

Decision under Delegated Powers

Officer Making the Decision

Strategic Director of Environmental & Corporate Services

Recommendation

That the Financial Procedure rules be amended in line with the version attached as an Appendix to this Delegated Decision.

Reason

To incorporate an Anti-Money Laundering Policy into the Council's Financial Procedures.

Authority for Decision

The Section 151 Officer has delegated authority to amend the Financial Procedure rules as required.

Decision and Date



Simon Jackson
Strategic Director of Environmental & Corporate Services
09/11/2021

Background

The anti-money laundering (AML) legislation does not require that local authorities comply with AML regulations. However, as identified through the work of internal audit, having an AML policy and appointing a Money Laundering Reporting Officer is recognised as good practice. These good practice points were reflected in internal audit recommendations and agreed by the s151 officer. This decision satisfies those recommendations and therefore:

- Introduces an AML policy for the Council, as a new appendix to the Financial Procedure rules.
- (As embedded within the AML policy), appoints the Strategic Director of Environmental & Corporate Services as the Council's Money Laundering Reporting Officer.

The amended Financial Procedures, including the new AML policy, are attached as an appendix to this report.

Comments from HR

Not applicable

Financial Implications

There are no financial implications arising from this decision

Risk Management

No specific risks have been identified with this report.

Key Decision: No

Background Papers: None



CHARNWOOD BOROUGH COUNCIL

FINANCIAL PROCEDURE RULES

Revised at:

22 October 2021

**FINANCIAL PROCEDURE RULES
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Financial Procedure Rules

INTRODUCTION

The Council is required by law to conduct its business efficiently and to ensure that it has sound financial management policies in place, which are strictly adhered to. Part of this process is the establishment of Financial Procedure Rules of the Council. Financial Procedure Rules apply to every Member and Officer of the Council and anyone acting on its behalf. These procedure rules should be read in conjunction with the Council's Constitution and Financial Regulations.

The Section 151 Officer is responsible for maintaining a continuous review of Financial Procedure Rules and making any changes necessary. He or she is also responsible for informing staff of the revisions. Directors and Heads of Service are responsible for ensuring that all Members and staff are aware of their responsibilities according to the Financial Procedure Rules.

The Section 151 Officer is responsible for issuing advice and guidelines to underpin Financial Procedure Rules which Members, Officers and others acting on the Council's behalf are required to follow. These are in the form of Financial Practice Notes.

It is a disciplinary offence for any Officer to fail to comply with these Financial Procedure Rules. Employees have a duty to report apparent breaches of Financial Procedure Rules to an appropriate senior manager, Internal Audit or the Section 151 Officer, who is the lead officer for financial matters and is the Strategic Director of Environmental and Corporate Services Simon Jackson. The Head of Paid Service, the Chief Executive Rob Mitchell, and the Monitoring Officer, who is lead officer for legal and standards matters and is the Head of Strategic Support Adrian Ward, should be informed of these breaches by the senior manager, Internal Audit or the Section 151 Officer as appropriate. The Deputy S.151 Officer is the Head of Finance Lesley Tansey.

If any Officer is in any doubt about the appropriate action required, he/she should consult their line manager in the first instance. Advice can also be sought from Internal Audit.

Guidelines for Using Financial Procedure Rules

Financial Procedure Rules apply to all of the Council's financial activities. An Officer to whom a responsibility is delegated may authorise another officer to act on his/her behalf but accountability remains with the authorising officer.

1 GENERAL

1.1 Overview

- 1.1.1 Cost Centres mainly use the Council's financial management system, Agresso, in relation to the control of the Council's assets, including purchasing, costing and management systems. The information must therefore be accurate and the systems and procedures should be sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.
- 1.1.2 The Section 151 Officer has a legal and professional responsibility to ensure that the Council's financial systems are sound and he should be notified of any proposed developments or planned changes and his agreement obtained before any commitment is made.
- 1.1.3 The accounting procedures adopted by the Council should reflect recommended professional practices. Any material departure must be acceptable to the Section 151 Officer and the Council's External Auditors.

1.2 Procedures rules

- 1.2.1 Members and Officers must understand and abide by their responsibilities;
- 1.2.2 basic data must as a minimum exist to enable the Council's objectives, targets, budgets and plans to be formulated;
- 1.2.3 financial performance management information relevant to each service must be communicated to the appropriate managers on an accurate, complete and timely basis;
- 1.2.4 early warning must be provided of deviations from targets, plans and budgets that require management attention; and
- 1.2.5 operating systems and procedures must be secure.

2 ACCOUNTING POLICIES

2.1 Overview

- 2.1.1 The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts, in the format required by the most recent CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, the 'Code'.

2.2 Procedure rules

- 2.2.1 suitable accounting policies are selected and applied consistently;
- 2.2.2 judgements are made and estimates prepared which are reasonable and prudent;
- 2.2.3 statutory and other professional requirements are observed to maintain proper accounting records;
- 2.2.4 systems of internal control are in place to ensure that financial transactions are lawful and all reasonable steps have been taken for the prevention and detection of fraud and other irregularities; and
- 2.2.5 financial statements are prepared which present truly and fairly the financial position of the Council and its expenditure and income

3 ACCOUNTING RECORDS AND RETURNS

3.1 Overview

- 3.1.1 Maintaining proper accounting records is one of the ways in which the Council discharges its responsibility for stewardship of public resources. The Council has a statutory responsibility to prepare its annual accounts to present truly and fairly its operations during the year. These are subject to External Audit. This audit provides assurance that the accounts are properly prepared and proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of the Council's resources.

3.2 Procedure rules

- 3.2.1 that there are standards and timetables in place for all Members and Officers to follow
- 3.2.2 all the Council's transactions, material commitments and contracts and other essential accounting information are recorded accurately and on a timely basis;
- 3.2.3 procedures are in place to enable accounting records to be reconstituted in the event of systems failure;
- 3.2.4 balances and reconciliation procedures are carried out to ensure transactions are correctly recorded; and
- 3.2.5 prime documents are retained in accordance with legislative and other requirements
- 3.2.6 That procedures and processes are in place to reduce the risk of fraud and errors

4 REVENUE BUDGET

4.1 Overview

- 4.1.1 Proper budget management ensures that once the budget has been approved by the Council resources are used for their intended purposes and properly accounted for. Budgetary control is a continual process enabling the Council to review and adjust its budget targets during the financial year whilst remaining within the overall financial strategy agreed by Council. It also provides the mechanism to call to account managers responsible for defined elements of the budget.
- 4.1.2 By continuously identifying and explaining variances against budgetary targets, the Council can identify changes in trends and resource requirements at the earliest opportunity. The Council itself operates within the budget allocated. To ensure that the Council does not overspend, each Director and Head of Service is required to manage his/her own expenditure and income within the budget allocated.

4.2 Procedure rules

- 4.2.1 the Council approves a revenue budget and Council Tax in accordance with the relevant legislation;
- 4.2.2 that Members of Council, Cabinet and Scrutiny Committees are provided with all financial information that they need to determine policy and review performance;
- 4.2.3 budget holders are responsible for both income and expenditure against the budget which is allocated to them;
- 4.2.4 there is a nominated budget holder for each cost centre;
- 4.2.5 budget holders accept accountability for their budgets and the level of service to be delivered and are informed of their financial responsibilities;
- 4.2.6 budget holders follow an approved ordering and certification process for all expenditure;
- 4.2.7 income and expenditure are properly recorded and accounted for;
- 4.2.8 actual costs of services are monitored in conjunction with the budget and necessary corrective action taken to align net expenditure to the budget;
- 4.2.9 any contingency budgets are the responsibility of the Section 151 Officer who is responsible for approving expenditure against any such contingency.
- 4.2.10 the salary budgets for the permanent staffing establishment cannot be vired on a permanent basis for other purposes within cost centres. Similarly, non-salary budgets cannot be vired to salaries to pay for permanent members of the establishment.

- 4.2.11 changes to the permanent establishment, as placed on the Delegated Decision system, can be made for up to 5 staff and above that Cabinet approval is required. Financial clearance is required for all Delegated Decisions whether they concern staffing or other matters.
- 4.2.12 budget holders should review budget monitoring reports periodically in accordance with a procedure prescribed by the Section 151 Officer;
- 4.2.13 in any instance where the budget includes provision for a particular purpose which has not been incurred by 31st March, this expenditure may not be carried forward to the following year with out the approval of the Cabinet:
- 4.2.14 directors are not to exceed the approved budget for their directorate unless specific Cabinet approval has been obtained, unless in the exceptional circumstances set out in the Scheme of Delegation to Directors, which provide for a sudden emergency or such circumstance as are provided for in S138 of the Local Government Act 1972.
- 4.2.15 Heads of Service are not to exceed the approved budget for their service area unless a virement, equal to the overspend, has been agreed from either another service in their directorate or from another service subject to the scheme of virement set out in Appendix 3.
- 4.2.16 Budget holders are not to exceed the approved budget for their cost centre(s) unless a virement, equal to the overspend, has been agreed with either another service in their service area or another service in their directorate subject to the scheme of virement set out in appendix 3.

5 SCHEME OF VIREMENT (Transfer of Budget)

5.1 Overview

- 5.1.1 Virement means transfer of part or all of an approved budget from one budget or more to another budget(s) to be spent for a different purpose. The Council's scheme of virement is administered by the Section 151 Officer in accordance with the Budget and Policy Framework Procedure Rules. The virement rules are set out in Appendix 3. Any variation from this scheme requires the approval of Cabinet.
- 5.1.2 The Council's scheme of virement is intended to enable Directors and Heads of Service and their staff to manage budgets with a degree of flexibility within the overall policy and budget determined by the Council, and therefore optimise the use of resources. Directors and Heads of Service are expected to exercise their discretion in managing their budgets responsibly and prudently.

- 5.1.3 Directors and Heads of Service must not support recurring revenue expenditure from one-off sources of savings or additional income, or create future commitments, including full-year effects of decisions made part way through a year for which they have not identified future resources. Directors and Heads of Service must plan to fund such commitments from within their own budgets.
- 5.1.4 The Council's scheme of virement covers virements of both revenue and capital expenditure. Virements cannot be made from Capital to Revenue Expenditure.
- 5.1.5 Virements should only be made where such a virement leaves the originating budget with sufficient funds to meet its commitments.

6 TREATMENT OF YEAR END BALANCES & AND RESERVES

6.1 Overview

- 6.1.1 The estimated level of year-end balances is determined by Cabinet as part of the budgetary process. A year-end report giving details of variations from the planned budget is submitted to Cabinet by the Section 151 Officer.
- 6.1.2 Reserves will be maintained in accordance with the Code of Practice on Local Authority Accounting in United Kingdom and agreed accounting policies. The Section 151 Officer agrees all additions to reserves/balances and provisions and reports on such as part of reporting the outturn financial performance of the Council annually to the Cabinet.
- 6.1.3 Where relevant, the S.151 Officer will decide on a suitable minimum level of reserves, in line with good practice.

7 CAPITAL PROGRAMME AND FUNDING

7.1 Overview

- 7.1.1 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the Council, such as land, buildings, and major items of plant and equipment or vehicles as well as the contribution or payments of grants to others to be used to fund capital expenditure. Capital assets shape the way services are delivered for the long term and may create financial commitments for the future in the form of financing costs and revenue running costs. Capital schemes are subject to a de minimus level of £10,000.

7.1.2 The Government places certain controls on the financing capacity of the Council. Capital expenditure should reflect the priorities of the Corporate Plan and should be carefully prioritised in order to maximise the benefit of scarce resources.

7.1.3 Periodically the Strategic Director of Commercial Development, Asset and Leisure produces a Property Strategy which is approved by Cabinet, and Council if relevant, and considers all matters relating to the acquisition, alteration and disposal of property based assets. The Asset Management Team reviews both individual properties and wider issues affecting property assets and advises Cabinet of suggested changes as necessary.

7.1.4 Senior Leadership Team (SLT) monitors the Capital Plan, considers all new applications for Capital schemes with a value of £10,000 or more for recommendation to Cabinet

7.2 Procedure rules

7.2.1 the Property Strategy identifies the key property assets, their use, value and condition. This strategy is used as part of the process to determine the priorities when determining the capital programme;

7.2.2 a f three year Capital Plan is prepared and approved by Council. Potential schemes are submitted to SLT and are supported by a Capital Application.. , These schemes are considered for inclusion in the plan, also how the Plan can be funded and other elements such as risk and compliance with the Prudential Code.

7.2.3 Once adopted the three year Capital Plan is formally monitored by SLT, Finance & Performance Scrutiny and by Cabinet at the end of each quarter. ~~4 he current plan would then become 'year one' of the new plan. ?~~

7.2.4 New schemes can only be added outside of this procedure where they are in substitution of existing schemes or have a separate source of funding so that the actual total level of the Plan would not increase.

7.2.5 all schemes of £10,000 or greater require a Capital Application agreed by SLT plus all contracts must adhere to the Contract Procedure Rules. The S.151 Officer makes recommendations to Cabinet as to whether funding should be released to a scheme included in the Capital Plan.

7.2.6 after the end of the financial year a report detailing the total amount of capital expenditure incurred during the year is submitted to Cabinet by the Section 151 Officer.

7.2.7 prior to the closure of the Council's accounts a report detailing the proposed method of funding the capital expenditure incurred is submitted to Cabinet by the Section 151 Officer as required by the Local Government & Housing Act 1989.

- 7.2.8 the Capital Plan will be reviewed as set out in 7.2.3 above. This review will be carried out by the SLT and submitted to Cabinet.

8 CONTRACTS AND CAPITAL MONITORING

8.1 Overview

- 8.1.1 It is essential that all contractual commitments fully comply with the Council's Contract Procedure Rules. The Contract Procedure Rules included in the Constitution apply to both revenue contracts and capital unless otherwise stated.

8.2 Procedure rules

- 8.2.1 No tender must be accepted unless it complies with the Council's Contract Procedure Rules and falls within the budget for that expenditure.
- 8.2.2 Where expenditure on a scheme is spread out over more than one year, a tender may only be accepted if resources have been earmarked in all years concerned.
- 8.2.3 Directors and Heads of Service must identify and report any projected over-spend or under-spend on any Capital scheme as soon as it is identified, in accordance with the procedures set out in Appendix 4. Where the cost of a scheme increases in stages it must be reported at each stage to SLT in the first instance with reference made to all previous increases.
- 8.2.4 Any variation in a contract (Contract Procedure Rule 19) should be in writing and authorised by an approved signatory and show the estimated variation in costs.
- 8.2.5 All payments for major construction contracts are made on a certificate signed by the appropriate Director, Head of Service or other authorised person. The certificate should be dated and should contain the total contract sum together with the estimated value of works to date and any retentions/ liquidated damages withheld.
- 8.2.6 Where Council contracts are supervised and managed by persons other than Officers of the Council, the agreement with that person must stipulate that they should provide to the Council, for inspection by its Officers, all relevant vouchers and documents.
- 8.2.7 Claims from contractors in respect of matters not clearly within the terms of any existing contracts should be referred to the Monitoring Officer.

9 PREVENTING FINANCIAL IRREGULARITIES

9.1 Overview

- 9.1.1 The Council will not tolerate fraud and corruption in the administration of its responsibilities whether from inside or outside the Council.

- 9.1.2 The Council's expectation is that Members and staff at all levels will lead by example in ensuring adherence to legal and financial requirements, rules, procedures and practices.
- 9.1.3 The Council also expects that organisations with which it has dealings, and persons or organisations working or otherwise employed on its behalf, will act towards the Council in a fair and honest manner.
- 9.1.4 Detailed guidance on reporting fraud and irregularities is available within the Council's Anti Fraud and Anti Corruption and Whistleblowing Policies (available on the Intranet).

9.2 Procedures rules

- 9.2.1 the culture of the Council is one of honesty and opposition to fraud and corruption;
- 9.2.2 all Members and Officers of the Council must act with integrity and lead by example;
- 9.2.3 all individuals and organisations associated in any way with the Council will act with integrity;
- 9.2.4 directors and other senior officers are required to deal swiftly and firmly with those who defraud the Council or who are corrupt
- 9.2.5 Internal Audit must be informed at the commencement of any investigation; and
- 9.2.6 both Internal and External Audit regularly review the corporate governance of the Council and will draw matters to the attention of the Head of Paid Service, the Section 151 Officer or the Monitoring Officer as appropriate.

10. INVENTORIES AND SECURITY OF ASSETS

10.1 Overview

- 10.1.1 It is important that assets are safeguarded and used efficiently in the delivery of services, and that there should be arrangements for the security of both assets and information required for service operations. An up to date asset register is a prerequisite for proper fixed asset accounting and sound asset management.
- 10.1.2 No purchase of land or buildings must be made without a prior valuation report from the District Valuer, or a qualified valuer appointed by the Council for the purpose.
- 10.1.3 The Head of Finance should maintain a land and property database for all land owned by the Council.
- 10.1.4 An up-to-date inventory of all ICS items and those with a value of £10,000 or more and an estimated life in excess of 12 months should be maintained for the Council, in accordance with guidelines issued by the Section 151 Officer. The inventory will record, where relevant, the following:
 - (a) description of item;
 - (b) value of each item;

- (c) date of purchase;
 - (d) ICS reference number
 - (e) make and model;
 - (f) serial number; and
 - (g) location of the item.
- 10.1.5 A periodic physical inventory check must be undertaken, at least every five years, and any discrepancies identified and reported to the Section 151 Officer. In respect of stores, procedures should be in place to ensure continuous stock takes and the level of stock should be maintained at reasonable levels.
- 10.1.6 All ICS assets over should, as far as practicable, be effectively marked as Council property.
- 10.1.7 Authorisation from the Section 151 Officer must be obtained for appropriate adjustment to the inventory and of stock records in the event of a loss being incurred.
- 10.1.8 Computer equipment loaned to Members and Officers (e.g. laptop computers) must be separately recorded by the Head of Information & Communication Services and an appropriate procedure established to ensure the return of these items. Other Directorates that loan equipment to Members and Officers must separately record these and establish a procedure to ensure the return of these items.
- 10.1.9 Maximum limits of cash as specified by the Council's insurers to be held at any one time must not be exceeded (advice on insurance limits may be obtained from the Council's insurers through the Insurance Officer).
- 10.1.10 Keys to safes and similar receptacles used for the safekeeping of cash must be kept on the person of the responsible Officer as far as possible or kept in a secure place. The loss of any such keys must be reported immediately to the Section 151 Officer who will be responsible for ensuring that appropriate action is taken.
- 10.1.11 Secure arrangements must be made for the preparation and holding of pre-printed cheques, stock certificates, bonds and other financial documents
- 10.1.12 Whenever unauthorised entry, burglary or criminal damage to any Council-owned property occurs the matter must be reported immediately to the police and the Section 151 Officer for referral to the Insurance Officer.

10.2 Procedures rules

- 10.2.1 directors and their Heads of Service must ensure that their budget is sufficient for maintaining security of fixed and moveable assets;
- 10.2.2 assets must only be used for Council purposes, monitored and properly accounted for;
- 10.2.3 all assets must be secured and available for use as and when required; and

- 10.2.4 assets no longer required must be disposed of to ensure that the Council maximises any benefits arising from their disposal.
- 10.2.5 all safes should be properly insured via the Insurance Officer

11 DISPOSAL OF ASSETS

- 11.0.1 Obsolete, non-repairable or unnecessary assets should be disposed of in the most cost-effective way for the Council, at the most appropriate time when it is in the best interests of the Council and at the best price obtainable.
- 11.0.2 All land or buildings should normally be offered on the open market in accordance with the Land and Property Disposal Policy Strategy, unless there are exceptions to this general principle as covered by that policy.
- 11.0.3 For less significant assets, or where the procedures in 11.0.2 are unsuccessful, the item may be advertised internally for disposal to staff by the invitation of written offers, the highest offer to be accepted.
- 11.0.4 Where assets have to be written off and disposed of the write off should be approved in accordance with the following:
- for items valued up to £20,000 Head of Service in consultation with Section 151 Officer
 - for items valued over £20,000 Cabinet
- 11.0.5 Approval levels for disposal of land and property are as set out in section 2.6 of the Financial Regulations.
- 11.0.6 The Council's Internal Audit Section, Accountancy Section and Insurance Officer should be informed of all disposals of assets.

12 STOCKS AND STORES

12.1. Overview

- 12.1.1 Directors and Heads of Service must be responsible for the proper custody of stocks and stores held and must see that all stocks and stores under their supervision are subject to an effective system of stock recording and control and stocktaking.

12.2 Procedure rules

- 12.2.1 Stocks in excess of reasonable requirements must not be kept other than in exceptional circumstances.
- 12.2.2 Obsolete stock with a value of less than £20,000 should be disposed of after consultation with the Section 151 Officer (obsolete stock with a value greater than £20,000 should be disposed of in accordance with Section 11).
- 12.2.3 All practicable steps must be taken to ensure that a delivery note submitted by the supplier or by the person delivering is obtained at the time of delivery. All goods delivered must be checked to verify that the correct quantity has been received.

- 12.2.4 All goods must be checked as regards quality and with the specification as soon as practicable after delivery.
- 12.2.5 No article or goods should be issued from any store unless the person receiving the goods produces a stores requisition note, properly certified.
- 12.2.6 The responsible Head of Service must make arrangements for a system of rolling stock-takes to be carried out so that the stock of all articles is confirmed at least once in each financial year. Stock-takes should be undertaken, where feasible, by an Officer not responsible for the stores and a certificate of stock must be issued to the Section 151 Officer as at 31st March in all financial years.
- 12.2.7 The Section 151 Officer must be entitled to check stores, if necessary requiring closure of the stores after consultation and agreement with the service manager, and be supplied with such information as required in relation to stores for the accounting, costing and financial records of the Council.

13 PETTY CASH ACCOUNTS

13.1 Overview

13.1.1 The Section 151 Officer issues advances to individual officers as deemed appropriate to cover authorised expenses of the Council. Such advances should be maintained on an imprest basis. An imprest system operates where the total of cash plus vouchers for items already refunded coming back to the value of the float.

13.1.2 The petty cash account should only be used for miscellaneous or minor purchases under £20 where it is impractical to arrange for payment through the normal creditors process.

13.2 Procedure rules

13.2.1 A request should be made in writing via the Section 151 Officer in order to open/close or increase the amount of a petty cash account/imprest account.

13.2.2 Adequate security arrangements with regard to any cash balances held should be exercised at all times in accordance with requirements of the Council's Insurers. Stamps (including any franking machine) and similar stocks must be properly controlled.

13.2.3 Each petty cash holder annually, and at other times when requested, must provide a certificate to the Section 151 Officer of the amount held and a reconciliation covering all expenditure incurred.

13.2.4 On leaving the Council's employment or otherwise ceasing to be responsible for a petty cash or imprest float, each Officer must account to the Section 151 Officer for the amount advanced. It is the responsibility of the relevant Officer's Head of Service to ensure that this happens.

13.2.5 Payments should be limited to minor items of expenditure not exceeding £20 unless approval is given by the Section 151 Officer for exceptional payments in excess of this figure.

13.2.6 Receipts for all disbursements must be obtained, and the petty cash holder must obtain a signature for all reimbursements. Where appropriate an official VAT invoice must be obtained in the name of the Council for all purchases, and care taken to isolate the VAT element in any payment made from the imprest account.

13.2.7 Financial Services must maintain a list of officers in all departments who are authorised to hold imprest accounts

- 13.2.8 The imprest holder is responsible for the control and operation of the imprest account in accordance with any instructions issued by the Section 151 Officer. All non-computerised records relating to imprest accounts should be maintained in ink. Expenditure which should form part of the payroll e.g. car allowances, must not be processed through imprest accounts. Guidance on the operation of imprest/advance accounts will be specified by the Section 151 Officer.
- 13.2.9 No income other than the original advance and reimbursement must be credited to an imprest account.
- 13.2.10 Imprest Accounts must not be used under any circumstances for personal cheques to be cashed or personal loans to be made
- 13.2.11 Failure to adhere to these guidelines will result in withdrawal of the facility and disciplinary action.

14 TRUST FUNDS

14.1 Overview

- 14.1.1 A "trust fund" is any fund where the income and expenditure does not form part of the Council's accounts, but which is controlled wholly or in part by an Officer by reason of employment by the Council.

14.2 Procedure rules

- 14.2.1 A listing of all trust funds should be maintained by the Section 151 Officer who will issue and update accounting instructions for their operation.
- 14.2.2 All trust funds must be properly accounted for in accordance with the regulations laid down by the Charity Commission.

15 INFORMATION SYSTEMS

15.1 Overview

- 15.1.1 The Council is responsible for many computer systems and items, which support electronic exchange of information. It is important that relevant Acts of Parliament are complied with, such as the Data Protection Act 1998, and that all financial systems contain the necessary internal control mechanisms to protect the Council's assets and confidential information, relating to both the Council and third parties.

15.2 Procedure rules

- 15.2.1 The development and implementation of all major IT systems should conform to the Council's overall ICT Strategy.

- 15.2.2 Officers should ensure that they comply with the Council's IT Security Policy, and all Officers of the Council should ensure they comply with the Data Protection Act 1998 and the Freedom of Information Act 2000.
- 15.2.3 Officers should ensure that they comply with the Council's Codes of Practice with regard to the use of computer equipment and access and use of the Internet, e-mail facility etc.
- 15.2.4 Officers should ensure that they confidentially maintain all passwords issued to them and only access systems for which they have been given specific authority.
- 15.2.5 All purchases of computer hardware/software, except consumables, should be requested via the Head of Customer Experience in accordance with defined budgetary procedures.

16 RISK MANAGEMENT

16.1 Overview

- 16.1.1 Risk is defined as the chance or possibility of loss, damage or injury caused by an unwanted or uncertain action or event. Risk Management is the planned and systematic approach to the identification, evaluation and control of risk.
- 16.1.2 It is the overall responsibility of the Council, to adopt and approve a Risk Management policy and to promote a culture of risk management awareness.

16.2 Procedure rules

- 16.2.1 Procedures are in place to identify, assess, prevent or contain material known risks and these procedures are promoted throughout the organisation.
- 16.2.2 Acceptable levels of risk are determined and insured against where appropriate.
- 16.2.3 Managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives.
- 16.2.4 Provision is made for losses that might result from the risks that remain.
- 16.2.5 A full risk management review must be carried out at least every five years and a monitoring process must be in place to regularly review the effectiveness of risk management. Insurable assets should be revalued by a qualified Valuer, every five years to ensure that the insurance cover is satisfactory.

17 INSURANCE

17.1 Overview

17.1.1 Insurance has been the traditional means of protecting against loss and many areas of insurance are a statutory duty but this cannot be seen as the complete answer. By applying Risk Management techniques to reduce the incidence of losses (whether they result from crime or accident) the Council should benefit from reduced costs of providing insurance cover.

17.2 Procedure rules

17.2.1 The Insurance Officer must arrange all insurance cover and negotiate all claims in consultation with Heads of Service where necessary, this should include carrying out an annual review of insurance cover to ensure that it is appropriate and proportionate to risk and asset values.

17.2.2 Head of Service must notify the Insurance Officer promptly in writing of all risks, including additions to or disposals of vehicles, plant and property and any variations in risk or cover.

17.2.3 Heads of Service must immediately inform the Insurance Officer of any loss, liability, damage, or event which could potentially result in a claim against the Council or its insurers. The relevant Head of Service must refer potential cases of criminal damage to the Head of Paid Service and the Police.

17.2.4 Procedures are in place to investigate claims within required timescales.

17.2.5 All appropriate employees must be included in a suitable fidelity guarantee insurance policy.

18 TREASURY MANAGEMENT

18.1 Overview

18.1.1 The Council's Treasury Management Strategy Statement, Annual Investment Strategy and Minimum Revenue Provision Strategy set out the principles and processes that provide assurances that the Council's money is properly managed in a way which balances risk with return, but with the overriding consideration being given to the security of the Council's capital sum.

18.2 Procedure rules

- 18.2.1 Day to day Treasury Management will be controlled and operated as set out in the Council's Treasury Management Practices. This document is the responsibility of the S.151 Officer.
- 18.2.2 All policies and procedures on borrowing, investment or financing (including leasing) are the responsibility of the Section 151 Officer who must act in accordance with the relevant Codes and Policies. All leasing contracts require the prior approval of the Section 151 Officer.
- 18.2.3 All borrowing, lending or investment must be made in the name of the Council unless specific approval has been given by the Cabinet (e.g. for the use of external fund managers).
- 18.2.4 The Council's borrowings and investments comply with the Council's Treasury Management Strategy Statement, Annual Investment Strategy and Minimum Revenue Provision Strategy.

18.3 Prudential Guidelines

- 18.3.1 The Section 151 Officer will be responsible for producing and presenting to members the Prudential Indicators required by the Local Government Act 2003.
- 18.3.2 Prudential Indicators will be presented to Members at the time that the Council's Treasury Management Strategy Statement, Annual Investment Strategy and Minimum Revenue Provision Strategy is approved for the following year.
- 18.3.3 The Prudential Indicators will be monitored during the year and material changes reported back to Members as part of the mid-year review.
- 18.3.4 Monitoring frequencies will be decided by the Section 151 Officer to reflect the likely impact of the prudential indicators on the Council's financial position.

18.4 Control Environment for Prudential Code

- 18.4.1 The Prudential Code requires that a framework be embedded in the Council procedures with regard to capital expenditure.
- 18.4.2 The framework has been approved to ensure that affordability and prudence is fundamental to the capital investment plans of the Council

- 18.4.3 The following must be considered before committing capital expenditure:
- (a) affordability, e.g. implications for Council Tax or housing rents
 - (b) prudence and sustainability, e.g. implications for external borrowing
 - (c) value for money, e.g. asset management planning
 - (d) service objectives.
- 18.4.4 The above are brought into consideration by the process for approval of capital investment as set out in 7.2.

19 PAYMENTS TO EMPLOYEES

19.1 Overview

- 19.1.1 Staff costs are the largest item of expenditure for the Council. It is therefore important that there should be effective controls in place to ensure that payments are made only where they are due for services to the Council and that payments accord with individual conditions of service.

19.2 Procedure rules

- 19.2.1 proper authorisation procedures and adherence to corporate timetables for starters, leavers, variations and enhancements must be complied with;
- 19.2.2 frequent reconciliation of salary, wages and other payroll expenditure must be undertaken against approved budgets;
- 19.2.3 all requests for payment should only be made on documentation prescribed by the Section 151 Officer;
- 19.2.4 all remuneration paid to any employees must be paid through the Council's payroll system;
- 19.2.5 all absences from duty due to sickness or other reasons must be properly recorded in a format approved by the Head of Strategic Support and the Section 151 Officer;
- 19.2.6 information necessary to maintain records of service for pension funds must be properly recorded in an approved format;
- 19.2.7 all timesheets or other pay documents must be signed or electronically signed by the employee and authorised by an approved member of staff confirming the entries to be accurate;
- 19.2.8 an up-to-date list of Officers authorised to certify salary documents must be provided to the Section 151 Officer and any additions/deletions reported on a timely basis;
- 19.2.9 all appropriate payroll documents must be retained and stored for the defined period in accordance with the "Guidance for the destruction of documents" (Appendix 2).

20 ORDERING AND PAYING FOR WORK, GOODS & SERVICES

20.1. Overview

20.1.1 Public money should be spent with demonstrable probity and in accordance with the Council's policies. The Council's procedures should help to ensure that services can receive value for money in their purchasing arrangements. These procedures should be read in conjunction with the Council's Contract Procedure Rules.

20.1.2 Every Officer and Member of the Council must comply with the Officer and Member Codes of Conduct. In addition, every Officer and Member has a responsibility to declare any links or personal interest which they may have with purchasers, suppliers or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council.

20.2 Procedure rules

20.2.1 all purchases of goods and services must comply with the Council's Contract Procedure Rules

20.2.2 an up to date list of officers authorised to certify both orders and payment documents must be provided to the Section 151 Officer and any additions/deletions reported on a timely basis

20.2.3 all goods and services must only be ordered by appropriate persons

20.2.4 all goods and services must be ordered in accordance with the procedure prescribed by the Section 151 Officer

20.2.5 official orders must be issued for all work, goods or services to be supplied to the Council, except for supplies of utilities, periodic payments such as rent, petty cash purchases, internet transactions or other exceptions approved by the Section 151 Officer

20.2.6 officers must ensure that the suppliers' standard terms and conditions of sale are reasonable before placing orders and any unusual or potentially onerous conditions must be cleared with the Contract Compliance Officer before an order is placed

20.2.7 goods and services when received must be checked to ensure they are in accordance with the order and confirmation, by creating a Goods Received Notification (GRN) on Agresso, notified to the Central Purchasing Team

20.2.8 all payments must be made to the correct person/persons, for the correct amount and must be properly recorded regardless of the payment method

20.2.9 no payment must be made to any organisation in advance of goods or services being rendered to the Council except in instances of contractual obligations, subscriptions, internet transactions, certain Court costs, membership fees and training courses. Formal consent of the Section 151 Officer must be obtained in all other instances

- 20.2.10 all appropriate payment documents must be retained and stored for at least the defined period in accordance with the "Guidelines on the Destruction of Records" as set out in Appendix 2
- 20.2.11 officers certifying accounts for payment should ensure they are dealt with promptly, ensuring that any discounts available can be obtained and that any performance indicator for payment timescales is met
- 20.2.12 official orders should not be issued unless the full cost is covered by approved budgetary allocation;
- 20.2.13 all expenditure must be accurately recorded against the correct budget and any VAT coded to the correct accounts;
- 20.2.14 official orders must be via the Council's Procurement System which is approved by the Section 151 Officer;
- 20.2.15 apart from petty cash and other payments from imprest/advance accounts, the method of payment should be by BACS drawn on the Council's bank account for all goods and services purchased by the Council unless exceptional circumstances prevent this;
- 20.2.16 the Council holds HSBC Visa cards ('Corporate Credit Cards') which are available in certain circumstances to settle accounts where payment by credit card is necessary. The annual card fee is £35 per visa card and this will be charged to the service holding the card.
- 20.2.17 corporate credit cards may be used to pay for goods in advance of purchase where deemed appropriate by the s151 Officer. Cards should not be used for travel expenses as these should be reclaimed through the Trent Payroll expenses system.
- 20.2.18 all credit card applications must be authorised by the relevant Head of Service and should include a monthly expenditure limit and identify categories of anticipated expenditure. All other categories will be blocked. S151 officer approval will be required for categories or limits which do not directly relate to the Service.
- 20.2.19 corporate credit cards should not be used for items of personal expenditure or for an item of supply where it is reasonable or normal to expect the supplier to invoice the Council for payment after delivery of the goods or service.
- 20.2.20 where it is necessary to use the card for other items of expenditure for which a purchase order would normally be raised, this will need to be agreed in advance by the s151 officer.
- 20.2.21 corporate credit card users must sign up to the electronic system, review their transactions monthly and send the required paperwork and receipts for audit purposes to the Systems and Information Officer in accountancy within one month of the statement date.
- 20.2.22 where bookings are made via the internet a screen shot should be taken.

- 20.2.23 as with all purchases, where relevant, a VAT receipt should be obtained for credit card expenditure. Any expenditure for which a valid VAT receipt is not available will be charged to the Service at the gross amount.
- 20.2.24 where a corporate credit card transaction needs to be disputed this must be notified to HSBC in writing within 5 working days of the statement date with a copy sent to the Head of Finance.
- 20.2.25 abuse of these procedures will result in the credit card being suspended and possibly cancelled – this decision will be made by s151 officer and will be final.
- 20.2.26 the use of direct debits or standing orders to pay for goods and services by the Council requires the prior written approval of the Section 151 Officer;
- 20.2.27 official orders must not be raised for any personal or private purchases, nor should personal or private use be made of Council contracts; and
- 20.2.28 any purchase of IT software or hardware requires the approval of the Information & Communication Service.

21 CLAIMS FOR EXPENSES AND ALLOWANCES

21.1 Overview

- 21.1.2 Officers may incur certain expenses in the course of their Council duties and these should be incurred in the most cost effective way. Officers should agree any large or unusual expenses with their line manager before they are incurred.

21.2 Procedure rules

- 21.2.1 All employees submitting claims for expenses should ensure that the claim is in respect of necessary and appropriate expenditure, which has been wholly incurred on Council business.
- 21.2.2 Certification means that the certifying Officer is satisfied those journeys/expenses were wholly, properly and necessarily incurred and that the amounts or allowances are properly payable by the Council.
- 21.2.3 All claims for expenses are to be paid through the Council's Payroll system, other than the most minor.
- 21.2.4 Claims are normally to be made monthly on the approved Payroll system form clearly detailing the expenditure incurred, supported by receipts, including VAT information where appropriate. The claim must be authorised by the appropriate authorising Officer and submitted to the Finance Section by the 15th day of the succeeding month. This procedure may be performed manually if the officer does not have access to the Council's Payroll system.
- 21.2.5 All claims for a financial year are to be submitted within three months of 31st March.

- 21.2.6 Claims submitted more than six months after the expenses were incurred will not be paid.

22 INCOME COLLECTION

22.1 Overview

- 22.1.1 Effective utilisation of income collection systems is essential to ensure that all of the income due to the Council is fully identified, collected, receipted and banked properly. It is preferable, whenever practicable, to obtain income in advance of supplying goods or services as this improves the Council's cash flow and also avoids the time and cost of administering debts.

22.2 Procedure rules

- 22.2.1 legal liability for payment of money to the Council is clearly established before the Council commits itself to provide any goods or services to that person or organisation;
- 22.2.2 all charges levied by the Council are in accordance with all governing legislation and are generally set at a level that recovers both direct and administrative costs;
- 22.2.3 all income due to the Council must be identified and charged for correctly through the Council's primary income systems (e.g. Unit4) this should include on-line payments and credit and debit card payments unless specifically authorised otherwise by the Section 151 Officer;
- 22.2.4 all income must be collected from the correct person at the right time using current procedures and approved stationery;
- 22.2.5 all money received by an employee on behalf of the Council must be paid intact without delay into the Council's bank account;
- 22.2.6 on receipt of income, Council Officers must issue an official receipt;
- 22.2.7 the maximum amount of income that may be received as cash will be £2,000, except with the express permission of the s151 officer.
- 22.2.8 effective action must be taken to pursue non-payment of debt within defined timescales;
- 22.2.9 formal approval for write-off of any debt must be obtained (see Appendix 1);
- 22.2.10 appropriate accounting adjustments are made following write off action;
- 22.2.11 the appropriate income documents must be retained for the defined period in accordance with "Guidelines on the Destruction of Records" (Appendix 2);
- 22.2.12 all receipt forms, books, tickets etc. should be in a form approved by the Section 151 Officer;
- 22.2.13 all manual receipts issued must be signed by the Officer receiving the money on behalf of the Council;

- 22.2.14 personal cheques or electronic transactions may not be cashed out of money held on behalf of the Council;
- 22.2.15 every transfer of official monies from one Officer to another must be evidenced in the records by the signature of the receiving Officer;
- 22.2.16 scales of charges for goods/services provided by the Council must be reviewed at least once each year and approved by the Cabinet, unless delegated authority is in place.
- 22.2.17 all means of income collection of Council debts, must have the prior approval of the Section 151 Officer.

23 BANKING ARRANGEMENTS AND CHEQUES

23.1 Overview

- 23.1.1 The Council operates a number of bank accounts for the collection and payment of monies. Receipts and payments are made through these accounts by both manual (cash, cheques) and electronic (BACS, CHAPS) means. Most payments/receipts should come through the Council's centrally held main accounts; only in exceptional circumstances will separate accounts with cheque books/paying in facilities be authorised by the Section 151 Officer.

23.2 Procedure rules

- 23.2.1 All arrangements with the Council's bankers concerning the Council's bank accounts will be made through the Section 151 Officer. The Section 151 Officer is authorised to open bank accounts relating to the Council's business in conjunction with one of the Chief Executive, Head of Finance Services or Head of Customer Experience .
- 23.2.2 All bank accounts must bear an official title and in no circumstances must an account be opened in the name of an individual. All stocks of cheques must be held securely and stock records maintained to identify both issued and spoilt cheques.
- 23.2.3 Bank accounts must be reconciled with income and expenditure records at least once in each month and any discrepancies identified and appropriate action undertaken immediately.
- 23.2.4 All cheques and BACS with a value exceeding £50,000 require a manual counter-signature by an approved signatory. Approved signatory lists are held in the payments section.

24 TAXATION

24.1 Overview

24.1.1 The Council is responsible for ensuring all tax affairs are in order. Tax issues are often complex and the penalties for incorrectly accounting for tax can be severe. It is therefore important for Officers to contact Financial Services should they have any tax queries or believe there may be potential tax issues.

24.2 Procedure rules

- 24.2.1 budget Officers must be provided with the relevant information and must be kept up to date on tax issues;
- 24.2.2 they must be instructed on required procedures for record keeping;
- 24.2.3 all taxable transactions must be identified, properly carried out and accounted for within stipulated timescales;
- 24.2.4 all records must be maintained in accordance with instructions;
- 24.2.5 all returns must be made to the appropriate authorities within the stipulated timescales;
- 24.2.6 an Officer must be nominated by the Section 151 Officer to take responsibility for taxation issues and liaison with agencies such as the HM Revenue and Customs.

25 RENT ADJUSTMENTS

25.1 Overview

25.1.1 The collection of the maximum amount of housing income from rents is essential to provide funding for services to tenants. In certain circumstances, usually at the start and end of a tenancy period, adjustments to the rent account may be appropriate.

25.2 Procedure rules

25.2.1 The following procedures should be followed in all cases:

25.2.2 The reason for the adjustment must be documented

25.2.3 Normally these adjustments should be no more than two weeks gross rent.

25.2.4 Authority to determine whether a circumstance qualifies for a rent adjustment rests with the Head of Housing or a delegated deputy.

25.2.5 The value of the adjustment will be charged to a specific expenditure budget within the Housing Revenue Account (HRA).

25.2.6 Authorisation for write-offs rests with the Head of Housing , or a delegated deputy

25.2.7 The approval parameters for these adjustments are set out below:

- (a) Through no fault of the outgoing tenant, their ability to surrender the keys has been affected by the Council's tenancy agreement.
- (b) Through no fault of the ingoing tenant, their ability to occupy the property has been significantly affected by the Council's tenancy agreement.
- (c) Through no fault of the tenant, their ability to occupy and enjoy their tenancy is very significantly affected by the Council's tenancy agreement. This would normally only apply when major repairs and/or improvement works were been undertaken by the Council or its agents.

11 January 2017

WRITE OFF PROCEDURES FOR BAD DEBTS

- 1.1 It is essential that the Council bills and collects all income that is due to it and that only following appropriate and cost effective recovery action should writing off be considered.
- 1.2 Where write off is considered appropriate for debts the following procedures and limits should be adhered to; once the detailed tracing procedure set out in the following section has been followed:
 - 1.2.1 in all cases of write off the reason must be documented;
 - 1.2.2 it must also be made clear what recovery action has been followed and why it is not now considered cost effective to pursue further recovery action;
 - 1.2.3 the authorisation limits and approval required for writing off of debt are as set out below;
 - 1.2.4 debts written off will be charged to the originating Service,
 - 1.2.5 a note on bad and doubtful debt provisions will be included in the Annual Statement of Accounts.
- 1.3 Authorisation levels for write-off of bad debts are:
 - For debts up to £1,000 (CT/NNDR) Head of Finance Customer Experience
 - For debts up to £20,000 Section 151 Officer
 - For debts over £20,000 Cabinet
- 1.4 The Section 151 Officer may seek the approval of Cabinet for the writing off of any particular debt where the circumstances so justify this action.
- 1.5 The above procedures apply to all forms of income receivable by the Council.

GUIDANCE ON THE DESTRUCTION OF DOCUMENTS

Record	Minimum Period of Retention
RATES AND COUNCIL TAX Valuation Lists Valuation Officers Directions Primary Council Tax and Rate Records Supporting Documents to above	All documentation is recorded and archived on Document Management System and kept indefinitely
HOUSING RENTAL RECORDS Housing Property File/Ledger Housing Primary Collection Records Other Subsidiary Records	3 years 6 years 12 months from completion of audit of year's accounts.
GENERAL INCOME Primary Debtors Records Supporting Documentation to above Income Returns from Departments Completed Receipt Books Cash Register Rolls Housing Act Mortgages Public Health Acts, etc.	6 years held electronically 3 years after conclusion of financial year of the transaction that the record supports, or held electronically for at least 3 years 6 years 6 years – by Department 6 years Basic Information to be retained 12 months)after final repayment made
BENEFITS RECORDS All Benefits Records (including Council Tax Benefit, Rent Allowances and Rent Rebates)	Permanent
EXPENDITURE RECORDS Register of Tenders Received Contract Documents (under seal) Contract Documents (not under seal) Unsuccessful Quotations/Tenders Contracts Register Requisitions Copies of Official Orders	Indefinitely 7 years from contract expiry 7years from contract expiry 12 months from completion of audit of year's accounts Indefinitely on CBC web site 3 years electronically 6 years electronically

<p>EXPENDITURE RECORDS CONTINUED</p> <p>Delivery Notes</p> <p>Periodical Payments Register Paid Accounts Paid Cheques</p> <p>Inter fund transfer (cash or equivalent)</p> <p>Annual Closedown Records and supporting information Annual Budget working papers</p> <p>Petty Cash Vouchers</p> <p>Members' Allowances Register</p>	<p>6 months from completion of audit of year's account</p> <p>2 years after final payment made 6 years electronically Retained by bank as an image</p> <p>3 years after conclusion of financial year of the transaction that the record)supports</p> <p>4 years</p> <p>3 years</p> <p>5 years after conclusion of financial year of the transaction that the record supports</p> <p>Indefinitely</p>
<p>PAYROLL RECORDS</p> <p><u>Prime Data</u> Time Sheets, where relevant Car Allowance Claims Other Staff Returns</p> <p><u>Other Data</u> Payroll End of Year P 35</p>	<p>3 years + current year for paper supporting records and 6 years plus electronically</p> <p>6 years + current year 6 years + current year</p>
<p>Pensionable Remuneration records</p>	<p>10 years</p>
<p>Inland Revenue Forms</p>	<p>6 years + current year</p>
<p>OTHER ACCOUNTING RECORDS</p> <p>General</p> <p>Bank Statements - Paper Receivership Records Cashiers Collection Memo - electronic Cashiers Petty Cash Account</p> <p>Returned Cheques Register Cheques Control Register Controlled Stationery Registers</p>	<p>3 Years 12 years 3 years 12 months from completion of the audit of the years account *</p> <p>6 years - electronic 6 years 12 months from completion of the audit of the years account</p>

Investments Register of Investments Confirmation of investments	Indefinitely - electronic 6 years
Loans Register of Bonds/Mortgages Copy Bond Certificates Loans Register	Indefinitely 6 years after redemption Indefinitely
Insurances Register of Insurance Claims Insurance Policies Employers Liability	Indefinitely – claim data now stored electronically on QLAS system 7 years after terms of policy have expired 40 years

SCHEME OF BUDGETARY VIREMENT

- 1.1 For control purposes the Council's scheme of budgetary virement covers both capital and revenue expenditure as set out in the table below.
- 1.2 All possible action should be taken by budget holders not to exceed their budget allocations. Virements cannot be done between General Fund and HRA.
- 1.3 Where this is not possible, the Budget Officer should Email their Accountancy Officer to arrange a budget transfer. Virements between the same transferring/receiving cost centre and subjective codes in any financial year will be treated as cumulative for the purposes of the limits below. (With the exception of the Managed Vacancy Savings/(Agency and Salary budget transfers)

Virements Approval Limits for Controllable Budgets	Cabinet	Section 151 Officer	Director	Head of Service	Budget Officer
REVENUE BUDGETS					
WITHIN INDIVIDUAL COST CENTRES					
Up to £50K				X	X
Over £50K up to £150K			X		
Over £150K	X	X			
BETWEEN Head of Service in the same Directorate					
Up to £50K				X	
Over £50K up to £150K			X		
Over £150K	X	X			
BETWEEN DIRECTORATES					
Up to £50k				X	
Over £50K up to £150K			X		
Over £150K	X	X			
CAPITAL BUDGETS					
BETWEEN CAPITAL PROJECTS					
Up to £50K	X	X			
Over £50K	X	X			

- 1.4 All virement e-mailed to the Accountancy section for actioning must clearly show the surrendering and receiving cost centres and subjective codes.
- 1.5 When completing a Delegated Decision, the Budget Officer should ensure that virement procedures rules are followed.

**PROCEDURE FOR REPORTING AND DEALING WITH CAPITAL SCHEME
OVER/UNDERSPENDS**

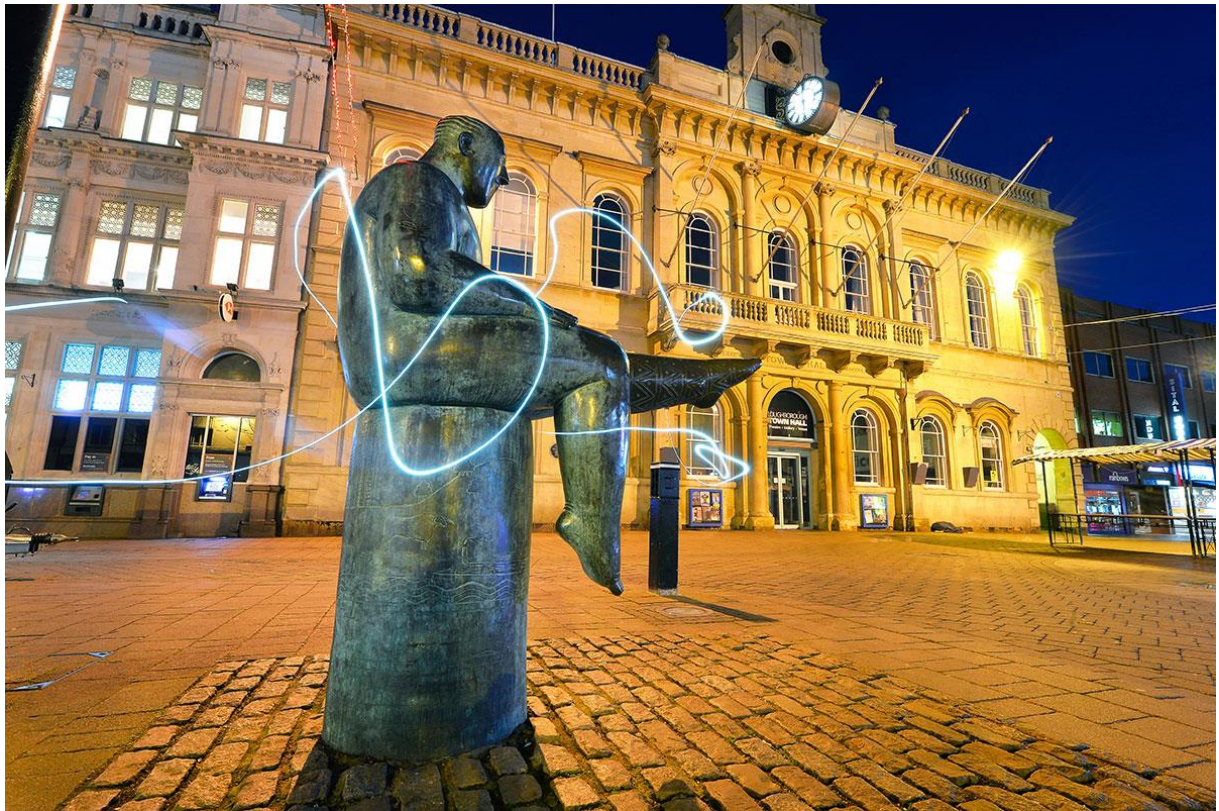
For the purposes of these procedures the following limits apply:

Approved Scheme Budget	Reporting Limit
Above £500,000	Lower of £40,000 or 5%
£50,001- £500,000	The greater of £10,000 or 5%
£50,000 or less	Higher of £2,500 or 10%

Formal reporting of under/overspends, based on the limits above should be a minimum of:

- 1) Projected overspends within the reporting limits - must be reported to the Senior Management Team (SMT) and the Section 151 Officer together with proposals for funding the overspend.
- 2) Schemes costing £50,000 or less where the projected overspend exceeds the reporting limit – the overspend must be reported to the Section 151 Officer and the SMT. The relevant Director should agree with the SMT funding from within other projects within their directorate, or through a revenue contribution. If this is not possible then the Section 151 Officer will report the matter to Cabinet.
- 3) Schemes costing over £50,000 where the projected overspend exceeds the reporting limit – the overspend must be reported to the Section 151 Officer who will then report the matter to Cabinet, with a recommendation as to how the overspend will be funded.
- 4) All scheme underspends will be added back to central capital resources unless agreed to be used as above to fund an overspend elsewhere.

FINANCIAL PROCEDURES - APPENDIX 5
CHARNWOOD BOROUGH COUNCIL ANTI-MONEY
LAUNDERING POLICY



This version: 2.0_October 2021

Contents

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2. What is Money Laundering?
3. What are the obligations on the Council?
4. Customer Due Diligence (Client Identification Procedure)
5. The Money Laundering Reporting Officer (MLRO)
6. Disclosure Procedure and Reporting Requirements
7. Risk Management and Internal Control
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1. Introduction

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017) came into force on 26 June 2017. In doing so, they replace the Money Laundering Regulations 2007 (MLR 2007) and the Transfer of Funds (Information on the Payer) Regulations 2007 which were previously in force. Whilst the majority of money laundering activity in the UK falls outside of the public sector, vigilance by employees of the Council can help identify those who are or may be perpetrating crimes relating to the financing of terrorism and money laundering. This policy, together with supporting guidance notes aims to support staff in identifying potential suspect transaction during the course of their work at Charnwood Borough Council. The policy provides a mechanism for such transactions to be reported to an appropriate officer for evaluation and potentially passed on to the relevant authorities.

2. What is Money Laundering?

Money laundering is the generic term used to describe the process by which criminals disguise the original ownership and control of the proceeds of criminal conduct by making such proceeds appear to have derived from a legitimate source. In other words, the process of changing 'bad' money into 'good' money in order to hide the fact that the money originated from criminal activity.

The following Primary Offences constitute the act of money laundering:

- concealing, disguising, converting, transferring criminal property or removing it from the UK (section 327 of the 2002 Act)
- entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (section 328)
- acquiring, using or possessing criminal property (section 329)

Secondary Offences. There are also two secondary offences: failure to disclose any of the primary offences and tipping off.

Failure to Disclose – A Council employee commits an offence if they know or have reasonable grounds to suspect that another person is engaged in money laundering and they do not make the required disclosure as soon as is practicable after the information comes to them.

Tipping Off – A Council employee commits an offence if they inform a person or people who are, or are suspected of being involved in money laundering, in such a way as to reduce the likelihood of it being investigated or prejudicing an investigation.

Whilst the risk to the Council of contravening the legislation is perceived as low, it is important that all employees are familiar with their legal responsibilities. Serious criminal sanctions may be imposed for breaches of the legislation. **The key requirement on employees is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer (MLRO).**

3. What are the obligations on the Council?

Whilst Local Authorities are not directly covered by the requirements of the Money Laundering Regulations 2017, guidance from finance and legal professions, including the Chartered Institute of Public Finance and Accounting (CIPFA), indicates that public service organisations should comply with the underlying spirit of the legislation and regulations and put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements. The Regulations apply to “relevant persons” acting in the course of business carried on by them in the UK. Not all of the Council’s business is ‘relevant’ for the purposes of the legislation; broadly it comprises accountancy and financial, company and property transactions. However, the safest way to ensure compliance with the law is to apply them to all areas of work undertaken by the Council; therefore, **all staff** are required to comply with the reporting procedure set out in this policy and the Anti-Money Laundering Staff Guidance. All staff will therefore be made aware of the policy and reporting requirements whilst specific staff, identified as potentially acting for the Council in undertaking relevant transactions, will be required to undertake appropriate training.

The obligations on the Council are to establish and maintain appropriate and risk sensitive policies and procedures. Organisations must:

- appoint a Money Laundering Reporting Officer (“MLRO”) to receive disclosures from employees of money laundering activity
- implement a procedure to enable the reporting of suspicions of money laundering (the Council staff should report directly to the named Money Laundering Reporting Officer as set out in Section 5, below)
- maintain client identification procedures in certain circumstances; for the Council this will principally relate to sales and acquisitions of property
- maintain record keeping procedures

The Council’s Financial Procedures (of which this Policy is an annexe) states that all Directors need to ensure that their employees are made aware of and comply with the Council’s Money Laundering Guidance.

4. Customer Due Diligence (Client Identification Procedure)

Standard Customer Due Diligence

The Customer Due Diligence Procedure must be followed before any business is undertaken for that 'client' (ie. person or organisation we're doing business with) where the Council is carrying out certain regulated business (accountancy, audit and tax services and legal services re financial, company or property transactions) and as part of this:

- (a) forms an ongoing business relationship with a client
- (b) undertakes a one off or occasional transaction amounting to €15,000 (approximately £13,000) or more (whether carried out as a single transaction or several linked ones)
- (c) suspects money laundering or terrorist financing

This means identifying the customer and verifying the customer's identity on the basis of information obtained from a reliable and independent source.

Enhanced Customer Due Diligence (and Ongoing Monitoring)

It will in certain circumstances be necessary to undertake what is known in the Regulations as Enhanced Customer Due Diligence. In summary, this will be necessary where:

- the customer has not been physically present for identification purposes
- in any other situation which by its nature can present a higher risk of money laundering or terrorist financing.

Where this applies, the Council will need to take adequate measures to compensate for the higher risk. For example, this will mean ensuring that the customer's identity is established by additional documents, data or information and ensuring ongoing monitoring is carried out for the duration of the business relationship. Similarly, where the Council is in an ongoing 'business relationship' with a customer, the Regulations impose a special obligation to carry out ongoing monitoring.

The guidance to appropriate due diligence measures can be found within the Government guidance located at:

[Your responsibilities under money laundering supervision - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

5. The Money Laundering Reporting Officer (MLRO)

The officer nominated to receive disclosures about money laundering activity within the council is the Strategic Director of Environmental & Corporate Services (and s151 officer). In the absence of the MLRO, alternative contacts authorised to deputise are:

- The Head of Strategic Support (Monitoring Officer)
- The Head of Financial Services (Deputy s151 officer)

Contact details for these officers are as follows (extant September 2021):

Strategic Director of Environmental & Corporate Services

Simon Jackson

01509 634699

simon.jackson@charnwood.gov.uk

Head of Strategic Support

Adrian Ward

01509 634573

adrian.ward@charnwood.gov.uk

Head of Financial Services

Lesley Tansey

01509 634828

lesley.tansey@charnwood.gov.uk

The MLRO or deputy must promptly evaluate any disclosure to determine whether it should be reported to the National Crime Agency ('NCA'). This can be done via their website:

www.nationalcrimeagency.gov.uk

A "Suspicious Activity Report" can be completed online on the NCA website. The NCA can be contacted on 0370 496 7622.

6. Disclosure Procedure and Reporting Requirements

Cash payments and receipts

The Council has procedures in place to limit the amount of cash that it receives, with other payment methods being made available. The Financial Procedure rules state that cash receipts in excess of £2,000 will not be accepted, other than with the express permission of the s151 officer.

Similarly, receipts, in excess of £10,000, and any bank payments from unknown or overseas banks shall be evaluated and evidenced to ensure the legitimate source of the funds.

Reporting to the Money Laundering Reporting Officer (MLRO)

Any employee who suspects money laundering activity is taking place, or an employee who becomes concerned that their involvement in a matter may amount to a prohibited act under the legislation, must disclose this promptly to the MLRO (or deputy). The MLRO will then establish with the employee relevant details with a view to identifying the appropriate next steps.

The employee must follow any subsequent directions from the MLRO or deputy and must not make any further enquiries themselves into the matter. Additionally, they must not take any further steps in the transaction without

authorisation from the MLRO or deputy. The employee must not disclose or otherwise indicate their suspicions to the person(s) suspected of money laundering. They must not discuss the matter with others or note on a file that a report has been made to the MLRO in case this results in the suspect becoming aware of the suspicion (this would risk falling foul of the secondary offence of 'Tipping off' referred to in Section 2.

7. Risk Management and Internal Control

The risk to the Council of contravening the Anti-Money laundering legislation will be assessed on a periodic basis and the adequacy and effectiveness of the Anti-Money Laundering Policy and Staff Guidance will be reviewed in light of such assessments.

A risk will be included within the Risk Registers and reviewed in line with the periodic risk review.

8. Record Keeping

To comply with the legislation, records must be kept for a period of five years and be sufficient to provide an audit trail for any subsequent investigation.