsible for the Corporate Anti-Fraud Team and ensuring that effective procedures are in place to identify fraud and investigate promptly any suspected fraud. The team investigates cases of both internal fraud and external fraud and is responsible for delivering an annual risk based programme of counter fraud work, the progress of which is reported twice yearly to CSB and GARMS.

**C59** Council employees and Members have a duty to report to the Authority any impropriety, bribery, breach of procedure or failure of the manner in which services are being provided without fear of recrimination (Code of Conduct). This includes a duty to report a suspected breach of the Council's Contract Procedure Rules and Financial Regulations.

**C60** Directors are required to ensure that their policies comply with Council's Contract Procedure Rules and Financial Regulations and that staff are trained where appropriate and adopt suitable compliance and disciplinary measures.

**C61** Directors must ensure that where financial impropriety is discovered or suspected, the CFO and the Head of Internal Audit are informed immediately and take all necessary steps to prevent further loss and to secure records and documents against removal or alteration. Suspected fraud should be reported to the Corporate Anti Fraud Team. Directors must ensure the full co-operation of senior management in any investigation and instigate the Authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.

**C62** Officers and Members must ensure that they comply with all of the Council's codes, protocols and procedures particularly the Officers' Code of Conduct, its procurement practices and its anti-fraud and corruption policies.

## **Money Laundering**

- C63** Money laundering involves the 'cleaning' of illegal proceeds through legitimate transactions, usually cash, in order to disguise their criminal origin.
- C64** Local Authorities must be mindful of the Money Laundering Regulations, 2007 SI 2007/2157. There is substantial reputational risk for an authority which does not have money laundering policies and procedures in place and they have a duty of vigilance to prevent the financing of terrorism and money laundering.
- C65** The Council enters into thousands of transactions every day and could be subject to money laundering attempts when accepting payments by cash, cheque or credit / debit cards for instance in relation to the purchase of a council house, the payment of substantial bills, or receiving an overpayment in cash which is then refunded by cheque.
- C66** The CFO will:
- I. ensure that processes are in place to identify and appropriately train staff most likely to be exposed to money laundering of the organisations and their own obligations under Proceeds of Crime Act 2002 (POCA) to detect and report suspicious activity;
  - II. establish procedures to preclude the acceptance of cash sum or series of sums (in coin, notes or travellers cheques) in respect of goods that in total are more than the maximum allowed for any single customer account per annum in Section F;
  - III. maintain a written Anti- Money Laundering Policy; and
  - IV. ensure officers are aware of the Anti-Money Laundering Policy and are appropriately trained in identifying where and how such circumstances arise, and where to report any such cases.
- C67** All staff have a duty to report any suspicions to the Money Laundering Reporting Officer (currently the CFO) or their deputy. There is a template for reports attached to the policy. It is very important that in the process of reporting nothing is done to tip off anyone connected with the transaction.
- C68** Directors and managers will ensure that staff who regularly accept payments, or administer payments or the Council's bank accounts receive training on money laundering. It is the responsibility of the CFO to ensure that these staff are identified and trained.

## **Proceeds of Crime**

- C69** The relevant Corporate Director in consultation with the Monitoring Officer and the CFO is authorised to institute investigations under the POCA on behalf of the Council. Advice should also be sought from the Corporate Anti Fraud Team.
- C70** The relevant Corporate Director will ensure that in relation to POCA investigations all statutory guidance is followed, including ensuring there is an appropriate, accredited financial investigator engaged.

- C71** Prosecutions under POCA must be authorised by the Monitoring Officer in consultation with the CFO. The code of conduct for prosecutors must be followed.
- C72** Awards made to the authority under POCA incentive schemes or from asset recovery shall be applied first to the Authority's costs in relation to the related investigation and prosecution and any statutory charges. The balance shall be used as determined by the MTFs and any statutory limitations.

### **Security of Assets**

- C73** The Authority holds valuable assets in the form of property, vehicles, equipment, furniture and other items. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations.
- C74** The CFO will ensure an up-to-date Asset Register is maintained to enable sound fixed asset accounting and asset management.
- C75** The Monitoring Officer will ensure a corporate property database is maintained containing the details of all council properties to support land and property management.
- C76** The Corporate Director of Community and Regeneration will ensure a terrier is maintained to identify all the land and property holdings of the Council recording the location, extent, plan, purchase details, nature of the interests, tenancies granted, charges held, rents payable and purpose for which held.
- C77** Service Managers issued with a pool of IT equipment will be responsible for the security of that equipment. Where staff members leave the manager must ensure the prompt return of any IT equipment held by the leaving officer.

### **Inventories**

- C78** Inventories must be maintained by Directors for portable, high value items above the de minimus in Section F. The inventories shall contain an adequate description of the asset including where relevant, the model number, serial number and location and its estimated value.
- C79** Directors are required to check the existence of a random sample of inventory items on an annual basis.

### **Stocks and Stores**

- C80** Directors are responsible for:
- I. ensuring that stocks of goods and materials are held at a level appropriate to the business needs of the Council, and that stock levels are checked regularly and as a minimum as part of year end annual stock take procedures;
  - II. ensuring that adequate arrangements are in place for their care and custody; and
  - III. writing off the value of obsolete stock in their Departments in accordance with the procedures.

## **Intellectual Property**

**C81** Intellectual property is a generic term that includes inventions and writing. Certain activities undertaken within the authority may give rise to items that may be patentable, for example, software development. Breaching copyright laws exposes the Council to financial risk.

## **Responsibilities of Directors**

**C82** To put controls in place to ensure that staff do not carry out private work in the Council's time and that staff are aware that anything they create during the course of their employment, whether written or otherwise, belongs to the Council.

**C83** To comply with the copyright, designs and patent legislation and, in particular, to ensure that:

- I. only licensed software is installed by the authority and used on its computers,
- II. staff are aware of legislative provisions, and
- III. in developing systems, due regard is given to the issue of intellectual property rights.

## **Asset Disposal**

**C84** Assets that are surplus to service requirements or are not cost effective to retain should be disposed of safely, for the best price. Disposal should be in accordance with national legislative requirements for health and safety and waste disposal and the European Waste Electrical and Electronic Equipment Directive.

## **Land and Buildings**

**C85** The Corporate Director of Community and Regeneration is responsible for all disposals of land and property for the General Fund and the HRA, in conjunction with the Portfolio Holder with responsibility for Finance and for identifying any revenue implications arising from the sale of assets.

**C86** These Corporate Directors in conjunction with the portfolio holder for Finance have delegated authority for General Fund disposals as outlined in Section F. Anything above this limit must be reported to the Cabinet for approval.

**C87** The Corporate Directors must before any disposal is agreed or negotiations begin:

- I. seek Legal advice to ensure that the disposal falls under a General Disposal Consent, Right to Buy legislation or if Secretary of State's permission is required;
- II. obtain best consideration under s123 of Local Government Act 1972;
- III. depending on the method of sale an independent valuation before sale should be obtained to ensure best consideration is achieved;
- IV. ensure that the disposal is consistent with the Asset Management Plan, that no other service requires the building and that it has formally been declared as surplus to requirements; and

- V. seek financial advice to ensure the proper accounting of capital receipts, cost of sale and tax.

## **Other Assets**

**C88** Budget managers may seek the authority of their Chief Officer to dispose of revenue assets through sale, donation or scrapping. They must assure themselves that the assets concerned are the property of the Council (rather than a leasing company) and surplus to organisational requirements, before disposing of them. Budget managers must be able to demonstrate that value for money is obtained for every disposal and maintain adequate records demonstrating value for money, the reasons for the disposal, and that the assets are obsolete or surplus to requirements. All property, plant or equipment assets disposed of over the value shown in Section F must additionally be cleared with the CFO or their nominated representative before they can be disposed of.

**C89** Budget managers must ensure that legal and environmental issues are addressed when disposing of any assets. Budget managers should notify Facilities Management of any disposals, who will determine if the assets are surplus to requirements.

**C90** The CFO will:

- I. issue guidelines representing best practice for the disposal of assets and consistent with statutory powers including:
- II. issuing of a receipt;
- III. accounting and banking of the income;
- IV. segregation of duties between those who authorise the sale and the receipt of the payment; and
- V. adjustment to Inventory records;
- VI. ensure appropriate accounting entries are made to remove the value of disposed assets from the Authority's records and to include the sale proceeds in the Council's accounts; and
- VII. Maintain a schedule of disposals above the de minimus recorded in Section F with both estimated and actual values and disposal dates.

**C91** Directors will notify the CFO of any disposals of assets above the de minimus in Section F (see Procedure Note P27 on Disposal of Assets).

## **Treasury Management**

**C92** The Council has adopted CIPFA's Code of Practice for Treasury Management in Public Services.

**C93** The CFO is responsible for reporting to GARMS and the Cabinet at least twice in each financial year on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. He / she is required to produce:



- I. a proposed treasury management strategy for the coming financial year before the start of each financial year;
- II. an annual report on the treasury management activity for presentation by 30th September of the following financial year; and
- III. a mid year report to Cabinet.

**C94** The Council has delegated responsibility for the implementation and monitoring of its Treasury Management Policies and Practices to the CFO and for the execution and administration of Treasury Management decisions to the Treasury and Pension Fund Manager, who will act in accordance with the Council's Treasury Policy Statement and CIPFA's 'Standard of Professional Practice on Treasury Management'.

**C95 The CFO will ensure that all:**

- I. investments of money are made in the name of the authority or in the name of nominees approved by the full Council;
- II. securities which are the property of the authority or its nominees and the title deeds of all property in the Authority's ownership are held in the custody of the Director of Legal Services; and
- III. borrowings are in the name of the authority.

**C96** Directors will not enter into any loan or credit arrangements with any party whatsoever or acquire an interest in companies, joint ventures or other enterprises whatsoever without the prior agreement of the CFO.

### **Pension Fund Investment**

**C97** The CFO will ensure that the accounting for the Pension Fund satisfies the Council's statutory obligations, including that it is accounted for separately, that only relevant costs, assets and liabilities are valued by an actuary every three years.

**C98** The CFO is responsible for pension fund investment and makes recommendations to the Pension Fund Committee about the appointment of the actuary, investment adviser, and external fund managers. The CFO provides regular reports to the Pension Fund Committee on the performance of the fund and any regulatory matters.

**C99** The CFO is responsible for ensuring the Council's contributions are consistent with its Pension Fund strategy and actuarial review.

**C100** Approval to the making of lump sum payments and fund transfers from the pension fund will be in accordance with the schedule in section F.

### **Trust Funds, Funds Held For Third Parties and Other Voluntary Funds**

**C101** The CFO is responsible for trust funds and ensures that funds are only drawn down for the purposes intended by the Trustees and that accounts are prepared and audited each year.

**C102** All trust funds, funds held for third parties and other voluntary (unofficial) funds excluding schools must be approved by the CFO. A voluntary fund is defined as any fund, other than an official fund for the Council, which is controlled wholly or in part by an officer by reason of his or her employment by the Council. Such funds should be separately identified but managed in line with the Council's Financial Regulations.

### **Banking and Imprest Accounts**

**C103** The CFO is responsible for opening all bank accounts and agreeing the associated mandates.

**C104** The CFO is responsible for managing the banking contract and the day to day administration and reconciliation of accounts.

**C105** Staff must not open accounts in the name of the Council, Members or officers unless they are acting on the instructions of the CFO. Opening an unauthorised bank account is a disciplinary offence.

**C106** An imprest or petty cash account must only be used in accordance with guidance issued by the CFO (see Procedure Note P25 in section F). It is the responsibility of Directors to ensure that systems are in place to monitor and control this.

### **Staffing Establishment**

**C107** The Head of Paid Service will ensure there are in place accurate and effective systems to monitor the establishment and that the following procedures and regulations must be followed:

- I. appointments are made in accordance with HR and payroll policies;
- II. appointments are in accordance with the approved establishment and grade for the post;
- III. the organisational structure on SAP must be kept up to date;
- IV. all appointments, terminations or variations which may affect the pay or pension of an employee or former employee, are notified promptly and in accordance with required forms, timescale and authorisation;
- V. payments are only made where there is a valid entitlement;
- VI. conditions and contracts of employment are correctly applied; and
- VII. employees names listed on the payroll are checked at regular intervals to verify accuracy and completeness.

**C108** Regulation 7 Accounts and Audit (England) Regulations 2015 places a statutory requirement on the Authority to report on the remuneration of senior employees; this is the responsibility of the CFO. The Head of Paid Service will publish pay data on senior staff in accordance with guidance and a policy statement about staff pay, including senior and lower-paid staff.

**C109** The CFO will agree annually the budget to support the approved establishment. The CFO will ensure appropriate procedures are in place to amend the establishment throughout the year.

**C110** Directors are responsible for controlling total staff numbers within their approved establishment. Staff can only be appointed to an approved post and within the overall budgetary provision and should not create a commitment which cannot be met in future years. Where the existing approved establishment cannot be fully funded from available budget – then an appropriate level of vacancy management in line with operational need should be exercised during the year. Where posts have been vacant for periods in excess of 12 months and are deemed not to be required, they should be deleted.

### **Use of Agency Staff**

**C111** Agency staff are temporary workers who must be obtained and paid for, through an approved agency via appropriately procured corporate contracts. Generally, agency staff should only be employed either to:

- I. cover budgeted seasonal or unusual demand periods (e.g. salting roads in winter, cleaning parks in summer);
- II. cover essential temporary establishment vacancies, where cover is unavailable and there will be an adverse service impact if the post is not filled. For example where the post holder is on long term sick or maternity leave, has been seconded, or a post is being held open pending a restructure;
- III. bring in Special Skills for a one-off project or event, or time limited role, where appropriately skilled staff are not available internally or it is not cost effective to permanently fill.

**C112** The Director of HR is responsible for ensuring that:

- I. the staffing establishment on SAP is maintained;
- II. relevant employment law is complied with, including the Agency Workers Regulations, 2010; and
- III. Equal Pay regulations and case law are complied with.

**C113** Directors are responsible for ensuring that all staff within their Directorates are recruited according to the corporate procedures and that there is no unbudgeted employee or agency related expenditure.

**C114** Managers should give careful consideration to the employment status of individuals employed on an agency contract. HMRC applies a tight definition for employee status (IR35), and in cases of doubt, advice should be sought from the Manager responsible for Payroll and / or Legal.

## **Use of Consultants**

- C115** Directors must ensure that their staff are familiar with the Council's guidelines on use of agency workers and understand the distinction between employees, agency workers and workers on contracts for services.
- C116** Where a worker is engaged on a contract for services to carry out a project which has a clear start and end date and is described in a brief or specification, and where the worker will be taking on the risk and providing their own premises, equipment and insurance etc., then it is likely that the work will be governed by a contract for services with the Council and the worker will be paid via the Corporate Accounts Payable system through the raising of an official order and goods receipt. In these circumstances the Council's contract procedure rules should be applied. The insurance requirements must be clear in the documentation supporting the contract and evidence that the policy is in place should be obtained from the worker.
- C117** Directors must ensure that where payments are to be made to workers other than through the Council's payroll system, that there is a clear justification for this and that there are no tax implications that may arise.
- C118** Managers should give careful consideration to the employment status of individuals employed on a self-employed contract or subcontract basis. HMRC applies a tight definition for employee status (IR35), and in cases of doubt, advice should be sought from the Manager responsible for Payroll and / or Legal.

## **Section D. Financial Administration (Systems and Procedures)**

### **D1 Systems**

The CFO has statutory duties for the proper administration of the Authority's financial affairs. The CFO responsibilities are to:

- I. issue advice, guidance and procedures for officers and others acting on the Authority's behalf,
- II. determine the accounting systems, the form of accounts and supporting financial records;
- III. establish arrangements for audit of the Authority's financial affairs;
- IV. approve any new financial systems and interfaces to be introduced;
- V. approve any changes to be made to existing financial systems, including interfaces to the General ledger, Accounts Receivable and Accounts Payable; and
- VI. establish arrangements for access control and general security of the Authority's corporate financial systems.

### **D2 Directors' Responsibilities include:**

- I. to ensure that local accounting prime records are maintained properly and held securely and only destroyed with the approval of the CFO;
- II. to incorporate appropriate controls to ensure that, where relevant:
- III. all input is genuine, complete, accurate, timely and not previously processed;
- IV. all processing is carried out in a complete, accurate and timely manner, and
- V. output from the system is complete, accurate and timely and in the format specified by the CFO.
- VI. to ensure that the organisational structure provides an appropriate segregation of duties to facilitate adequate internal controls and to minimise the risk of fraud or other malpractice;
- VII. to ensure, jointly with the Head of Paid Service, that there is a documented Recovery Plan to allow information system processing to resume quickly in the event of an interruption;
- VIII. to ensure that effective contingency arrangements, including back-up procedures, exist for computer systems;
- IX. to ensure that systems are documented and staff trained in the operation of them;

- X. to seek the approval of the CFO before changing any existing financial system or introducing new financial systems. New financial systems must not be introduced nor changes made prior to obtaining this approval;
- XI. to ensure that authorisation limits for staff are consistent with the Authority's financial delegations as detailed in section F
- XII. to ensure the Scheme of Delegation is maintained and complied with for those authorised to act on behalf of the CFO in respect of payments, income collection and placing orders, including variations;
- XIII. to ensure that relevant standards and guidelines for computer systems are observed, including data protection legislation and that their staff are aware of their responsibilities under the legislation; and
- XIV. to ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.

### **Chart of Accounts**

- D3** The CFO is the responsible officer and owner of the Chart of Accounts. The Chart of Accounts cannot be changed without express authority from the CFO Officer or their nominee. This includes all changes to the Chart of Accounts including the addition, deletion or amendment of a:
- I. hierarchy;
  - II. profit centre;
  - III. cost centre assignment;
  - IV. cost element assignment;
  - V. sub cost centre hierarchy changes;
  - VI. cost centre closure: input or hierarchy;

### **Income**

- D4** Directors are responsible for ensuring that there is as a minimum an annual review of fees and charges, within the strategic, financial, economic and service context after appropriate consultation; proposals for the level of fees and charges should be in accordance with guidance published by the CFO. Changes to fees and charges (at any point during the year) should be approved by the relevant Portfolio Holder and presented to Cabinet as part of the Budget and MTFS proposals.
- D5** Directors are required to hold an in depth review of each service area's fees and charges on a three-year rolling basis.

### **Income Collection**

- D6** The Council collects substantial amounts of income (council tax, business rates, rents, service charges and fees and charges) and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly, and that VAT is correctly accounted for.

- D7** The CFO will ensure there are clear Corporate and Departmental Accountabilities for Accounts Receivable and income collection, supported by an appropriate Scheme of Delegation. Procedures for the receipt of income shall reflect the principles of separation of duties and internal check.
- D8** The CFO is responsible for the procedures, systems and documentation relating to the setting, charging, and collection of all income due to the Council. In particular the CFO will ensure that there is an overarching debt management policy and a credit policy for sundry debtors.
- D9** The CFO must satisfy him / herself with the adequacy of the arrangements for the control and safe storage of records, including electronic storage media.
- D10** The CFO will ensure that Service Directorates bear the cost of their uncollected debts through an appropriate impairment of debts, based on a realistic assessment of the chances of recovery of all debts outstanding.

### **Billing**

- D14** Directors must ensure that the customer is provided with a clear and accurate bill for chargeable services in a timely manner or in accordance with statutory requirements.
- D15** Directors will ensure that all income due is identified and Accounts Receivable are raised via the Council's main financial system promptly, unless in the opinion of the Chief Financial Officer it is not practicable to do so.

### **Collection**

- D16** Directors will ensure that wherever possible and appropriate, payment is received in advance of the service being offered and that the use of on-line payment systems is the default payment mechanism. Direct debits should be promoted, the use of cash, cheque or telephone payments should be avoided wherever possible.
- D17** Directors will pursue all commercial debts until it is un-economic to continue to do so using agreed written procedures.
- D18** Directors will set annual collection targets and VFM measures consistent with continuous improvement, the budgeted income and the medium term financial strategy. Performance will be monitored corporately every month.
- D19** Directors will ensure that:
- I. income collection staff are appropriately trained;
  - II. any cash or cheques received by their staff are stored securely whilst in their possession and passed as soon as possible to the Cashiers, or as he or she directs, to the Authority's bank or National Giro account, and properly recorded;
  - III. there is segregation of duties between those who authorise the sale and those who receive the payment;
  - IV. all income received for goods and services provided by the authority will be accounted for in the financial year in which the service was delivered. Where no debtor has been raised before the financial year-end by the Authority then an

accrual will be set up for the estimated debtor in accordance with guidance issued by the CFO.

### **Uncollectable Debts and Write Off's**

- D20** Once raised, no bona fide debt can be cancelled except by payment in full, its formal writing off or in the form of an adjustment under procedures agreed with the CFO.
- D21** Directors are responsible for submitting quarterly debt write-off reports where debts are considered un-collectable, to the CFO in the format specified.
- D22** The CFO is responsible for writing off irrecoverable bad debts up to the limits specified in Section F where necessary. All requests for write-off must be accompanied by a brief report in a format specified by the CFO that includes the following:
- I. a schedule of all debts to be written off, recovery action that has been undertaken and the reasons for the write-off request;
  - II. the total debt outstanding, the current bad debt provision, the amount of provision required and the remaining balance.

### **Grants and External Funding**

- D23** External funding can be a very important source of income to Harrow. The main source of such funding for this Authority will tend to be specific government grants. Consideration needs to be given to the funding conditions to ensure they are compatible with the aims and objectives of the Authority.
- D24** Any match funding requirements and exit strategies should be given due consideration prior to any bidding exercise or entering into any agreements and resources identified for future commitments.
- D25** The Directors should consult and where required seek the approval of the CFO, the Portfolio Holder and any relevant committee on proposals to bid for external funding to support expenditure that has not already been included in the approved revenue budget or capital programme.
- D26** The Council bids for funds from a number of UK and European programmes. Each funding regime is subject to rules and regulations and the process for submitting applications and drawing down funding varies.
- D27** It is important to ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the Council are clearly understood.
- D28** The CFO shall maintain a Register of Grants awarded to the Authority, which will include as a minimum the grant name, the grantor, the allocation by financial year, a brief description of the purpose of the grant, grant conditions, and the responsible officer. The CFO will ensure that Grants are properly recorded in the Authority's accounts.
- D29** **Directors shall:**



- I. not commit to expenditure in relation to a grant, beyond the term of a grant allocation, without the permission of the CFO, and will ensure that the necessary contractual break clauses are in place at the grant review dates,
- II. ensure that all applications for funding are consistent with the Council's priorities and approve them in principle before detailed work commences;
- III. ensure that the Council's project management framework is applied and that a Project Initiation Document (start form) is completed where appropriate;
- IV. consult the relevant Directorate Finance Business Partner when preparing applications to ensure that full costs are identified including any match funding required, and ongoing commitments are taken into account;
- V. notify the CFO of all applications prior to submission;
- VI. ensure that the application is signed off by the CFO or an appropriate officer in the Directorate;
- VII. ensure that the rules and regulations for the particular funding stream are complied with at application stage and throughout the life of the project;
- VIII. ensure that all requirements relating to the delivery of outputs and spend are met in line with the approved bid or project plan;
- IX. ensure that all funding notified by external bodies is claimed and received; and
- X. check the audit requirements and notify Finance of any claims that must be audited by the Council's external auditor.

**D30** Grant expenditure and income is monitored and reported as part of the monthly monitoring process. All expenditure incurred must be in accordance with the terms and conditions attached to the grant and with Financial Regulations and Contract Procedure Rules.

**D31** Proper records of expenditure must be kept to allow verification of amounts claimed by the grant giving body and the external auditor.

**D32** Wherever possible and appropriate staff employed to meet the grant criteria for spending should be on fixed contracts intended to be terminated when funding ceases.

### **Section 106 and Community Infrastructure Levy (CIL)**

**D33** Section 106 of the Town and Country Planning Act 1990, section 278 of the Highways Act 1980 and section 75 of the Town and Country Planning Act 1997 permits local planning authorities to enter into enforceable 'planning obligations' with landowners and / or developers. A Community Infrastructure Levy (CIL) was set out in the Planning Act 2008 and subsequent regulations.

**D34** The CFO will set out proper procedures for agreeing, collecting, recording, accounting and disbursing s106 and CIL monies, in accordance with legislation.

- D35** The Divisional Director Regeneration Enterprise and Planning will record, monitor and report on all s106 or CIL receipts and payments.
- D36** Planning will notify the CFO of any agreements and will ensure that the procedures are followed. They are responsible for delivery of the agreements, including making payments and the billing and receiving of income.
- D37** The Monitoring Officer will ensure that Obligations are registered as Local Land Charges.

### **Ordering and Paying for Work, Goods and Services**

- D38** The Authority's procedures are designed to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Authority's Procurement Policy and Contract Procedure Rules.
- D39** Every officer and Member of the authority must declare any links or personal interests that they may have with 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.
- D40** Sound systems and procedures are essential for an effective framework of accountability and control. The CFO is responsible for ensuring that there are effective financial systems and controls, although the operations may be carried out in another directorate other than Resources.
- D41 The CFO is responsible for:**
- I. the operation of the Council's General Ledger and its accounting systems, the form of accounts and the supporting financial records. All the Authority's transactions, material commitments and contracts and other essential accounting information must be recorded completely, accurately and on a timely basis. All prime documents must be retained in accordance with legislative and other requirements;
  - II. determining the accounting procedures and records for the authority. Where these are maintained outside the finance department, or outside the Authority, the CFO must approve the controls to be applied in consultation with the Corporate Director concerned; and
  - III. ensuring there is adequate separation of duties in evidence in the accounting procedures.

### **D42 Directors must:**

- I. adhere to the accounting policies and guidelines approved by the CFO, supply information as and when required, and ensure that the advice of the CFO is sought on the development and implementation of any localised systems of costing, accounting and financial control;
- II. ensure all local systems are integrated with the central accounting system as far as possible and reconciled to the central accounting system on a regular basis;

- III. ensure that the organisational structure reflects an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice;
- IV. maintain adequate records to provide an audit trail leading from the source of income / expenditure through to the accounting statements and ensure the secure retention of all documents and vouchers with financial implications for the periods stipulated by the CFO, usually a minimum 6 years plus current financial year;
- V. ensure that their staff receive relevant financial training;
- VI. ensure that use of computer and other information systems are registered in accordance with data protection legislation and government connects where relevant; and
- VII. ensure that staff are aware of and comply with freedom of information legislation.

### **Purchase Orders**

- D43** It is mandatory to raise Purchase Orders on the Corporate Financial System prior to procuring goods and services, unless an exemption is approved by the CFO.
- D44** Purchase Orders must be raised on the Corporate Financial System for all works, goods and services to be supplied to the Authority, except for periodic payments such as rent, rates and petty cash purchases unless specifically agreed with the CFO.
- D45** Commitments will be automatically recorded onto the Corporate Financial System through the approval of the purchase order. This ensures that the finance system gives a true picture of the amount of expenditure incurred and the balance remaining against each budget head.
- D46** Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of authority contracts.

### **Goods Receipting**

- D47** Budget Holders are responsible for ensuring that:
  - I. all works, goods or services received are “goods receipted” onto the Corporate Financial System;
  - II. any mismatches between the order and the goods receipt are resolved in a timely fashion in accordance with the procedures;
  - III. any mismatches between the goods receipt and the actual invoices are cleared on the system in a timely fashion in accordance with the procedures; and
  - IV. any blocked invoices notified are dealt with in a timely manner.

### **Procurement Cards**

- D48** Procurement Cards can provide an effective method for payment for designated officers who in the course of their official business, have an immediate requirement

for expenditure which is relevant to discharge their duties. Officers are required to adhere to the Procurement Card policy.

## **Payments to Suppliers**

- D56** Payment to external organisations for goods and services accounts for a large percentage of the Council's expenditure each year. Directors should ensure that Contract Procedure Rules are followed for all spending in their departments and that all ongoing arrangements are 100% compliant with a contract and order in place before the issuing of invoices.
- D57** There will be separate stages to creating a new supplier on the system. Procurement will despatch a new supplier form and perform various checks. The completed form will undergo additional checks by CAP / CAR. Sap Support will create the new supplier on the SAP system checking the accuracy and validity of all data.
- D58** Notwithstanding the need to ensure VFM in all internal & external arrangements, Directors and Budget managers should all ensure that the full requirements of contracts are met before payments are made and that any non-delivery areas are deducted from invoices. Annual and up-front payments to external organisations or contractors should not be made without prior agreement from the relevant Finance Business Partners.
- D59** Where a purchase order has been raised, the supplier must send an invoice to the Corporate Accounts Payable Department (now the EGS / Proactis Marketplace outsourced system). Any invoices received elsewhere in error should be forwarded to the Corporate Accounts Payable Department.
- D60** Payment of all invoices and corporate contracts is made by the Corporate Accounts Payable Team. The method of payment for invoices is BACS and all suppliers/contractors are asked to provide their bank details prior to being set up the system.
- D61** The Direct Debit payment method and CHAPS payments are not allowed under normal circumstances. Exceptional circumstances must be authorised by CFO.
- D62** Payment will not be made unless a proper VAT invoice quoting the appropriate purchase order number (or spreadsheet in an approved format) has been received, Corporate Accounts Payable (the EGS / Proactis Marketplace outsourced system) will be responsible for entering all invoices into the corporate finance system and matching against purchase orders raised and the Goods Received Note. Any blocked invoices will be automatically notified to the requisitioner responsible for the purchase order.
- D63** Directors are responsible for ensuring that any blocked invoices notified to Budget managers are dealt with in a timely manner.
- D64** The CFO is responsible for ensuring that there is a separation of duties between the person authorising the Purchase Order and the person authorising the payment.

- D65** Directors are responsible for ensuring that suppliers are requested to provide invoices for goods, services and works in a timely manner quoting the purchase order number.
- D66** With respect to contracts for works, Directors should document and agree with the CFO the systems and procedures to be adopted in relation to certification of interim and final payments.
- D67** Where a payment under a contract varies from the value specified in the contract, documentation must be obtained to explain the variation, approved as necessary, and retained on file to provide a full audit trail.

### **Unsupported Payments [FB60]**

- D68** All payments to third parties for goods and services should be made to a supplier that has been set up in the financial system, to ensure that the proper procurement process has been followed. Where single payments have to be made to an individual (and no further payments can reasonably be expected) then the Council's unsupported (non invoice) payment process can be used (FB60s). Examples of allowable payments are refunds, insurance claims and legal payments.
- D69** The CFO is responsible for the provision of appropriate guidelines and systems controls to prevent the use of the unsupported payment process to avoid the purchase to pay controls. These will ensure that there is appropriate segregation of duty between raising and authorising the payment.
- D70** Directors must ensure that the unsupported payment process is used appropriately, that guidance issued by the CFO is followed, and that all expenditure is appropriately authorised.

### **Urgent or Emergency Payments**

- D71** In very rare circumstances, the Council may wish to make an urgent payment, for example when a child is at risk or if it would incur a penalty charge if it did not do so. The CFO is responsible for issuing guidance on urgent payments. All urgent payments must be authorised by the CFO.

### **Payments to Employees and Members**

- D72** Staff costs are the largest item of expenditure for most services. It is therefore important that payments are accurate, timely, and made only where they are due for services to the authority, and that payments accord with an individual's conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that Members' allowances are in accordance with the scheme adopted by the full Council.
- D73** The Head of Paid Service is responsible for all payments of salaries and wages and expenses to staff, including payments for overtime, honoraria etc. and submission of tax returns to HM Revenue and Customs by their due date for the above. The Head of Paid Service is also responsible for the timely provision of information, and the maintenance of sound financial controls to meet the responsibilities in connection with taxation issues arising from payments to employees.

## Taxation

- D74** Under section 33 of the Value Added Tax Act, 1994 Local Authorities are able to recover VAT in all cases, although there are a few specific exceptions. 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 often severe. It is important that all relevant officers are kept up to date on tax issues and instructed on required record keeping.
- D75** The Resources Corporate Director is responsible for
- I. providing information to HMRC as required including Pay as You Earn (PAYE), and the Construction Industry Tax Deduction Scheme and Value Added Tax (VAT) ;
  - II. advising Directors of their responsibilities under the scheme;
- D76** The CFO is responsible for
- I. completing an accurate monthly return of VAT (inputs and outputs) to HMRC and ensuring that all payments are made within statutory deadlines;
  - II. monitoring the VAT partial exemption calculation in respect of the Authority's de minimus limit of 5% to ensure that it is not exceeded and completing the annual VAT partial exemption calculation in respect of the Authority's de minimus limit of 5%.
- D77** Directors and Budget managers are responsible for ensuring that the appropriate controls and procedures are operated within the Department or relevant service area in relation to taxation issues. This will include seeking advice from the CFO on VAT matters and ensuring that the correct VAT liability is attached to all income due and that all VAT payable on purchases complies with HM Revenue and Customs regulations.
- D78** The CFO will ensure that the Authority receives appropriate advice on the taxation implications of all significant policy and management initiatives involving partnerships and joint ventures.
- D77** The CFO will ensure that all levels of staff are made aware of the Corporate Criminal Offence legislation (introduced in September 2017). The legislation covers all forms of loss of taxation. In summary HMRC deem an organisation liable for the facilitation of tax evasion by an "associate" (broadly an employee, agent or person acting on behalf of the organisation), unless they can prove that they had reasonable procedures in place to prevent such facilitation at the time the offence occurred.

## **Ex Gratia Payments**

- D78** An ex gratia payment is a payment made by the Authority where no contractual or legal obligation has been established. An example may be out of court settlement for costs associated with a member of staff acting on behalf of the authority or to a member of staff.
- D79** Ex-gratia payments should generally not be made and must always be approved by the CFO and the Monitoring Officer above the limit specified in Section F.

## **Trading Accounts**

- D80** In some areas the Council may operate a trading account. This means that the costs and income from charges relating to the service are ring-fenced in the accounts. Any surplus or deficit is added to a reserve each year.
- D81** The CFO is responsible for ensuring that trading accounts are treated properly in the Council's accounts.
- D82** Directors are responsible for ensuring that, in line with the Local Government Act 2003, charges are set to recover costs without building up significant surpluses, and that any changes in take up of the service which could result in a deficit are reported at an early stage. All charges must be reviewed on a regular basis and annually as a minimum as part of integrated service and financial planning.
- D83** Directors must ensure that work for third parties is approved and covered by a suitable contract or agreement so that the responsibilities of each party are clear. Financial and legal advice should be sought at an early stage. This will ensure that the Council only carries out work that is within its legal powers, and that financial issues such as insurance and taxation are properly considered.
- D84** Directors must provide appropriate information to the CFO to enable a note to be entered into the Statement of Accounts where necessary.

## **Internal Recharges**

- D85** The CFO will establish a framework for budgeting and accounting for internal recharges, central support services and other departmental recharges in accordance with proper accounting practices and the Service Reporting Code of Practice ("SeRCOP")
- D86** The CFO will arbitrate on disputed recharges.
- D87** The CFO will ensure that recharges are accurate and processed in a timely manner.
- D88** Directors will:
- I. notify and agree with client departments in advance of any service provision of all recharges.
  - II. notify and / or respond to disputed recharges in accordance with the timescales laid down by the CFO.

- III. ensure that internal recharges for their services are processed on a monthly basis.
- IV. ensure that budgets for the purchase and provision of internal services are agreed between purchaser and provider and properly reflected in annual budgets and business plans and budget monitoring statements.

## **Journals**

**D89** Journals are used to correct the coding of income and expenditure, recharges or to carry out balance sheet transactions on the financial System. The CFO will establish a process to ensure that:

- I. journals can only be generated within agreed levels of delegation and security;
- II. only authorised inputters and authorisers can generate journal entries;
- III. an authorised list of inputters and authorisers is maintained on the corporate finance system to verify compliance;
- IV. there is a separation of duties between inputters and authorisers of journals, and
- V. the corporate financial system will only allow 'balanced' journals to be accepted.



## **Section E. External Arrangements**

### **Contractual Relationships**

**E1** Directors must ensure that work carried out by third parties for the Council is approved and covered by a suitable contract or agreement so that the responsibilities of each party are clear. Financial, legal and procurement advice should be sought at an early stage. This will ensure that the organisation only carries out work that is within the relevant legal powers, and that financial issues such as responsibility for managing budgets, insurance and taxation are properly considered. All contractual arrangements should be consistent with the Contract Procedure Rules.

### **Partnership Arrangements**

**E2** The Council provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental well-being of the Borough.

**E3** The Cabinet is responsible for approving delegations, including frameworks for partnerships.

**E4** The CFO must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are proper. He or she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. He or she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.

**E5** Directors must ensure that the full implications of any partnership are explored and that Finance and Legal officers are consulted at an early stage. The following issues should be addressed:

- I. Is a partnership the best vehicle for achieving the desired outcome?
- II. What are the objectives of the partnership and are they consistent with the Council's priorities?
- III. What is the legal status of the partnership and how will it be governed?
- IV. What is the liability of the Council and the other partners?
- V. Are the respective roles and responsibilities clear?
- VI. What are the risks and how will they be managed and monitored?
- VII. How will the performance of the partnership be monitored and how will success be measured?
- VIII. Who employs and manages the staff?
- IX. How will the partnership be funded and who is responsible for the financial management, accounts and audit arrangements?
- X. Are there any taxation issues?

- XI. Is there a robust business case?
- XII. How will goods and services required by the partnership be procured?
- XIII. What are the resource implications in terms of staff, premises etc.?

- E6** Directors are responsible for appropriate approvals before any commitment or agreement is entered into.
- E7** A partnership arrangement must not be used as a means of avoiding the procurement rules. Chief Officer Responsibilities are to:
- I. Report all new partnerships proposals as required by the Scheme of Delegation.
  - II. The value of the partnership for this purpose is the sum of the Council's contribution over the life of the partnership (whether capital or revenue) and the value of any contributions in kind e.g. premises, staffing, IT systems etc.
- (b)** Ensure that all new partnerships have a written agreement between the partners covering the following points:
- I. the duration, purpose and benefits to be derived from the partnership;
  - II. the governance arrangements, including the accountable body;
  - III. agreed service targets and performance reporting;
  - IV. financial reporting, partner contributions over time, ownership of assets, and fees and charges;
  - V. arrangements for joining, leaving and winding up the partnership;
  - VI. employer and terms of conditions of any staff;
  - VII. insurance arrangements;
  - VIII. treatment of VAT and any other tax implications of the partnership.

### **Public Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT)**

- E8** A PFI scheme is one where the local authority is purchasing a capital intensive service from the private sector over the period of a long term contract, normally between 25 to 30 years.
- E9** The CFO's and Council authorisation is required for PFI projects.
- E10** Chief Officers must notify the CFO of any proposed PFI projects before negotiation or funding requests are made and seek Cabinet approval, supported by a business case and an option appraisal. The Chief Officer must seek Financial, Legal and Procurement advice from the outset.

### **Grants to outside Bodies**

- E11** Grants to voluntary bodies and community organisations must be effectively managed, in a similar way to partnerships and procurements.

**E12** Decisions to approve assistance to an outside body by grant must follow the agreed procedures and Scheme of Delegations:-

- I. the receiving body has been properly identified, has suitable lead parties, a defined work area or purpose, and suitable trust documents or Constitution;
- II. any conflicts of interest have been declared and properly managed;
- III. any risks to such agreements and to the Council's interests are being adequately and appropriately managed;
- IV. the assistance contributes to the delivery of the Council's services or to the achievement of the Council's corporate objectives;
- V. the extent and purpose of the assistance have been properly identified;
- VI. arrangements for the repayment of any loan have been made;
- VII. arrangements to gain repayment or recovery for the value of the assistance are in place in the event of default by the recipient;
- VIII. any specific conditions relating to the assistance have been identified;
- IX. monitoring arrangements have been put in place, linked to stage payments, to ensure the assistance is used for the purpose approved;
- X. the recipient will provide evidence to the Council demonstrating proper accounting for, and use of, the assistance, including, access to the accounts of the body for the CFO, or designated representative, and to supporting information, documents and evidence;
- XI. a legally binding agreement is in place between the Council and the body covering the above conditions relating to the use of grant or other assistance;
- XII. full records will be maintained of all grants and related applications for assistance, that should identify which staff are involved in the processing of applications and grants, record the date of approval of any grant or other assistance, by whom, and any other relevant transaction information;
- XIII. Members will approve all grants and assistance to external bodies in accordance with the agreed grants programme guidance;

**E13** The Responsibilities of the CFO are:

- I. to advise on effective controls;
- II. to advise on any funding implications of grants or assistance;
- III. to ensure the accounting arrangements are satisfactory;

**E14** The responsibilities of Directors are:

- I. to ensure that the key controls set out above are implemented in respect of all grants made and assistance provided;

- II. to undertake any research, e.g. by making enquiries of the Charity Commissioners, into the financial standing of proposed grant receiving bodies;
- III. to ensure the use of any corporate standard agreements drawn up by the CFO (as updated from time to time), with any specific conditions incorporated therein.

### **Accountable Body**

**E15** The Council may from time to time choose to act as the Accountable body for a third party, for example to support local partnership arrangements, pooled budget arrangements or as a condition of grant funding. These arrangements may form part of our contribution in kind to a valued partnership. However, there is work required to support the accountable body role and assuming this responsibility also carries financial risks

### **Chief Financial Officer's Responsibilities**

**E16** The CFO must approve all Accountable Body arrangements before they are entered into on behalf of the Authority

**E17** In doing so, the CFO will confirm:

- I. there is a suitable formal agreement in place covering duties and responsibilities or all the parties for financial matters (See Partnership Section)
- II. the resources are available to undertake the Accountable Body role;
- III. there are adequate arrangements in place to recoup the Accountable Body costs from the 3rd party or include them as part of the Council's contribution to the 3rd party arrangements;
- IV. appropriate checks and safeguards are in place to prevent financial loss to the Council arising from its duties as Accountable Body, including arrangements such as grant claw back, treatment of overspends, loss of assets or fraud;
- V. the Council retains the power to retain funding where there is a breach of governance arrangements.

### **Directors Responsibilities**

**E18** To refer all Accountable Body agreements to the CFO for approval before they are entered into.

**E19** To provide the CFO with all information and documentary evidence requested in order for the CFO to undertake the Accountable Body role.

## **Emergency Planning**

- E20** In the event of a catastrophic incident being declared, the CFO is authorised to make emergency payments under the London Councils Gold Resolution, to be reimbursed by central government.
- E21** Nothing in these regulations shall prevent expenditure being lawfully incurred by the Head of Paid Service in respect of an emergency under section 138 of Local Government Act, 1972, in accordance with the agreed Scheme of Delegation and emergency plans.
- E22** The CFO must ensure systems are in place to keep proper records of all such emergency expenditure to allow for the submission of a formal claim under the Bellwin or other relevant scheme.
- E23** Directors must ensure that records of all payments and receipts are kept and made available to the CFO in order to facilitate any future claim for assistance.

## Section F. Scheme of Approval and Delegation for Financial Transactions

**F1** The following tables show the levels of authority and delegations for financial transactions up to the limits indicated in relation to the approved policies and activities of the Council and provided there is adequate budget provision.

**F2** Financial delegations in relation to Maintained Schools are maintained locally by the appropriate Governing Body.

### Delegations – Orders, Unsupported payments and Award of Contract Value

Delegation	Approval of Orders (on SAP)	Approval of Unsupported payments (on SAP)	Award of Contract (Total Value over life of Contract)	Counter signature (*)
Cabinet	N/A	N/A	Over £500,000	
Head of Paid Service	Unlimited	Unlimited	£250,000 to £499,999	Portfolio holder for finance
CFO	To approve all payments over £1m (in addition to Corporate Director/Monitoring Officer).	To approve all payments over £1m (in addition to Corporate Director/Monitoring Officer).	£250,000 to £499,999	Portfolio holder for finance
Corporate Director / Director of Finance	Unlimited	Unlimited	£100,000 to £249,999	
Director (D grades)	£100,000 to £499,999	£100,000 to £499,999	£50,000 to £99,999	
'M' grades	£50,000 to £99,999	£50,000 to £99,999	£25,000 to £49,999	
'G9 to G11' grades	£0 to £49,999	£0 to £49,999	£0 to £24,999	

### Delegations – Petty Cash and Virements (Revenue and Capital)

Delegation	Petty Cash Payment	Virements (Revenue & Capital)	Counter signature (*)
Cabinet	N/A	Over £500,000	
Head of Paid Service	£0 to £250 cash and cheque	£250,000 to £499,999 *	CFO and Portfolio holder for Finance
CFO	£0 to £250 cash and cheque	£250,000 to £499,999 *	Portfolio holder for Finance
Corporate Director/ Monitoring Officer	£0 to £250 cash and cheque	£100,000 to £249,999 *	CFO and Portfolio holder for Finance
Director (D grades)	£0 to £250 cash and cheque	£25,000 to £99,999 *	Corp Director and CFO
'M' grades	£50 to £99 cash £100 to £250 cheque	£10,000 to £24,999 *	Director and CFO
'G9 to G11' grades	£0 to £49 cash £0 to £99 cheque	£0 to £9,999 *	Director and CFO

### Delegations – Write back to revenue of aborted capital scheme costs

Delegation	Write back of capital costs to revenue budget
Cabinet	Over £500,000
CFO	Up to £500,000

### Pension Fund Payments

Delegation	Approval of Lump sum payments and Fund Transfers
CFO & in their absence Corporate Director of Resources	unlimited
Divisional director – HRD and Shared Service	<£300,000
Treasury and Pensions Manager	<£100,000
Pension Team Leader	< £50,000

**Authorisation of BACS payroll payments**

The following postholders are authorised to approve the payment via BACS of the payroll output from the periodic SAP pay runs.

- I. Head of HR Operations, Head of Employee and Customer Relations

**Procurement of Care Spot Placements**

Procurement of care spot placements – (i.e. individual placements that fall outside of any block contracting arrangements).

A general waiver is granted so that there is no need to tender such requirements acknowledging at all times that the Council has a duty to achieve best value in making such placements.

The Scheme of Delegation for the procurement of care spot placements is as given in the table below.

Further information can be found in the Contract Procedure Rules s 7.9

**Social Care Spot Placements Procurement**

<b>Delegation</b>	<b>Annual Contract Value of Placements</b>
Statutory Director (portfolio holder must be informed)	£250,000
Statutory Director	£125,000
Head of Service	£62,500

**Approval Required to commence schemes in the approved capital programme**

<b>Delegation</b>	<b>Amount £</b>
CFO	< £1,000,000
CFO, Leader and Portfolio Holder for Finance	£1,000,000 - £2,500,000
CSB and Cabinet	> £2,500,000
<b>Capital De Minimus</b> - Assets or a group of like assets will be treated as revenue below this level	£10,000

**Severance and Ex Gratia Payments**

<b>Severance Payments</b> - Pension Fund Committee	> £100,000
--	------------



<b>Severance Payments</b> – CFO, Monitoring Officer and Divisional Director of HRD and Shared Services in consultation with the Portfolio holder for Finance	£50,000 - £100,000
<b>Severance Payments</b> – CFO, Monitoring Officer and Divisional Director of HRD and Shared Services	<£50,000
<b>Ex Gratia Payments (excl Severance)</b> – Cabinet	>£100,000
<b>Ex Gratia Payments (excl Severance)</b> – CFO & Monitoring Officer in consultation with the Portfolio holder for Finance	£50,000 - £100,000
<b>Ex Gratia Payments (excl Severance)</b> – CFO & Monitoring Officer	<£50,000

### Debt Write off

**F3 Write-offs are subject to approval as follows:**

<b>Category</b>	<b>Individual Debt (£)</b>	<b>Category of Debts (£)</b>
In relation to Council Tax, NNDR, Housing Benefit debts and Parking Fines : Authorisation needed by both the Head of Revenues and Deputy S151 officer	Up to £5,000	Up to £25,000
Section 151 officer or Deputy Section 151 officer	£1,001 to £5,000	Up to £25,000
Section 151 officer	£5,000 to £25,000	Up to £100,000
Section 151 officer and Portfolio Holder with Responsibility for Finance	Above £25,000	Above £100,000

**F4** The limits apply to individual debts or category of debts. A category of debt is a batch in number of the same type of debt (e.g. parking fines, Council Tax etc). The write offs needing approval at Cabinet will be submitted as part of the quarterly Revenue Monitoring Report.

**Assets**

**F5** The CFO shall maintain inventories that record an adequate description of portable and desirable items such as computers, monitors, printers, facsimile machines, mobile phones and photographic equipment above the value shown below.

**£1,000**

**Land and Property Disposals**

**F6** Corporate Directors in conjunction with the portfolio holder have delegated authority for General Land and Property disposals

£0.250m. - Anything above £0.250m must be reported to the Cabinet for approval.

**Fixtures and Fittings Disposals**

**F7** All property, plant or equipment assets disposed of over the value of £10,000 must be cleared with the CFO

**Money Laundering**

**F8** The maximum amount receivable from a single customer in coin, notes, or travellers cheques in respect of goods or services.

£5,000

**Journal Authorisation**

**F9** All journal transfers for the Financial Accounting System (SAP) must be authorised by the relevant officer in Central Finance

<b>Category</b>	<b>Journal Value</b>
Chief Finance Officer	➤ £500k
Head of Strategic and Technical Finance (Deputy S151)**	➤ £500k
For their respective areas only :-	➤ £500k
Treasury and Pensions Manager	➤ £500k
FBP Housing and Regeneration	➤ £500k
FBP Adults and Public Health	➤ £500k
FBP Community	➤ £500k
FBP Schools and Children's	➤ £500k
Service Accountants / MG1 / MG2	£50 to £500K
Senior Finance Officer (or as delegated by Service Accountant)	➤ Up to £50k

\*\* Head of Strategic Finance to delegate HRA rent journals over £500k to the HRA Service Accountant

Any delegations have to be explicitly agreed in writing with the Head of Strategic Finance / Head of Technical Accounting or Director of Corporate Finance

## HR Related Activities

**F10** The table below sets out the minimum grade officers need to be to undertake various HR activities.

Task	Grade Level /	Notes
Appointment of Directors D1 to D4	Chief Executive	Approval to recruit must be sought from the Chief Executive and Monitoring Officer. All appointments above £100,000 (pro rata) including acting up arrangements must be through the Chief Officer Employment Panel
Appointment of staff – MG Grades	Director	Appointing Officer and Budget Manager need to authorise appointment
Appointment of Staff – G1 to G11 and Educational Psychologists	MG 2	Appointing Officer and Budget Manager need to authorise appointment
Re-organisation / restructure including JE - middle management and below	Director	In consultation with Head of HR
Authorisation of new assignment of Essential Car User allowance to post	Director	
Re-organisation / restructure including JE below middle management	MG 4	In consultation with Head of HR
Authorise job share	MG 3	
Authorise special payments (outside of main payroll run)	MG 3	In consultation with the Payroll Manager
Authorise extensions to sick pay	MG 4	In consultation with Head of HR
Authority to manage collective changes to terms & conditions within the agreed HR policy framework (affecting groups of staff)	Director	In consultation with Head of HR
Authorise acting up and honorarium payments	MG 4	In consultation with Head of HR
Authority to suspend and dismiss	MG 4	In consultation with Head of HR
Authorise personal injury allowance payment	MG 4	In consultation with Head of HR
Authorise overtime	MG 2 Team Manager	
Authorisation of car loan claims	MG 2	
Authorisation of travel and subsistence claims	MG 2 Team Manager	
Authorise all special and unpaid leave requests	MG 3	In consultation with Head of HR
Authorise ex-gratia payments	MG 3	In consultation with Head of HR

## Financial Procedure Notes, Policies & Strategies

<b>Corporate Strategies and Plans</b>				
<b>No.</b>	<b>Financial Regulations section</b>	<b>Procedure Notes</b>	<b>Lead Officer</b>	<b>Reference / Link to document (where available)</b>
S1	Risk Management and Internal Control	Risk Management Strategy	Head of Internal Audit	UK corporate governance Code, 2010, <a href="http://harrowhub/info/200193/risk_management/313/risk_management/2">http://harrowhub/info/200193/risk_management/313/risk_management/2</a>
S2	Risk Management and Internal Control	Statement of Risk Appetite		UK corporate governance Code, 2010, <a href="http://harrowhub/info/200193/risk_management/313/risk_management/2">http://harrowhub/info/200193/risk_management/313/risk_management/2</a>
S3	Financial Planning and Management	Medium Term Financial Strategy	s151 Officer	Presented to Cabinet in February each year
S4	Financial Planning and Management	Capital Strategy	Deputy 151 Officer	Presented to Cabinet in February each year
S5	Financial Planning and Management	Treasury Strategy	Treasury and Pension Fund Manager	Presented to Cabinet / Council February each year
S6	Financial Planning and Management	Pensions Funding Strategy	Treasury and Pension Fund Manager	Presented to Pension Fund Committee each year
S7	Financial Planning and Management	Asset Management Plan	CFO/Divisional Director of Commissioning Services	Held by Divisional Director

<b>Policy and Procedures</b>				
<b>No.</b>	<b>Financial Regulations section</b>	<b>Procedure Notes</b>	<b>Lead Officer</b>	<b>Reference</b>
P2	Other Financial Accountabilities	Closure of Accounts and Accounting Policy	Head of Technical Finance and Accountancy	Detailed closedown timetable and guidance notes produced each financial year for circulation
P3	Risk Management and Internal Control	Anti-Fraud and Corruption Strategy	Manager Corporate Anti-Fraud Team	<a href="#">Anti-Fraud and Corruption Strategy</a>
P4	Risk Management	Whistle blowing	Monitoring Officer	<a href="http://harrowhub.harro">http://harrowhub.harro</a>

	and Internal Control	Policy and Procedure		<a href="http://www.gov.uk/downloads/download/94/whistleblowing">w.gov.uk/downloads/download/94/whistleblowing</a>
P5	Risk Management and Internal Control	Fraud Investigation guidelines	Manager Corporate Anti-Fraud	Held in Internal Audit
P6	Risk Management and Internal Control	Proceeds of Crime Act and Anti Money Laundering Policy	Manager Corporate Anti-Fraud	<a href="#">Anti-Money Laundering Policy</a>
P8	Financial Planning and Management	Capital Programme	Deputy s151 Officer	Presented to Cabinet in February each year
P9	Financial Planning and Management	Fees and Charges Policy	Deputy s151 Officer	Presented to Cabinet in January each year
P12	Financial Systems and Business processes	Goods Receipt and Invoice Receipt	Manager , Shared Services	<a href="https://harrowhub.harrow.gov.uk/info/200148/finance_and_commercial/784/invoice_request">https://harrowhub.harrow.gov.uk/info/200148/finance_and_commercial/784/invoice_request</a>
P13	Financial Systems and Business processes	Payment of Invoices	Manager , Shared Services	
P14	Financial Systems and Business processes	Procurement Cards	Director of Procurement	<a href="https://harrowhub.harrow.gov.uk/info/200194/commercial_and_procurement/1011/procurement_card_policy">https://harrowhub.harrow.gov.uk/info/200194/commercial_and_procurement/1011/procurement_card_policy</a>
P15	Financial Systems and Business processes	Expenses, travel and subsistence allowances	Manager , Shared Services	<a href="http://harrowhub/downloads/file/71/expenses_policy">http://harrowhub/downloads/file/71/expenses_policy</a>
P16	Financial Systems and Business processes	Management of the Banking Contract and Operation of Bank Accounts	Treasury and Pension Fund Manager	Held in Central Finance
P17	Financial Systems and Business processes	Cashier Procedures	Head of Collections & Housing Benefits	Held by Cashiers manager
P18	Financial Systems and Business processes	Bank Reconciliation	Head of Technical Finance and Accountancy	To be updated
P19	Financial Systems and Business processes	Retention of Documents	Head of Internal Audit	Held in Internal Audit
P21	Property and Resources	Treasury Management policy and practices	Treasury and Pension Fund Manager	Presented to various GARMS and Cabinet meetings each year
P22	Property and Resources	Use of Consultants	Director (Human Resources and	<a href="https://harrowhub.harrow.gov.uk/info/200301/a">https://harrowhub.harrow.gov.uk/info/200301/a</a>

			Development)	<a href="http://agency_recruitment/1242/agency_workers">agency_recruitment/1242/agency_workers</a>  <a href="https://harrowhub.harrow.gov.uk/downloads/download/3228/consultancy_agreements">https://harrowhub.harrow.gov.uk/downloads/download/3228/consultancy_agreements</a>  <a href="https://harrowhub.harrow.gov.uk/info/200194/commercial_and_procurement/853/authorisation_forms">https://harrowhub.harrow.gov.uk/info/200194/commercial_and_procurement/853/authorisation_forms</a>
P24	Financial Systems and Business processes	Establishment Control	Divisional Director (Human Resources and Development)/CFO	<a href="http://harrowhub/downloads/file/278/org_structure_guide_for_managers">http://harrowhub/downloads/file/278/org_structure_guide_for_managers</a>  to be checked
P25	Financial Systems and Business processes	Petty Cash Procedures	Head of Technical Finance and Accountancy	Procedure note held within Central Finance and issued to holders of petty cash floats
P26	Financial Systems and Business processes	Unsupported Payments (FB60)	Head of Technical Finance and Accountancy / Head of Collections & Housing Benefits	<a href="..\Procedure_Notes\P26_Unsupported_Payments_FB60\Unsupported_Payments_FB60s_V3_January_2015.pdf">..\Procedure_Notes\P26_Unsupported_Payments_FB60\Unsupported_Payments_FB60s_V3_January_2015.pdf</a>
P28	Corporate Criminal Offence legislation	All forms of loss of taxation	Technical Accounting Manager	Held in Central Finance

No.	Financial Regulations section	Register Name	Lead Officer
R1	Grants and External Funding	Grants Register	Head of Technical Finance and Accountancy
R2	Asset Management Plan	Asset registers	Directors
R3	Preventing Fraud, Bribery and Corruption	Register of interests	Relevant Director
R4	Risk Management and Risk Strategy	Corporate Risk Register	Head of Internal Audit
R5		Local Land Charges Register	Monitoring Officer
R6	Land and Buildings	Schedule of disposals	Corporate Director of Environment and Enterprise

R7	Section 106 and Community Infrastructure Levy (CIL)	S106 and CIL	Deputy 151
R8		Procurement Cards	Director Commercial, Contracts and Procurement
R9	Land and Buildings	Terrier	Head of Corporate Estate

## **Section G      Glossary and Abbreviations**

### **Accounting Officer**

Every central Government organisation is required to have an Accounting Officer, who is usually the senior official in the organisation. They have personal responsibility for the overall organisation, management and staffing of the department and for department-wide procedures in financial and other matters.

### **Accounting Records**

All of the prime documentation, whether paper, electronic or in another form, involved in the preparation of financial statements or records relevant to audits and financial reviews. Accounting records include records of assets and liabilities, monetary transactions, ledgers, journals, and any supporting documents such as purchase orders, goods receipt notes, cheques, invoices and receipts.

### **Accrual**

Procedure for accounting in one financial year for expenditure actually made or income actually received in the following year although due or chargeable in the year of account – entries made in the year of account are reversed in the following year.

### **Agency Staff or Worker**

Under Regulation 3 of the Agency Workers Regulations 2010, an “agency worker” is defined as an individual who is supplied by a temporary work agency to work temporarily for and under the supervision and direction of a hirer. They have a contract of employment with the agency or a contract to perform work and services personally with the agency. See also Consultant

### **AMP (Asset Management Plan)**

Corporate and departmental plans outlining how the Council plans to manage its assets.

### **Audit Committee**

In Harrow the Governance, Audit, Risk Management & Standards Committee is the Audit committee.

### **Balances**

Amounts carried forward in the accounts from one financial year to another

### **Budget**

The Council’s spending plans for a financial year. The revenue budget, when approved by the full Council and after deduction of Revenue Support Grant and redistributed Business Rates, determines the Council Tax for the year. The capital budget represents the approved amount of capital expenditure for a year together with how it will be funded. (Budget can refer to the total budget or to a service or part of a service).

### **Budgetary Control**

Comparison of actual expenditure and income against approved budgets during the year and the taking of action to resolve any variations which arise.



**Capital Expenditure**

Expenditure on making, buying or substantially improving fixed assets.

**Capital Programme**

Sets out the Council's capital expenditure plans for the near future.

**Capital Receipts**

The net proceeds arising from the sale of land, buildings and other fixed assets owned by the Council and any other income deemed by statute to be of a capital nature.

**Capital Resources**

Amounts available to finance capital expenditure - including borrowing, capital receipts, capital grants and revenue.

**Cash Limit**

A budget set at a fixed level with no scope for subsequent increase.

**Charges**

Income raised from the users of services both external or internal, which may be either set by central government or set by the authority.

**Chart of Accounts**

The organisation and numbering of accounts held in the general ledger. For local authorities recommended best practice is contained within CIPFA's "Statement of Recommended Practice" (SeRCOP)

**Chief Financial Officer (CFO)**

The Chief Financial Officer (CFO) is the organisation's most senior executive role charged with leading and directing financial strategy and operations. All Local Authorities must appoint a Chief Finance Officer (CFO) under Section 151 of the Local Government Act 1972. The CFO is critical to:

- Maintaining strong financial management underpinned by financial controls to maintain probity. This includes corporate risk management, partnership arrangements, effective prudential borrowing and fund management, internal audit function, anti-fraud and corruption, financial systems, sound financial records and information
- Leading and managing an effective and responsive financial service.
- Supporting and advising officers in their operational roles.
- Supporting and advising democratically elected representatives.
- Contributing to corporate management and leadership, ensuring that finance advice carries the appropriate weight and is of the proper standard.

**Chartered Institute of Public Finance and Accountancy (CIPFA)**

One of the six chief accountancy institutes which make up the Consultative Committee of Accountancy Bodies. CIPFA is responsible for the education and training of professional accountants in the public sector and for setting accounting standards for local government. Much of the guidance issued by CIPFA has statutory force.

**Chief Officer (s)**

Corporate Directors and Directors as appropriate.

**Consultant**

Temporary workers genuinely engaged on a self-employed basis as a consultant or interim, those working on a Council 'as and when contract' or through a managed service contract, for example Capita employees.

**Contingency**

Amount set aside within an approved budget but not assigned for a specific purpose which may cover, for example, inflation increases or sums retained centrally for allocation during the year.

**Contingent Asset**

A contingent asset is a possible asset that may arise because of a gain that is contingent on future events that are not under the organisations control.

**Contingent Liability**

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control

**De Minimus**

Numerical limit below which the relevant rule or regulation does not apply.

**Document Retention Schedule**

Details the time, dictated by statute or good practice, for which prime records for various areas of the Council's activity should be retained for possible examination.

**Estimate**

Anticipated expenditure or income - generally synonymous with "budget".

**Executive, The**

The decision making body of the Council, consisting of elected Members, in accordance with the Constitution. It can legally take the form of a leader and cabinet, an elected mayor and cabinet, or an elected mayor and council manager.

**Finance Lease**

A form of credit arrangement where the Council accepts the risks and rewards of ownership of an asset for a major part of the economic life of the asset in return for a periodic payment.

**FRS (Financial Reporting Standard)**

Accounting standards adopted by Accounting Standards Board.

**Head of Internal Audit**

The Head of Internal Audit is the officer responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the PSIAS' *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*.

**Head of Paid Service**

The Head of Paid Service is a statutory role and is responsible for the leadership and general administration of the Authority.

## **Maintained Schools**

Maintained schools are funded by central government via the local authority. Maintained schools are accounted for within the Council's accounts.

## **Medium Term Financial Strategy (MFTS)**

The MFTS is a forward looking financial strategy for the Council covering at least three years that both revenue and capital

## **Monitoring Officer**

The Monitoring Officer is a designated officer of the Authority appointed under section 5(1) of the Local Government and Housing Act 1989. The Monitoring Officer has responsibility for ensuring the legality of the actions of the Authority and its officers, and for ensuring that the policies of the Authority are properly developed and implemented. The Monitoring Officer is responsible for promoting and maintaining high standards of financial conduct and therefore provides support to the standards committee and the CFO.

## **Money Laundering Reporting Officer**

Businesses that are regulated by the Money Laundering Regulations must appoint a nominated officer to receive and make reports on suspicious activities.

## **Operating Lease**

An agreement whereby the leaser retains the risks and rewards associated with ownership of an asset and normally assumes responsibility for repairs, maintenance and insurance.

## **Overspending**

The excess of actual expenditure at the end of a year or contract which is greater than the approved budget, or actual income which is less than the approved budget.

## **Provision**

The setting aside of financial resources to meet the potential cost of a past occurrence likely to lead to a future obligation of which the timing or amount cannot be precisely quantified.

## **Reserves**

Amounts set aside for specific purposes to meet future expenditure which do not qualify as provisions (also called earmarked reserves).

## **Revenue Budget**

Approved amount of revenue expenditure for a financial year.

## **Revenue Expenditure**

Any expenditure that does not meet the capital test must be charged to the Consolidated Revenue Account, including capital charges and any capital expenditure not met from capital resources.

## **SeRCOP**

The CIPFA Service Reporting Code of Practice (SeRCOP) replaced the previous Best Value Accounting Code of Practice (BVACOP). SeRCOP applies to all local authority services throughout the United Kingdom from 1 April 2014, Performance Indicators and Statements of Accounts.

**Scheme of Delegation**

A formal document recording the agreed handing down of statutory (where allowed) and other responsibilities by the Council to the Cabinet, Cabinet Members, Committees, Panels and Officers.

**Slippage**

Expenditure on a capital scheme delayed from one financial year into the next but which does not affect the total cost of the scheme.

**Trading Accounts**

Under the SeRCOP Councils may choose to maintain trading accounts for services that provide goods and service under a commercial or semi commercial agreement:

**Under spending**

The amount that actual expenditure is less than the approved budget for a given period or conversely actual income is above the approved budget. This represents amounts that will never be incurred or received and should be distinguished from Slippage, which is merely delayed expenditure.

**Virement**

The approved transfer of budget from one area to another.

**Wednesbury Rules**

When developing policy or taking decisions, under the Wednesbury Rules, all officers should ensure that the authority took into account those matters it should, ignored those it shouldn't and came to a reasonable conclusion.