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AUDIT AND GOVERNANCE COMMITTEE

23 January 2014

Dear Councillor

A meeting of the Audit and Governance Committee will be held in **Committee Room 1 - Marmion House on Thursday, 30th January, 2014 at 6.00 pm**. Members of the Committee are requested to attend.

Yours faithfully

A handwritten signature in black ink, appearing to be 'A. G. ...', written over a circular stamp or mark.

A G E N D A

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- 1 Apologies for Absence**
- 2 Minutes of the Previous Meeting (Pages 1 - 4)**
- 3 Declarations of Interest**

To receive any declarations of Members' interests (pecuniary and non-pecuniary) in any matters which are to be considered at this meeting.

When Members are declaring a pecuniary or non-pecuniary interest in respect of which they have dispensation, they should specify the nature of such interest. Members should leave the room if they have a pecuniary or non-pecuniary interest in respect of which they do not have a dispensation.

4 The Role of the Audit Committee

(Presentation by Grant Thornton (External Auditor))

5 Grant Certification Report for 2012/13 (Pages 5 - 16)

(Report of Grant Thornton (External Auditor))

6 Audit Progress Report (Pages 17 - 32)

(Report of Grant Thornton (External Auditor))

7 Financial Guidance (Pages 33 - 124)

(Report of the Head of Internal Audit Services)

8 Internal Audit Quarterly Report 2013/14 Quarter 3 (Pages 125 - 146)

(Report of the Head of Internal Audit Services)

9 Regulation of Investigatory Powers Act 2000 (Pages 147 - 148)

(Report of the Solicitor to the Council and Monitoring Officer)

People who have a disability and who would like to attend the meeting should contact Democratic Services on 01827 709264 or e-mail committees@tamworth.gov.uk preferably 24 hours prior to the meeting. We can then endeavour to ensure that any particular requirements you may have are catered for.

To Councillors: M Couchman, K Gant, M Gant, S People, S Pritchard, P Seekings and M Thurgood



MINUTES OF A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD ON 31st OCTOBER 2013

PRESENT: Councillor M Gant (Chair), Councillors M Thurgood, M Couchman, K Gant and S Peale

Officers John Wheatley (Executive Director Corporate Services), Jane Hackett (Solicitor to the Council and Monitoring Officer) and Angela Struthers (Head of Internal Audit Services) and Derek Bolton (Corporate Information Security Manager)

Visitors Joan Barnett (Grant Thornton)

32 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor P Seekings.

33 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 26 September 2013 were approved and signed as a correct record.

(Moved by Councillor S Peale and seconded by Councillor M Couchman)

34 DECLARATIONS OF INTEREST

There were no declarations of Interest.

35 ANNUAL AUDIT LETTER 2012-2013

The Report of Grant Thornton (External Auditor) was considered.

RESOLVED: That the Annual Audit Letter for Tamworth Borough Council be endorsed.

(Moved by Councillor M Gant and seconded by Councillor M Couchman)

36 REVIEW OF THE COUNCIL'S ARRANGEMENTS FOR SECURING FINANCIAL RESILIENCE 2012/13 - MANAGEMENT RESPONSE & RISK ASSESSMENT

The Report of the Executive Director Corporate Services informing Members of Management's responses and timeframes to address the recommendations contained within the Review of the Council's Arrangements for Securing Financial Resilience report presented by Grant Thornton to the meeting on 26 September 2013 was considered.

RESOLVED: That the management responses and timeframes to address the recommendations contained within the Review of the Council's Arrangements for Securing Financial Resilience report be endorsed.

(Moved by Councillor S Peple and seconded by Councillor M Couchman)

37 FRAUD AND CORRUPTION UPDATE REPORT

The Report of the Head of Internal Audit Services providing Members with an update of Counter Fraud work completed to date during the financial year 2013/14 was considered.

RESOLVED: That:

- 1 The updated counter Fraud Work Plan be endorsed;
- 2 The Fraud Risk Register be endorsed;
- 3 The Counter Fraud and Corruption Policy Statement, Strategy Guidance Notes, be endorsed, and;
- 4 The Whistleblowing Policy, subject to the policy being incorporated into all contracts with external suppliers, be endorsed.

(Moved by Councillor M Gant and seconded by Councillor S Peple)

38 INTERNAL AUDIT QUARTERLY REPORT 2013/14 QUARTER 2

The Report of the Head of Internal Audit Services reporting on the outcome of Internal Audit's review of the internal control, risk management and governance framework in the 2nd quarter of 2013/14 – to provide members with assurance of the ongoing effective operation of an internal audit function and enable any particularly significant issues to be brought to the Committee's attention was considered.

RESOLVED: That the quarterly report be endorsed.

(Moved by Councillor M Couchman and seconded by Councillor S Peuple)

39 ANNUAL GOVERNANCE STATEMENT 2012/13 - UPDATE

The Report of the Head of Internal Audit Services seeking to advise the Committee of the current position regarding “significant and other governance issues” raised in the Authority’s Annual Governance Statement 2012/13 and providing an opportunity for members to raise any issues they consider appropriate was considered.

RESOLVED: That the update on the “significant and other governance issues” raised from the 2012/13 Annual Governance Statement be endorsed.

(Moved by Councillor M Thurgood and seconded by Councillor K Gant)

40 ONE STAFFORDSHIRE DATA SHARING PROTOCOL

The Report of the Director Technology and Corporate Programmes seeking to advise Audit and Governance Committee on the reasoning and benefits behind the One Staffordshire Data Sharing Protocol, with a subsequent recommendation of endorsement for Tamworth Borough Council to become a signed up party was considered.

RESOLVED: That the sign up to the One Staffordshire Data Sharing Protocol by the Council be endorsed.

(Moved by Councillor S Peuple and seconded by Councillor M Gant)

41 REVIEW OF ANTI-MONEY LAUNDERING POLICY

The Report of the Solicitor to the Council and Monitoring Officer providing the Committee with a review of the Council’s key Anti-Money Laundering Policy was considered.

RESOLVED: That the revised Anti-Money Laundering Policy be endorsed

and referred to Council for adoption in the Council's Policy Framework.

(Moved by Councillor M Thurgood and seconded by Councillor K Gant)

42 REGULATION OF INVESTIGATORY POWERS ACT 2000

The Report of the Solicitor to the Council and Monitoring Officer informing Members of the surveillance carried out under the Regulation of Investigatory Powers Act 2000 was considered.

RESOLVED: That the quarterly RIPA monitoring report be endorsed.

(Moved by Councillor S Peple and seconded by Councillor M Gant)

Chair



Certification report 2012/13 for Tamworth Borough Council

Year ended 31 March 2013
January 2013

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Section 1: Executive summary

01. Executive summary

02. Results of our certification work

The Council continues to have good arrangements in place for the compilation and submission of its claims and returns.

Executive summary

Introduction

We are required to certify certain of the claims and returns submitted by Tamworth Borough Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

We have certified three claims and returns for the financial year 2012/13 relating to expenditure of £58.3 million.

This report summarises our overall assessment of the Council's management arrangements in respect of the certification process and draws attention to significant matters in relation to individual claims.

Approach and context to certification

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

Our approach to certification work, the roles and responsibilities of the various parties involved and the scope of the work we perform were set out in our Certification Plan issued to the Council in September 2013.

Key messages

A summary of all claims and returns subject to certification is provided at Appendix A. The key messages from our certification work are summarised in the table below and set out in detail in the next section of the report.

| Aspect of certification arrangements | Key Messages | RAG rating |
|--|---|------------|
| Submission & certification | The Council continues to have good arrangements in place for the submission and certification of claims and returns | ● |
| Accuracy of claim forms submitted to the auditor (including amendments & qualifications) | The Housing Benefits claim was amended by £458.00 and subject to qualification. The impact of the qualification is an estimated reduction in subsidy of £13k. This is less than half of one percent of the value of the claim. | ● |
| Supporting working papers | Detailed working papers were again provided. Officers again responded promptly to our queries. The Benefits Manager undertook some of the detailed testing of cases from the Benefits claim which was then reviewed by us for accuracy. | ● |

The way forward

The Council should continue with the good arrangements it has in:

- submitting claims and returns
- providing detailed working papers to us
- responding promptly to our queries.

This will reduce the potential risk of penalties for late submission, and potential repayment of grant and additional fees.

Acknowledgements

We would like to take this opportunity to thank the Council officers for their assistance and co-operation during the course of the certification process.

Grant Thornton UK LLP
January 2014

Section 2: Results of our certification work

| | |
|---------------------------------------|--|
| 01. Executive summary | |
| 02. Results of our certification work | No significant issues were identified from our testing |

Results of our certification work

Key messages

Our detailed findings are contained on the next page. Our key messages are outlined below.

We have certified three claims and returns for the financial year 2012/13 relating to expenditure of £58.3 million.

All the claims were submitted on time.

We identified only one (insignificant) amendment to the total value of claims submitted for certification. This related to the Housing and Council Tax Benefit claim.

The total value of the claim submitted for certification was £27.3m. The amendment was for £458,000 increasing the subsidy due to the Council by that amount. The claim was also subject to qualification. The potential impact on subsidy claimed is small, totalling £13,500 which is less than one half of a percent of total subsidy claimed.

There was a housekeeping amendment made within the Pooling of Housing Capital Receipts claim but this did not impact on the actual value of the return.

None of the issues identified were significant. We remain satisfied that the Council continues to have good arrangements in place for the compilation and submission of claims and returns.

Details of the certification of all claims and returns are included at Appendix A.

Significant findings

Our work did not find any issues of significance. We have no recommendations to make in this matter.

Certification fees

The Audit Commission set an indicative scale fee for grant claim certification based on 2010/11 certification fees for each audited body. The indicative scale fee for the Council for 2012/13 was £18,800.

The indicative fee for the Pooling of Housing Capital Receipts certification was £440,00. This was based on the fact that, due to the value of the claim in 2010/11 very limited testing was required.

The value of the claim in 2012/13 triggered the requirement for us to undertake detailed testing leading to an additional work being required compared to both 2010/11 and 2011/12. As a result of this, we are discussing a variation to the scale fee with the Audit Commission of an additional £1,047 to reflect the further work required.

Results of our certification work

Detailed Findings

Housing and Council Tax Benefit Claim

The total value of the claim submitted for certification was £27.3m. The amendment was for £458,000 increasing the subsidy due to the Council by that amount.

The amendment resulted from a one-off misclassification of benefits payable for temporary accommodation. There were 50 cases making up the total value of that part of the claim. We reviewed the other cases and no other errors were identified. There was no impact on the benefit paid to the claimant.

The claim was also subject to qualification meaning that we were unable to conclude that the claim was fairly stated. We reported to the Department for Work and Pensions (DWP) that the maximum estimated impact of the 4 errors found in our testing was a potential over claim of subsidy relating to Rent Allowances of £13,500. This is an insignificant figure compared to total subsidy claimed of £27.3 million thus representing less than half of one percent.

We perform our testing according to DWP directions. We are required to initially test 20 cases. Two cases failed the testing:

- one where benefit was overpaid due the incorrect earnings disregard being applied in the assessment of benefit entitlement (value £66.70);
- one where benefit was overpaid due the incorrect rent/LHA rate being used in the assessment of entitlement. In addition transitional relief was not removed at the anniversary date (value £221.11).

DWP directs us to test a further 40 cases when we find errors from the first 20 cases tested. Two of these cases failed:

- one where incorrect income had been used in the assessment of entitlement leading to benefit being overpaid (value £28.26);
- one where the incorrect LHA rate was used in the assessment of entitlement leading to benefit being overpaid (value £99.50).

Where there is more than one fail, DWP directs us to apply a formula to calculate the maximum potential impact on subsidy claimed. The calculation resulted in the maximum estimated overclaim of subsidy of £13,500.

The error is very small representing 0.25% of the value of the subsidy claimed in relation to rent allowances paid under LHA rules. The value of the subsidy claimed was £5,345,355; the total value of errors found was £416.00.

DWP is currently considering this.

Given the volume of cases processed by the Council, and the small number of cases identified with errors (5 in total) we are satisfied that no significant concerns have been identified with the administration of this claim.

Pooling of Housing Capital Receipts Return

There was an amendment made within the Pooling of Housing Capital Receipts return form; but this did not impact on the actual value of the return. The amendment corrected the classification of £7,687.22 of mortgage principal receipts subject to pooling that related to Right To Buy (RTB) disposals that occurred before 1 April 2012. This was corrected to comply with DCLG directions as to where these receipts should be included within the return.

This was a "housekeeping" issue and, as such, we are satisfied that no significant concerns have been identified with the administration of this claim.

Appendices

Appendix A: Details of claims and returns certified for 2012/13

| Claim or return | Value (£) | Amended? | Amendment (£) | Qualified? | Comments |
|--------------------------------------|----------------|----------|---------------|------------|--|
| Housing & Council Tax Benefit scheme | £27,310,443.00 | Yes | £458.00 | yes | Very insignificant findings compared to the case load and value of errors found compared to total subsidy claimed. |
| Pooling of Housing Capital Receipts | £740,637.22 | Yes | Nil | No | Amendment between cells only. No impact on the value of the return. |
| National Non Domestic Rates | £30,266,052.88 | No | Nil | No | |



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Audit and Governance Committee Update for Tamworth Borough Council

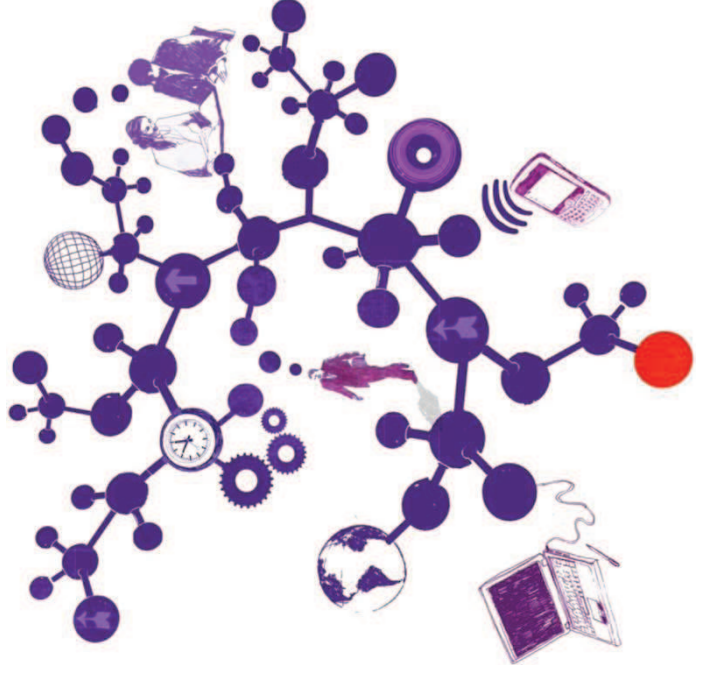
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

This paper provides the Audit and Governance Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a borough council
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit and Governance Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications – 'Local Government Governance Review 2013', 'Towards a tipping point?', 'The migration of public services', 'The developing internal audit agenda', 'Preparing for the future', 'Surviving the storm: how resilient are local authorities?'

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager. Their contact details are provided on the first page of this report.

Progress at January 2014

| Work | Planned date | Complete? | Comments |
|---|--|-----------|--|
| <p>2013-14 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2013-14 financial statements.</p> | 27 March 2014 | n/a | We will be drafting our Audit Plan as part of our interim accounts audit work. |
| <p>Interim accounts audit Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. | Week beginning 20 January 2014; and the two weeks beginning 10 March 2014 | n/a | |
| <p>2013-14 final accounts audit Including:</p> <ul style="list-style-type: none"> • audit of the 2013-14 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion. | Audit to commence 7 July 2014. Opinion on the Council's accounts and Value for Money conclusion due to be issued by 30 September 2014 | n/a | |

Progress at January 2014

| Work | Planned date | Complete? | Comments |
|--|--|------------|----------|
| <p>Value for Money (VfM) conclusion</p> <p>The scope of our work to inform the 2013/14 VfM conclusion comprises:</p> <ul style="list-style-type: none"> • Key indicators of financial performance • Strategic financial planning • Financial governance • Financial control • Prioritising resources • Improving efficiency and productivity • Management of natural resources | <p>Ongoing until the Value for money conclusion is given in September 2014</p> | <p>n/a</p> | |
| <p>Other areas of work</p> <p>We are required to certify claims and returns per the directions issued by the Audit Commission in conjunction with the central government organisations providing the funding.</p> <p>We anticipate that we will be required to certify the Housing and Council Tax Benefit claim; the business rates return; and the contribution to the housing capital receipts pool. We are currently awaiting further instructions from the Audit Commission and will present our certification plan to a later meeting of the Committee.</p> | <p>To be announced</p> | | |
| <p>Other activity undertaken</p> <p>We provided a Governance workshop for members on 15 January 2014.</p> | <p>15 January 2014</p> | <p>yes</p> | |

Emerging issues and developments

Local government guidance

Income from charging

In September, the Audit Commission published '[Income from charging: Using data from the VFM Profiles, September 2013](#)'. The briefing provides an analysis of councils' 2011/12 income from charging, totalling £10.2 billion, and the contribution it made to service spending. It looks at the trends for different types of councils across broad service areas.

Key findings were:

- charging in 2011/12 funded 9 per cent of single-tier and county councils' overall service expenditure, and 20 per cent of district councils
- nationally the total income from charging was less than half the amount raised through council tax in 2011/12, at the local level it exceeded council tax in one in three (32 per cent) district councils and one in five (21 per cent) London boroughs
- there is great variation between councils in terms of the amount of income they generate from charges, the ratio of charging income to service spending, and the changes to these over recent years. The contribution of charging to spending in 2011/12 varied most for district councils, with 2 to 87 per cent being generated through charges.

The Audit Commission chairman, Jeremy Newman, said 'There is no 'one-size-fits-all' formula for how councils set their local charging policies. We are providing information and tools for councils, and those who hold them to account, to help understand the important role that charging plays in councils' strategic financial management. The fact that some bodies derive more income from charging than council tax is neither good nor bad, but highlights the significant role charging plays in funding public services, and reminds councillors and electors to carefully scrutinise the approaches councils are taking.'

Challenge questions:

- When did the Council last review its local charging policy? Does the Council's policy still support the Council's strategic objectives? What options are available for change?
- Do your officers monitor changes in income from charging and its contribution to spending in order to assess whether local charging policies are supporting the council's financial objectives and complying with legal requirements?
- Has your Executive Director (Corporate Services) reviewed the council's charging policy and levels of income against similar organisations?
- Where issues have been identified, has an action plan been implemented?

Emerging issues and developments

Local government guidance

Business rate collection

In April 2013, the government introduced a business rates retention scheme. Local authorities as a whole will now be able to keep half of the business rates income they collect rather than paying it all into the national pool. As business rate income grows, authorities will keep half of the growth.

In October, the Audit Commission published '[Business rates: using data from the VFM profiles October 2013](#)'. This briefing has been drawn from the Commission's Value for Money (VFM) profiles and shows an analysis of English council's collection rates and costs of collecting business rates.

The Audit Commission also highlights the following steps councils could take to maximise business rates:

- supporting existing business to do well and attracting new businesses to the area
- identifying and billing all business properties with a rateable value promptly
- using discretionary relief in an effective way, targeting businesses most in need
- preventing and tackling fraudulent claims for relief
- improving collection rates
- reducing collection costs.

Challenge questions:

- Has your Executive Director (Corporate Services) reviewed the costs and performance of your authority against similar organisations?
- What steps could your authority take to increase the amount it collects from business rates?
- Is an action plan in place?
- Are you satisfied that your authority has made a robust estimate for its provision for business rate appeals?

Emerging issues and developments

Local government guidance

Voluntary Code of Practice on the Housing Revenue Account

In October, CIPFA and the Chartered Institute of Housing (CIH) issued the [Voluntary Code for a Self-financed Housing Revenue Account](#).

The voluntary code aims to give authorities the tools necessary to control and evaluate the performance of their HRA and increase the value it returns to both councils and rate payers. It will also help authorities to assess and develop effective governance and financial management frameworks for their HRA.

This code is designed to be self-regulatory and compliance is not formally required.

Challenge questions:

- Has your authority reviewed the HRA in light of this new guidance?
- Has your Executive Director (Corporate Services) considered whether there are opportunities to improve the governance, financial and management arrangements in place to manage the HRA?
- For opportunities identified, is there an action plan in place?

Emerging issues and developments

Grant Thornton

Potential for procurement fraud

The Chancellor's Spending Round announcement earlier this summer has forced authorities to make further cuts to their budgets and operate under tighter constraints.

As Chris Clements, Head of Public Sector Forensics at Grant Thornton UK LLP, wrote in Local Government News, the National Fraud Authority estimates that in the wider public sector, the cost of fraud reached a staggering £19.9bn this year. Procurement fraud in local government accounted for £876m of this amount and therefore a properly functioning procurement process is key to mitigating much of this risk of loss.

'Helping ensure people are not in a position where they are tempted by an opportunistic gain is vital. Employees feeling undervalued – either financially or on account of other motivating factors – can breed an atmosphere of despondency which allows for procurement fraud. Sometimes all it takes is one exploratory incident by an individual to snowball into a culture wide acceptance of fraud, where employees not only rationalise the activity, but are spurred on by other actions.'

Challenge questions:

- Does your authority have a properly functioning procurement process, where duties are clearly segregated?
- Does your authority maintain an adequate whistleblowing mechanism for whistleblowing, whereby employees feel they are able to report their suspicions in a safe and secure manner?

If you have any queries on procurements processes and/or procurement fraud, talk to your audit manager to see how Grant Thornton could help.

Emerging issues and developments

Accounting and audit issues

Simplifying and streamlining the presentation of local authority financial statements

Both HM Treasury and CIPFA/LASAAC have recently consulted on how to streamline and simplify local authority financial statements. In our response, we set out our view that streamlining is a collaborative process involving standard setters, preparers of the accounts and auditors. This requires a much needed change in culture and attitude from the accounting and auditing profession as a whole.

However, there is much that can be done now. In his October article in [Room 151](#), the on-line local authority finance publication, Graham Liddell, Grant Thornton's National Technical Lead sets out the practical steps local authorities can take to:

- learn the lessons from 2012/13 to improve the preparation and audit of the financial statements for future years
- de-clutter their accounts using the previous year's financial statements as the starting point

Graham notes that Grant Thornton has been working with a range of local authorities to achieve these goals. One council audited by Grant Thornton succeeded in producing a set of financial statements in 2012/13 that were only half the length of those for 2011/12 and were much easier to follow.

Your officers have arranged a series of meetings with us to discuss their preparation and our audit of the financial statements. The first of these meetings took place on 15 January 2014.

Challenge questions:

- How are you planning to improve the preparation of your financial statements for 2013/14?
- Do your financial statements provide a clear overall picture of the financial performance of your authority?
- Has your Executive Director (Corporate Services) carried out a de-cluttering exercise to ensure that disclosures are relevant, material and up to date?

Emerging issues and developments

Accounting and audit issues

Consultation on Local Authority Accounting Code of Practice for 2014/15

CIPFA/LASAAC's consultation on the Local Authority Accounting Code of Practice for 2014/15 closed in October.

In our response we noted that the complexity of international financial reporting standards (IFRS) inevitably means that it is increasingly difficult to construct a Code that is comprehensive, of reasonable length and fit for purpose. We suggested that the Code of Practice follows the approach adopted by the Treasury in the Financial Reporting Manual under which bodies are required to follow the relevant accounting standard other than where there are specified formal adaptations or interpretations. This would result in a much shorter simpler Code with local authorities referring directly to the underlying standards themselves. This approach is consistent with that adopted in the NHS, where the accounting manuals do not seek to repeat text from accounting standards.

In respect of the some of the other key consultation issues, our views were:

- IFRS 13 - the Code should follow the principles of IFRS 13 as closely as possible. We regard it as important that there is a common application of fair value by all bodies preparing accounts under IFRS.
- Infrastructure assets - we supported the adoption of IFRS based accounting for infrastructure assets. We recognise the practical difficulties in doing this and have offered to work with CIPFA/LASAAC and local authorities to help overcome these difficulties.
- Schools - we emphasised the importance of addressing the accounting issues for schools as a matter of priority, particularly because this is an area for which the Whole of Government Accounts are currently qualified.

Challenge question:

- Has your Executive Director (Corporate Services) reviewed the proposed amendments to the 2014/15 Code and assessed the potential impact?

Emerging issues and developments

Accounting and audit issues

Property plant and equipment revaluations

The 2013/14 Code of Practice on Local Authority Accounting changes the requirements for the frequency at which authorities are required to carry out valuations of property plant and equipment. Previously the Code permitted valuations to be carried out on a rolling basis over a maximum of 5 years. The 2013/14 Code now restricts this option by requiring:

- revaluations to be sufficiently regular to ensure that the carrying amount does not differ materially from that which would be determined using the fair value at the end of the reporting period
- items within a class of property, plant and equipment to be revalued simultaneously to avoid selective revaluation of assets and the reporting of amounts in the financial statements that are a mixture of costs and values as at different dates.

However, the Code permits assets within the same class to be revalued on a rolling basis provided the revaluation of the class of assets is completed within a short period and provided the revaluations are kept up to date. There is no definition of 'a short period' but the Code's requirement to avoid reporting a mixture of costs and values as at different dates suggests that to comply with the Code, all assets within a particular class should be valued within the same financial year.

Your officers discussed with us the Council's revaluation programme in light of the changes to the Code on 15 January 2014.

Challenge questions

- Are both your Executive Director (Corporate Services) and your professional advisors satisfied that your revaluation programme is sufficiently regular to ensure that the carrying amount of Property, Plant and Equipment at 31 March 2014 will not differ materially from that which would be determined using the fair value at that date?
- Has your Executive Director (Corporate Services) reviewed the changes to the 2013/14 Code and implemented a valuation process to ensure your authority complies with other aspects of the Code requirements?
- Where your authority is unable to comply fully with the Code in 2013/14, are you satisfied that any non-compliance is immaterial and has an action plan been put in place to address non-compliance issues in future years?

Emerging issues and developments

Accounting and audit issues

Public briefing on the Local Audit and Accountability Bill

In September, the Audit Commission published a [briefing note on the Local Audit and Accountability Bill](#). The Bill is currently going through Parliament.

The briefing provides background information on the Bill as well as a view on the areas where the Audit Commission believe that the Bill can be further improved. These areas are:

- collective procurement arrangements
- audit appointment arrangements
- the National Fraud Initiative
- small bodies
- supporting accountability to Parliament and the public
- reporting on arrangements to secure value for money
- updating the legislative framework governing local public audit.

Challenge question:

- Have you considered how the proposed audit arrangements under the Draft Local Audit Bill will affect you?



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THURSDAY 30 JANUARY 2014

REPORT OF THE HEAD OF INTERNAL AUDIT SERVICES

FINANCIAL GUIDANCE

EXEMPT INFORMATION

None

PURPOSE

To seek Member endorsement of the recently reviewed Financial Guidance which forms an important part of the Council's regulatory framework, and to provide an opportunity for Members of the Committee to raise any issues they consider appropriate on the subject.

RECOMMENDATIONS

That Members endorses the Changes to Financial Guidance.

EXECUTIVE SUMMARY

As part of the core functions under the terms of reference, this Committee is empowered to maintain an overview of the Council's Financial Regulations.

The last review of Financial Guidance was approved by this Committee in September 2012. No changes to policy or material adjustments have been made during this review. Corporate Management Team have endorsed the amendments made.

In summary, the main changes made during this review of Financial Guidance are:

- 1 A relevant contact officer has been identified for each section.
- 2 The guidance has been aligned to the changes made to the Constitution. (section 1)
- 3 Updated to reflect the new Public Sector Internal Audit Standards. (section 3)
- 4 EU Directive thresholds amended to the new amounts (6.7.7)
- 5 Funding to Voluntary & Community Sector Organisations section has been updated (6.16)
- 6 The requirements for the setting of fees and charges has been amended to be aligned with the Constitution.(10.1.1).

The updated version of Financial Guidance is attached as **Appendix 1**.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

None

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Angela Struthers – Head of Internal Audit Services

LIST OF BACKGROUND PAPERS

None

APPENDICES

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[Counter Fraud & Corruption Policy Statement, Strategy & Guidance Notes](#)

[Whistleblowing Policy](#)

[Risk Management Policy](#)

SECTION A

Financial Regulation Policy

FINANCIAL REGULATION POLICY

Adopted by Tamworth Borough Council on 22 May 2001.

Purpose

The financial regulation framework within the Council aims to:

- a) promote best value, service delivery and delivery of the Council's vision;
- b) provide sound arrangements for all the Council's financial affairs and to be able to demonstrate that proper controls are in place;
- c) safeguard Members and officers by setting out procedures which meet the Council's expected standards.

Financial regulations are not intended to inhibit creativity but to provide the parameters within which creativity may be exercised. They are intended to guide and support managers and their staff. Financial control at a corporate level is achieved primarily through transparency and accountability. Managers and especially Chief Officers and budget holders occupy key roles. Managers are given appropriate authority to deploy resources in pursuit of agreed objectives. Their activities are expected to adhere to specified standards and they are required to report upon and be accountable for their actions. Those engaged in support functions (for example, Accountancy) do not themselves directly exert control. Their responsibilities are to support frontline services and to monitor activities. Where necessary they must act as whistle-blowers (See [Whistleblowing Policy](#)).

Controls

The financial regulation framework comprises this policy document, financial regulations and contract standing orders approved by Council and detailed guidance issued by the Council's Executive Director Corporate Services, to support these documents. They contain a mixture of:

- a) responsibilities;
- b) instructions;
- c) expected standards of behaviour;
- d) discretionary powers.

Instructions and responsibilities are clearly set out. All employees and Members are required to comply where they are applicable. The expected standard of behaviour and discretionary powers are guidelines to aid employees and Members in their day to day activities. They cannot cover all potential circumstances. All employees and all Members are therefore required at all times when engaged on Council activities to act reasonably, having regard to this framework, and to act within the spirit of the framework.

A review of the policy and guidance is to be completed annually.

SECTION B

Financial Regulations

FINANCIAL REGULATIONS

Adopted by Tamworth Borough Council on 22 May 2001.

- 1 All employees and all Members must at all times when engaged on Council activities act in the interests of the Council as a whole.
- 2 All employees and all Members must comply at all times with these regulations wherever they apply.
- 3 All employees and all Members must act reasonably and within the spirit of the financial regulation framework.
- 4 All relevant financial interests must be declared to the Solicitor to the Council (Monitoring Officer).
- 5 All activities must be in accordance with:
 - a) Legislation;
 - b) approved service plans or corporate plans;
 - c) approved service net revenue budgets or capital programmes;
 - d) relevant Council policies and adopted codes of practice;

Any material departures (actual or potential) must be reported formally to Members as soon as practicable.

- 6 Where practicable all activities should be in accordance with accepted best practice.
- 7 Best value and value for money must be sought in all activities, including the procurement of goods and services.
- 8 Budgets at an appropriate level of detail must be prepared by the start of each financial year for all activities and units of the Council.
- 9 Material changes to financial policy or the distribution of resources must be referred to Council for approval.
- 10 Service managers have primary responsibility for the control and management of all resources of all kinds made available to them.
- 11 All managers must ensure and regularly check that there is a full set of controls in every system under their management, including an adequate segregation of duties and an assessment of risk in all activities and decisions.
- 12 All employees must consider the need to seek appropriate views, advice and guidance before embarking on a course of action and particularly on a new course of action. This includes seeking advice from managers in other services, for example consulting the Director, Technology & Corporate Programmes on the procurement of information technology or **the Executive Director Corporate Services on the arrangement of leases, rentals or agreements involving the use of assets to or from the authority.**
- 13 All managers must ensure that all assets and personnel must be adequately secured or protected and appropriate insurance arranged where necessary.

Section B

7

Revised [Sept 2012/Dec 2013](#) – Approved A & G [25/10/12](#)

- 14 Adequate records must be maintained of all transactions in all systems (a complete audit trail) and unrestricted access must be allowed to all assets and records for:
- a) the Chief Executive;
 - b) the Executive Director Corporate Services;
 - c) the Head of Internal Audit Services;
 - d) External Auditors and other statutory inspectors;
 - e) Officers designated by any of the above.

Employees must supply information to those officers on request.

- 15 Managers must routinely monitor all activities under their control and report on any significant variations from expected standards.
- 16 Managers must report at regular intervals on performance on planned activities and on financial performance against approved budgets.
- 17 All employees and all Members must report any suspected:
- a) failure in any system;
 - b) failure to comply with financial regulations;
 - c) suspected criminal act, including fraud or corruption.

The report should normally be made to the line manager. Full guidance is provided in the Council's [Counter](#) Fraud Policy Statement, Strategy & Guidance Notes.

Any manager who suspects such an occurrence must take any immediate action necessary to rectify any failure in a control system and report the position to a relevant senior manager, who may include the Chief Executive, Executive Director Corporate Services, Monitoring Officer or Head of Internal Audit Services.

- 18 The Executive Director Corporate Services shall, with the agreement of the Chief Executive and Solicitor to the Council (Monitoring Officer), issue detailed guidance on procedures to be followed in compliance with these regulations.
- 19 All employees must comply with any applicable instructions or responsibilities specified in the guidance. In other respects all employees must act reasonably, having regard to the guidance and within the spirit of the guidance.

CONTRACT STANDING ORDERS

Adopted by Tamworth Borough Council on 22 May 2001.

1. All employees must comply with these standing orders, the relevant regulations relating to Public Contracts and with financial regulations when procuring goods and services.
2. All Directors have primary responsibility for ensuring compliance within their service areas.
3. Best value and value for money must be sought in all procurement activities. Competition must be sought in accordance with issued guidance.
4. Where the value of the goods and services is likely to be £50,000 (cumulative amount) or more the following requirements apply:
 - a) tenders must be sought from suitably qualified suppliers
 - b) the supply must be governed by a formal written contract.

The only exception to these requirements shall be where the Cabinet has given authority in order to achieve best value.

5. Reasonable steps must be taken to manage risk throughout the procurement process and employees must have regard to the guidance that is issued for this purpose.
6. All potential suppliers of goods and services must be treated equitably.
7. In all procurement activities, arrangements must be clear regarding:
 - a) the goods or services to be supplied and the supply mechanisms;
 - b) the amount to be paid and the payment mechanisms;
 - c) the rights and responsibilities of all parties.
8. Employees must consider the need to seek appropriate views, advice and guidance before making a decision or embarking on a course of action related to procurement.
9. The Executive Director Corporate Services shall, with the agreement of the Chief Executive and Solicitor to the Council (Monitoring Officer), issue detailed guidance on procedures to be followed in compliance with these standing orders. Such guidance shall include procedures for securing competition, for regulating the manner in which tenders are invited and for managing risk.
10. Employees must comply with any applicable instructions or responsibilities specified in the guidance. In other respects employees must act reasonably, having regard to the guidance and within the spirit of the guidance.

SECTION C

Financial Guidance

1 FINANCIAL MANAGEMENT

1.1 Introduction

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

1.2 The Full Council

1.2.1 The full Council is responsible for:

Only the Council will exercise the following functions:

(a) adopting and changing the Constitution;

(b) approving or adopting the policy framework, the budget and any application to the Secretary of State in respect of any Housing Land Transfer;

(c) subject to the urgency procedure contained in the Access to Information Procedure Rules in Part 4 of this Constitution, making decisions about any matter in the discharge of an executive function which is covered by the policy framework or the budget where the decision maker is minded to make it in a manner which would be contrary to the policy framework or contrary to/or not wholly in accordance with the budget;

(d) appointing the Leader;

(e) agreeing and/or amending the terms of reference for committees, deciding on their composition and making appointments to them (except where the appointment to a committee is required to give effect to the wishes of a political group) and ensuring that, with the exception of the Mayor, members are appointed to at least two committees (one of which shall not include the Budget review Joint Scrutiny Committee; except for executive members who are appointed to one committee;

(f) appointing representatives to outside bodies unless the appointment is an executive function or has been delegated by the Council;

(g) adopting an allowances scheme under Article 2.025;

(h) changing the name of the area, conferring the title of honorary alderman, Freeman or freedom of the borough;

(i) confirming the appointment or dismissal of the Head of Paid Service; Monitoring Officer and s151 Officer.

(j) making, amending, revoking, re-enacting or adopting bylaws and promoting or opposing the making of local legislation or personal Bills;

(k) approving the Council's Code of Conduct;

(l) approving the Senior Officer Pay Scheme

(m) all local choice functions set out in Part 3 of this Constitution which the Council decides should be undertaken by itself rather than the executive; and

(n) all other matters which, by law, must be reserved to Council.

CONTACT: Solicitor to the Council

1.3 The Executive

- 1.3.1 The Executive will carry out all of the local authority's functions which are not the responsibility of any other part of the local authority, whether by law or under the Constitution.

CONTACT: Solicitor to the Council

1.4 The Audit & Governance Committee

1.4.1 The Audit & Governance Committee will have the following roles and functions:

(a) Audit Activity

- Receive, but not direct, internal audit's strategy and audit plan
- Consider reports dealing with the management and performance of Internal Audit
- Consider the ~~h~~Head of Internal Audit's annual report and opinion, and the level of assurance Internal Audit can give over the Council's corporate governance arrangements.
- Consider periodic reports from Internal Audit on the main issues arising from their work and "high priority" recommendations not implemented within a reasonable timescale, and seek assurance that action has been taken where necessary.
- Consider the final external audit Annual Audit and Inspection letter and any other relevant reports to "those charged with governance".

(b) Regulatory Framework

- Maintain an overview of the Council's Constitution, including Contract Standing Orders, Financial Regulations and Codes of Conduct.
- Consider the internal control environment and the level of assurance that may be given as to its effectiveness, to include the review of the ~~Statement Annual Governance Statement on Internal Control~~ and the recommendation to the Council of its adoption.
- Satisfy itself that the authority's assurance statements, including the ~~Annual Governance Statement on Internal Control~~, properly reflect the risk environment and any actions required to improve it.
- Monitor the effectiveness of the authority's risk management arrangements, including the actions taken to manage risks and to receive regular reports on risk management.

- Monitor the effective development and operation of the corporate governance framework in the Council and to recommend to the Cabinet or the Council, as appropriate, the actions necessary to ensure compliance with best practice.
- Monitor the effectiveness of the Council's policies and arrangements for anti-fraud and corruption and whistle-blowing, complaints handling, RIPA and Ombudsman investigations.

(c) Accounts

- Approve the annual statement of accounts, external auditor's opinion and reports to members and monitor management action in response to the issues raised by external audit.

(d) Reports to Council

- Reports in the form of Minutes detailing action taken by the Committee and recommendations will be submitted to Council on an annual basis.

(e) ~~(e)~~ Delegated Powers

- The Committee is empowered to deal with the functions detailed above.

(f) Standards of Conduct

This Committee shall exercise all the functions of the Council relating to Codes of Conduct as provided by the Localism Act 2011 except for those functions which under Chapter 7 of the Localism Act 2011 may only be exercised by the full Council.

CONTACT: Solicitor to the Council

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1.5 Overview & Scrutiny Committees

1.5.1 The Overview & Scrutiny Committees general roles are to :

- Review and/or scrutinise decisions made or actions taken in connection with the discharge of any of the Council's functions including consideration at each meeting of the Forward Plan;
- Prepare an annual scrutiny work plan covering two successive periods of six months and to make reports and/or recommendation bi-annually to the full Council and/or the executive and/or any policy, joint or area committee in connection with the discharge of any functions;
- Liaise regularly with each other to ensure that there is no duplication between them in respect of scrutiny and review activity;
- Consider any matter affecting the area or its inhabitants;
- Exercise the right to call-in, for reconsideration, decisions made but not yet implemented by the executive and/or any policy or area committees; and
- Appoint Task and Finish Groups as and when required with no more than two operating at any one time. Normally the Chair and Vice-Chair of the Committee would Chair these groups and there would be an expectation that these groups would co-opt external expertise.

In addition to their general role, each Overview and Scrutiny Committee has a primary scope and specific functions as detailed in the Constitution.

CONTACT: Solicitor to the Council

1.6 The Statutory Officers

1.6.1 Head of Paid Service (Chief Executive)

The Head of Paid Service will:

- determine and publicise a description of the overall departmental structure of the Council showing the management structure and deployment of officers as set out in part 7 of the Constitution.
- report to full Council on the manner in which the discharge of the Council's functions is co-ordinated, the number and grade of officers required for the discharge of functions and the organisation of officers.

1.6.2 Monitoring Officer (Solicitor to the Council)

The Monitoring Officer will:

- maintain an up-to-date version of the Constitution and will ensure that it is widely available for consultation by members, staff and the public.
- After consultation with the head of paid service and chief finance officer, the monitoring officer will report to the full Council or the executive in relation to an executive function if s/he considers that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission has given rise to maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the

report has been considered in accordance with the Local Government & Housing Act 1989.

- Contribute to the promotion and maintenance of high standards of conduct through provision of support to the relevant committee.
- Conduct investigations or take other action into matters referred by the Standards Audit & Governance Committee in accordance with the Standards Committee (England) Regulations 2008 subject to those regulations remaining in force complaints procedure.
- Ensure that executive decisions, together with the reasons for those decisions and relevant officer reports and background papers are made publicly available as soon as possible and will advise upon issues relating to confidential and exempt information.
- Advise whether decisions of the executive are in accordance with the budget and policy framework.
- Provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all councillors.

1.6.3 –Chief Finance Officer (Executive Director Corporate Services)

The –Chief Finance Officer has statutory duties in relation to the financial administration and stewardship of the authority. This statutory responsibility cannot be overridden. The statutory duties arise from:

- Section 151 of the Local Government Act 1972;
- The Local Government Finance Act 1988;
- The Local Government and Housing Act 1989;
- The Accounts and Audit Regulations (Amendment) England 2009;
- Section 73 of the Local Government Act 1985 (c.51);
- The Local Government Act 2003.

The –Chief Finance Officer will:

- after consulting with the ~~h~~Head of ~~p~~Paid ~~s~~Service and the ~~m~~Monitoring ~~e~~Officer, report to the full Council or to the executive in relation to an executive function – and the Council’s external auditor if s/he considers that any proposal, decision or course of action will involve incurring unlawful expenditure, or is unlawful and is likely to cause a loss or deficiency or if the Council is about to enter an item of account unlawfully.
- Have responsibility for the administration of the financial affairs of the Council
- Contribute to the corporate management of the Council, in particular through the provision of professional financial advice
- Provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all councillors and will support and advise councillors and officers in their respective roles
- Provide financial information to the media, members of the public and the community.

Section 114 of the Local Government Finance Act 1988 requires the Executive Director Corporate Services to report to the full Council, executive and external auditor if the authority or one of its officers:

- has made, or is about to make, a decision which involves incurring unlawful expenditure;
- has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the authority;
- is about to make an unlawful entry in the authority’s accounts.

Section 114 of the 1988 Act also requires:

- The Executive Director Corporate Services to nominate a properly qualified member of staff to deputise should he/she be unable to perform the duties under section 114 personally;
- The authority to provide the Executive Director Corporate Services with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.

CONTACT: Solicitor to the Council

1.7 Scheme of Delegation

1.7.1 The Local Government Act 1972 as amended provides for a Scheme of Delegation where Council delegates to certain officers powers to undertake functions and duties on behalf of the authority. This delegation is completed annually.

~~1.7.2~~ ~~1.7.2~~ Chief Officers must ensure that they comply with the approved Scheme of Delegation.

CONTACT: Solicitor to the Council

1.8 Accounting Policies

1.8.1 The Executive Director Corporate Services is responsible for the preparation of the authority's statement of accounts – including Whole of Government Accounts, in accordance with proper practices as set out in the format required by the *Code of Practice on Local Authority Accounting in the United Kingdom: (CIPFA/LASAAC)* based on International Financial Reporting Standards, for each financial year ending 31 March.

1.8.2 Key Controls

The key controls for accounting policies are:

- a) Systems of internal control are in place that ensure that financial transactions are lawful;
- b) Suitable accounting policies are selected and applied consistently;
- c) Proper accounting records are maintained;
- d) Financial statements are prepared which present fairly the financial position of the authority and its expenditure and income.

1.8.3 Responsibilities of the Executive Director Corporate Services

To select suitable accounting policies and to ensure that they are applied consistently. The accounting policies are set out in the statement of accounts, which is prepared at 31 March each year, and covers such items as:

- a) Separate accounts for capital and revenue transactions;
- b) The basis on which debtors and creditors at year end are included in the accounts;
- c) Details on substantial provisions and reserves;
- d) Fixed assets;
- e) Depreciation;
- f) Capital charges;
- g) Work in progress;
- h) Stocks and stores;
- i) Deferred charges;
- j) Accounting for value added tax;
- k) Government grants;
- l) Leasing/pensions.

1.8.4 Responsibilities of Chief Officers

To adhere to the accounting policies and guidelines approved by the Executive Director Corporate Services

| **CONTACT: Director of Finance**

2. GENERAL GUIDANCE

2.1 Introduction

- 2.1.1 This guidance aims to help employees in their day to day work. Employees are required to comply at all times with the Council's financial regulations, and this guidance will help to ensure they do.
- 2.1.2 In this guidance there are three levels of requirements:
- a) in some cases the guidance states that employees **MUST** comply with the requirement and therefore 100% compliance is expected;
 - b) in other cases employees **SHOULD** comply, but there will be times when compliance would not be possible or desirable; and
 - c) in the remaining cases it is stated that employees **MAY** wish to follow the guidance if it would be helpful, but it is purely at their discretion.
- 2.1.3 Employees must therefore take careful note whether the wording used in each section is **MUST**, **SHOULD** or **MAY**.
- 2.1.4 **If the guidance states a requirement **MUST** be complied with, employees should consult the Executive Director Corporate Services if there is particular difficulty. The Executive Director Corporate Services has authority to waive compliance and limits where necessary.**
- 2.1.5 Employees needing help to interpret or apply the guidance should contact their Chief Officer, Head of Internal Audit Services, or Executive Director Corporate Services.
- 2.1.6 The review and updating of Financial Regulations, Standing Orders and Financial Guidance will be completed by the Executive Director Corporate Services.
- 2.1.7 Throughout the guidance, reference is made to Chief Officers. A Chief Officer includes the Chief Executive, Executive Director Corporate Services, the Solicitor to the Council and Directors.

CONTACT: Head of Internal Services

2.2 Employees Responsibilities

- 2.2.1 Each Chief Officer must ensure that all his/her employees and any other agents acting on behalf of the Council are aware of the sections of this guidance that relate to their areas of work.
- 2.2.2 Chief Officers may delegate to other employees duties shown in this guidance, but the Chief Officer retains primary responsibility. Where the guidance places a duty on an employee, it is the Chief Officer's

responsibility to ensure the existence of adequate procedures, documentation and supervision.

2.3 Miscellaneous

- 2.3.1 Chief Officers must ensure that lists of officers authorised to certify or approve orders, payments and records are updated at least on an annual basis. They must advise the Executive Director Corporate Services of changes such as **authorised signatories** leaving and propose new names, specimen signatures and monetary limits (where needed).
- 2.3.2 Any employee required to carry out checks such as **checks of documents** or calculations must sign/initial and date the relevant document (or use an electronic signature on electronic documents). The employee who prepares the document should also sign or initial, and date it.
- 2.3.3 Chief Officers must ensure that all **financial records** are completed promptly and accurately. Any amendment to a financial record or a document required in a payment process, including expense claims, timesheets and official returns must be made in ink. The original entry should be struck through with a single bold line and the correct entry written alongside. It must then be initialled and dated. Correction fluid or tape must never be used.
- 2.3.4 Chief Officers must ensure that all financial records are kept securely, and retained for the periods specified in the appendix attached. At the end of the period the records must be securely disposed of, e.g. by shredding. Arrangements for the disposal of any obsolete or surplus records, including unused items, should be agreed with the Executive Director Corporate Services.
- 2.3.5 All bank accounts relating to the Authority's transactions will be controlled and reconciled by the Executive Director Corporate Services. No other bank accounts are to be used.
- 2.3.6 If an employee is requested to give any **indemnities, guarantees or warranties** on behalf of the Council he/she must consult the Solicitor to the Council before taking any action.
- 2.3.7 Where there is a suspected fraud or other significant **criminal act**, the Chief Officer must consult the Head of Internal Audit Services or Executive Director Corporate Services on whether/when the Police should be informed. Employees should follow the Council's advice on fraud and corruption ([Counter Fraud Policy Statement, Strategy & Guidance Notes](#)).
- 2.3.8 All employees must comply with the [Information Security Policy.doc](#).

~~2.3.9 All employees must comply with the Conflict of Interests Policy.~~
2.3.9 All employees must comply with the Officer's Code of Conduct subject to any conflict with professional codes, which in such circumstances the professional obligations subsist over the Officer's Code of Conduct

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2.3.10 In order to comply with the International Financial Reporting Standards, managers are required to consult on **any rentals, leases, use of assets to or from the authority**, prior to entering into an agreement with the Executive Director Corporate Services, especially where financial/operating leases are entered into as more advantageous financing could be sort.

[CONTACT Director of Finance, Head of Internal Audit Services](#)

3 RISK MANAGEMENT AND CONTROL OF RESOURCES

3.1 Risk Management

- 3.1.1 Risk Management is the planned and systematic approach to the identification, evaluation and control of risk. The Cabinet shall approve a Risk Management Policy Statement and Strategy ([Risk Management Policy.doc](#)) for the Council and shall promote a culture of risk management awareness throughout the Council.
- 3.1.2 Key decisions taken must include an assessment of the risk.
- 3.1.3 The Head of Internal Audit Services is the focal point for developing and implementing the Risk Management Strategy throughout the authority. Her role is to advise others. All staff have a duty to co-operate so that risk is effectively managed in their areas, ensuring that all issues that they cannot resolve directly are brought to the attention of their managers.
- 3.1.4 The Corporate Management Team will be the forum where risk is performance managed.
- 3.1.5 Chief Officers are responsible for risk management and must have regard to advice from the Head of Internal Audit Services and other specialist employees (e.g. crime prevention, fire prevention, health & safety, cash handling and internal controls of various types).
- 3.1.6 Chief Officers are responsible for ensuring that regular and appropriate reviews of risk within their departments are completed and entered onto the Corporate Risk Register(Coalent). Additional guidance can be sought from the Head of Internal Audit Services on risk management issues.
- 3.1.7 The Audit & Governance Committee will review the management of risk within the Authority.

CONTACT: Head of Internal Audit Services

3.2 Insurances

- 3.2.1 The Executive Director Corporate Services is responsible for the arrangement of appropriate insurance cover through external insurance and internal funding. He shall, after such consultation as he thinks appropriate with other employees, settle all claims within individual policy excesses, and pass on all claims over individual policy excesses to the relevant insurer.
- 3.2.2 Chief Officers shall:
- a) Give prompt notification to the Executive Director Corporate Services of all new risks, properties, vehicles, activities, functions, or any other assets which require to be insured and of any alteration affecting existing

insurances (for example – safe limits being exceeded, loss of safe keys, temporary disablement of alarms);

- b) Promptly notify the Executive Director Corporate Services in writing of any loss, liability or damage or any event likely to lead to a claim against the Council together with any information or explanation required by him or the Council's insurer's, and inform the police where necessary;
- c) Ensure that all appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance;
- d) Consult the Executive Director Corporate Services in respect of any indemnity which the Council is requested to give;
- e) Ensure that employees, or anyone covered by the Council'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.

3.2.3 It is the responsibility of the Executive Director Corporate Services to:

- a) maintain a register of all insurance arranged by the Council and the property and risk covered by them;
- b) at least annually, furnish Chief Officers with details of all insurances in force affecting their departments. Each Chief Officer shall review all such insurances, and any risks not insured against, or inadequately insured against, shall be notified immediately to the Executive Director Corporate Services;
- c) Ensure the adequacy of all insurances entered into by contractors of the Council. An employee shall not authorise work to commence by a Contractor until the Executive Director Corporate Services has advised such an employee that the appropriate insurances have been effected to his satisfaction.

CONTACT: Operations Accountant

3.3 Internal Controls

3.3.1 The Council accepts that controls and control systems must be in place to ensure that its financial and other activities are carried out in a secure environment, in a manner that complies with the law and that fulfils its stewardship obligations. To achieve this the following key controls and control objectives and systems shall be in place:

- a) Key controls shall be reviewed on a regular basis and the Council shall make a formal statement annually to the effect that it is satisfied that the systems of internal control are operating effectively which will feed into the Annual Governance Statement. Chief Officers are required to produce an annual statement in respect of the level of assurance on the adequacy of internal controls within their service areas in accordance with the Accounts & Audit Regulations 2011;

- b) Managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities;
 - c) Financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems;
 - d) An effective internal audit function that is properly resourced. It should operate in accordance with the principles contained in the Auditing Practices Board's auditing guideline "Guidance for Internal Auditors, ["CIPFA's" Code of Practice for Internal Audit in Local Government in the UK](#) [Public Sector Internal Audit Standards](#)" and with any other statutory obligations and regulations and professional standards.
- 3.3.2 Chief Officers are responsible for ensuring that they manage their processes to ensure that established controls are being adhered to and to evaluate their effectiveness, in order that they can be confident of the proper use of resources, achievement of objectives and management of risks.
- 3.3.3 They should also review existing controls in the light of changes affecting the authority and establishing and implementing new ones. Chief Officers are also responsible for removing controls that are unnecessary or not cost or risk effective – for example, because of duplication.
- 3.3.4 Chief Officers must ensure that their staff have a clear understanding of the consequences of lack of control.

CONTACT: Head of Internal Audit Services

3.4 Internal Audit

- 3.4.1 The requirement for an internal audit function for local authorities is implied by Section 151 of the Local Government Act 1972, which requires that authorities "make arrangements for the proper administration of their financial affairs". The Accounts & Audit Regulations (Amendment) (England) 2011, regulation 6, more specifically requires that "a relevant body must undertake an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control".
- 3.4.2 Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 3.4.3 Internal Audit is independent in its planning and operation. The Head of Internal Audit Services shall have direct access to the Head of Paid Service, all levels of management and elected members.

3.4.4 Internal Audit will comply with the ~~Auditing Practices Board's guideline~~ *Guidance for Internal Auditors*, as interpreted by CIPFA's *Code of Practice for Internal Audit in Local Government in the UK* Public Sector Internal Audit Standards (PSIAS).

3.4.5 Internal Auditors have the authority to:

- a) enter at all reasonable times any Council establishment;
- b) have access to all records, documents, information and correspondence relating to any financial and other transaction as considered necessary;
- c) evaluate the adequacy and effectiveness of internal controls designed to secure assets and data to assist management in preventing and deterring fraud;
- d) request explanations as considered necessary to satisfy themselves as to the correctness of any matter under examination;
- e) require any employee of the Council to produce cash, materials or any other Council property in their possession or under their control;
- f) access records belonging to third parties, such as contractors or partners, when required and appropriate;
- g) directly access the Chief Executive and members.

3.4.6 The Head of Internal Audit Services will prepare the strategic and operational audit plans, which will take account of the relative risks of the audit areas and present this to the Audit & Governance Committee for approval.

3.4.7 Chief Officers have the responsibility:

- a) of reporting any circumstances which may suggest the possibility of irregularity affecting cash, stocks or other property of the Council and any fraud or corrupt activities to the Executive Director Corporate Services. Further guidance can be found in the Counter Fraud & Corruption Policy Statement, Strategy and Guidance Notes;
- b) for ensuring that internal auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purpose of their work;
- c) for ensuring that auditors are provided with any information and explanations that they seek in the course of their work;
- d) to consider and respond promptly to recommendations in audit reports;
and
- e) for ensuring that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.

3.4.8 ~~An annual review of the effectiveness of the system of internal audit should be undertaken by the appointed external auditor and the results reported to the Audit & Governance Committee. The Head of Internal Audit Services will develop and maintain a Quality Assurance & Improvement Programme (QAIP) that covers all aspects of the internal audit activity and is designed to evaluate conformance with the PSIAS definition of Internal Audit and Code~~

of Ethics. The QAIP must be internal on-going assessments reported to the Audit & Governance Committee with an external assessment to be completed in accordance with the frequency as determined by the Audit & Governance Committee (minimum at least every 5 years).

CONTACT: Head of Internal Audit Services

3.5 Treasury Management

3.5.1 The Council will conduct its Treasury Management Activities in accordance with the provisions laid down in statute and specifically as contained within the Local Government Act 2003.

CIPFA recommends that all public service organisations adopt, as part of their standing orders, financial regulations, or other formal policy documents appropriate to their circumstances, the following four clauses.

1. This organisation will create and maintain, as the cornerstones for effective treasury management:

- a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
- suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.

2. This organisation (i.e. full Council) will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

3. This organisation delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to full Council and for the execution and administration of treasury management decisions to the Executive Director Corporate Services, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

4. This organisation nominates Audit and Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

3.5.2 The Executive Director Corporate Services may report to Council at any time, as he considers necessary, upon matters relating to treasury management activities.

3.5.3 The Executive Director Corporate Services shall ensure that all treasury management transactions are recorded and that there is an effective division of duties between operations.

- 3.5.4 All securities which are the property of or in the name of the Council or its nominees shall be held in the custody of the Solicitor to the Council, except in the case of externally managed funds which shall be held by an independent custodian approved by the Executive Director Corporate Services.
- 3.5.5 Loans must not be made to third parties and interests must not be acquired in companies, joint ventures or other enterprises without the approval of the Cabinet, following consultation with the Executive Director Corporate Services.

CONTACT: Director of Finance

3.6 Prudential Code

- 3.6.1 Interlinked with the CIPFA Code of Practice for Treasury Management is the Prudential Code for Capital Finance in Local Authorities which plays a key role in capital finance to support Local Authorities in taking their decisions.
- 3.6.2 The Council is required by regulation to have regard to the said code when carrying out its duties under part 1 of the Local Government Act 2003.
- 3.6.3 The Prudential Code sets out a clear governance procedure for the setting and revising of prudential indicators. This is done by the full Council.
- 3.6.4 The Executive Director Corporate Services will be responsible for ensuring that all matters required to be taken into account are reported to the full Council for consideration, and for establishing procedures to monitor performance.
- 3.6.5 In setting or revising their prudential indicators, the Council is required to have regard to the following matters:
- affordability, e.g. implications for Council Tax / housing rents, including consideration of the impact for all resources (capital and ongoing revenue costs);
 - prudence and sustainability, e.g. implications for external borrowing and whole life costing;
 - value for money / potential 'spend to save' schemes, option appraisal;
 - stewardship of assets, e.g. asset management planning;
 - service objectives, e.g. strategic planning;
 - risk and uncertainty needs to be considered;
 - practicality, e.g. achievability of the forward plan.

3.6.6 The Executive Director Corporate Services is required to establish procedures to monitor both performance against all forward looking prudential indicators and the requirement that Council has adopted the CIPFA 'Treasury Management in the Public Services: Code of practice and Cross-Sectional Guidance Notes'. The Executive Director Corporate Services also needs to establish a measurement and reporting process that highlights significant deviations from expectations.

3.6.7 When considering capital spending Chief Officers must have regard to the capital process guidance, which includes the requirement to complete a capital appraisal. This appraisal ensures that consideration is given to:

- Full capital cost, including regard to external funding considerations;
- The revenue implications associated with the project – including costs and any additional income generation;
- Any implications with regard to the prudential code / use of prudential borrowing (including payback periods etc.);
- Staffing implications;
- Alternatives which could be considered e.g. leasing;
- Consultation with other officers / organisations;
- Project management and planning in order to ensure delivery in line with approved timescales;
- Evaluation of the project outcomes;
- An assessment of the risks associated with the project – a full Risk assessment is required;
- The contribution the project makes towards the achievement of the Council's corporate priorities, corporate capital strategy objectives and Government priorities.

3.6.8 In order to ensure that over the medium term, net borrowing will only be for capital purposes, the Council should ensure that net external borrowing does not, except in the short-term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

3.6.9 The Council shall set and monitor against the specified prudential indicators for capital expenditure, external debt and treasury management in accordance with the due processes to be followed, the matters required to be taken into account, affordability, prudence and in accordance with the definitions specified.

CONTACT: Director of Finance

4. REVENUE BUDGETS AND EXPENDITURE

4.1 Introduction

The key controls for budgets and medium-term planning are:

- a) specific budget approval for all expenditure;
- b) budget managers/Heads of Service to be consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the executive for their budgets and the level of service to be delivered;
- c) a monitoring process is in place to review regularly the effectiveness and operation of budget preparation and to ensure that any corrective action is taken.

4.2 Incurring Expenditure

4.2.1 Chief Officers and Heads of Service are authorised to incur expenditure:

- a) in accordance with approved Council and service policies;
- and
- b) in line with the service net revenue budget.

Chief Officers and Heads of Service are authorised to make budget changes.

4.3 Budget Monitoring and Variances

4.3.1 The service net revenue budget is the key point for budget monitoring and reporting. The detail contained within the budget book is mainly to assist budget holders manage their budgets. Strict compliance with the detailed budget is not necessarily expected. **The main requirement is that Chief Officers and Heads of Service must seek approval for any change in approved service policy, standards or delivery, or other material departure from the service plan.**

4.3.2 Chief Officers and Heads of Service must monitor their budgets regularly throughout the year. The ~~Executive~~ Director ~~Corporate Services of Finance~~ and Accountants will provide suitable regular reports giving details of actual expenditure and income compared to the budget. He/she will notify the Chief Officer/Head of Service of any significant variance which appears to require further attention.

4.3.3 The Chief Officer or Head of Service is responsible for dealing with actual or likely variances from budget and must take appropriate action. For example, he/she may decide to:

- a) freeze spending on a discretionary item such as furniture and equipment to deal with a net overspend; or
- b) meet an overspend under one expenditure heading from one or more actual or planned underspends elsewhere (see below); or

- c) meet an overspend from increased income (within limits set below); or
- d) do nothing in the case of a windfall increase in income.

In the case of b) & c) the manager should consider whether to adjust the budget through a virement (see below).

- 4.3.4 There is no limit for budget transfers within individual expenditure headings (cost centres) if there is no change in service policy, no detriment to service standards or delivery and no material departure from the service plan.
- 4.3.5 Where a significant variance is expected (even after taking appropriate action) the Chief Officer or Head of Service must report the circumstances formally to Members as soon as practicable. The report should indicate the options open to Members and their implications. For example in the case of an overspend it might suggest:
 - a) reducing activity levels, with an impact on service standards, to reduce expenditure; or
 - b) increasing activity on income-generating services or increasing prices to increase income; or
 - c) providing additional resources from an alternative source, e.g. balances.
- 4.3.6 The report should take into account the likely position in future years as well as the current year.

CONTACT: Director of Finance

4.4 Virement

- 4.4.1 A virement is defined as “the planned transfer of a budget approved for one purpose for use on a different purpose to that originally intended or approved”. A virement does not create additional budget; it changes the purpose for which the budget will be used compared to that originally intended.
- 4.4.2 A Chief Officer or Head of Service may authorise the transfer of up to £30,000 of budget (this is a cumulative amount i.e. in total for each cost centre for the year and not per transaction) to or from any individual expenditure heading (cost centre) within their service. The Director can approve virement (up to £30,000) across budgets within service activities within their Directorate and between Directorates with the approval of the Executive Director Corporate Services. The Chief Officer or Head of Service must notify the Executive Director Corporate Services in writing of all virements. **No further approval is needed if there is no change in service policy, no detriment to service standards or delivery, and no material departure from the service plan.**

~~4.4.3 – 4.4.4~~

- 4.4.3 The Executive Director Corporate Services also has authority to approve virements in excess of the above £30,000 limit – up to a total virement of £50,000 (this is a cumulative amount i.e. in total for each cost centre for the year and not per transaction).

4.4.4 **Virements can only be applied to direct expenditure & not to support service costs, capital charges and indirect income (i.e. recharges).**

4.4.5 Virements which fall outside of the above criteria will require Cabinet approval.

4.4.6 **Specific Contingency Budget**

Where a budget is identified as contingency and is intended for allocation during the year, its allocation will not be treated as a virement, provided that:

- a) The amount is used in accordance with the purposes for which it has been established.
- b) The Cabinet has approved the basis and the terms, including financial limits, on which it will be allocated. Individual allocations in excess of the financial limits must be authorised by Cabinet.
- c) The release of funding for specific identified contingency items is delegated to the Corporate Management Team in consultation with the Leader of the Council (Scheme of Delegation log).
- d) The release of the contingency is approved by the S.151 Officer(Executive Director Corporate Services).

4.4.7 **Capital Contingency Budget (Block Allocation)**

- a) Where amounts are required for transfer from Specific Contingency/ General Contingency then Cabinet approval must be obtained, including approval of a capital appraisal form detailing the financial and organisational impact of the scheme.
- b) Please note that the impact of drawing from this contingency budget has to be highlighted to members in order for them to make an informed decision.
- c) These reports will also require S.151 Officer (Executive Director Corporate Services) sign off (due to their impact on the 5-year budget / balances / forecast).

CONTACT: Director of Finance

4.5 Income Generation

- 4.5.1 Income may be received above the budget level in a number of circumstances. The potential uses for the extra income (within the limits set below) depend on the situation:
- a) Pure windfall income, which is received without any additional service activity or conditions is not available for use by the Chief Officer or Head of Service and he/she should not normally authorise any additional expenditure from that windfall. The main exception would be to meet an unavoidable overspend. In other cases the excess income would return to Council balances.
 - b) Where an increase in demand results in increased service workload, additional income may be used to offset the impact of the extra workload. For example the manager may appoint temporary employees or purchase additional or improved equipment to improve efficiency or working conditions.
 - c) Where the Chief Officer or Head of Service expects an increase in income to result from increased activity, the Chief Officer or Head of Service may approve additional expenditure where it will generate enough income to cover the costs.
 - d) Where 'ring fenced' grant income is received which requires specific actions/spending, the Chief Officer or Head of Service may approve additional expenditure, where there is no net additional cost to the Council.
- 4.5.2 The maximum permitted extra expenditure is £30,000 per service per annum.
- 4.5.3 Chief Officers/Heads of Service have authority to approve budget adjustments for excess income up to a limit of £30,000 (this is a cumulative amount i.e. in total for the year and not per transaction) for individual expenditure headings (cost centres) within their service. The excess income and additional expenditure must be reported explicitly within the monthly budget monitoring variance analysis.
- 4.5.4 The Executive Director Corporate Services also has authority to approve budget adjustments in excess of the above £30,000 limit – up to a total budget adjustment of £50,000.
- 4.5.5 Any budget adjustments above this amount will require Chief Officers and Heads of Service to ask Members for formal budget adjustment to reflect the revised position.

| **CONTACT: Director of Finance**

5. CAPITAL BUDGETS AND PROJECTS

5.1 Definition of Capital

- 5.1.1 Capital projects include the purchase or construction of assets such as buildings, vehicles and computer equipment and major repairs/refurbishment, which extend the life of an asset or increase its value. In each case the Council must get the benefit from the new or refurbished asset over more than one year. The total cost of the project must also exceed £10,000. This figure includes amounts spent on design and supervision and other fees for professional services (whether provided by Council employees or external contractors). Spending of up to £10,000 on a single project should be treated simply as revenue (except where it forms part of a minor works programme which exceeds £10,000).
- 5.1.2 The Corporate Capital Strategy - link [corp-capital-strategy-2003-decCorporate Capital Strategy 2008-13](#).
- 5.1.3 The [Capital Process Guidance](#) is included within the Corporate Capital Strategy and can be found on the intranet.

CONTACT: Director of Finance

5.2 Leasing/Rental Agreements

- 5.2.1 Chief Officers and Heads of Service must consult the Executive Director Corporate Services before entering into **any** leasing or rental agreement to or from the authority in order to comply with the International Financial Reporting Standards.
- 5.2.2 **All** lease agreements must be signed by the Executive Director Corporate Services.
- 5.2.3 Obtaining an asset through a finance lease is regarded as capital expenditure and as such it must be included in the capital programme.

CONTACT: Director Finance

5.3 Authority to Incur Capital Spend

- 5.3.1 The law requires councils to treat capital spending differently from revenue so different authorisation procedures are used. Chief Officers and Heads of Service are authorised to spend money on a capital project only if the project is included in the capital programme, or for minor projects, they have sufficient revenue funds. In either case special rules apply.
- 5.3.2 The Executive Director Corporate Services is responsible for ensuring that a capital programme is prepared on an annual basis for consideration of the full council's policy framework.

- 5.3.3 All capital projects and spending must comply with the guidance on Procurement and Contracts. Expenditure must be in line with the approved scheme (Capital Programme) as agreed by Council and will require an adequately detailed Capital Appraisal Form including any revenue implications arising from the scheme. The Appraisal Form should identify any key processes/deliverables to be incurred with appropriate financial information (i.e. sub projects within the main programme). The detail of projects above £50,000 must comply with the Procurement [Policy Strategy](#). In the event that as part of an approved scheme, there is a contingency amount in excess of £20k, then prior approval must be obtained from Cabinet for the spend to go ahead. Chief Officers or Heads of Service must then notify the relevant portfolio holder of the preferred tenderer. The Procurement and Contracts Section gives further guidance.
- 5.3.4 If a Chief Officer or Head of Service wishes to incur minor new capital spend (ie. between £10,000 and £30,000) from a revenue budget the Executive Director Corporate Services must first be informed in writing and there must be no change in service policy, or detriment to service standards or delivery. If these conditions are not met, Council must be asked to add the project to the capital programme.
- 5.3.5 Council have delegated authority to Cabinet to approve/add new capital schemes to the capital programme where grant funding is received and there is no net additional cost to the Council.
- 5.3.6 Some Chief Officers and Heads of Service are responsible for several capital projects at the same time. Where any single scheme needs up to £30,000 above its capital allocation to complete it, the Chief Officer or Head of Service may approve a virement for the additional spend provided other schemes within his/her control will under-spend by at least that amount.
- 5.3.7 A Chief Officer or Head of Service may authorise the virement of up to £30,000 of budget (this is a cumulative amount i.e. in total for each capital scheme for the year and not per transaction) to or from any individual scheme within their service. The Director can approve virement (up to £50,000) across budgets within service activities within their Directorate & between Directorates with the approval of the Executive Director Corporate Services. The Chief Officer or Head of Service must notify the Executive Director Corporate Services in writing of all virements. **No further approval is needed if there is no change in service policy, no detriment to service standards or delivery, and no material departure from the service plan.**
- 5.3.8 Where 'ring fenced' grant income is received for an existing scheme which requires specific actions/spending, the Chief Officer or Head of Service may approve additional expenditure up to £30,000 (with a further £20,000 only with the Executive Director Corporate Services approval)–, where there is no net additional cost to the Council. – Spending of grant which fall outside of the above criteria will require Cabinet approval.

[CONTACT: Director of Finance](#)

5.4 Monitoring

- 5.4.1 Chief Officers and Heads of Service are responsible for delivering capital projects within agreed timescales and within budget. Chief Officers and Heads of Service must therefore continuously monitor both the progress of projects and spend against budget.
- 5.4.2 The Executive Director Corporate Services and Service Accountants will provide suitable regular reports giving details of actual expenditure and income compared to the budget. He/she will notify the Chief Officer and Heads of Service of any significant variance which appears to require further attention.
- 5.4.3 Chief Officers and Heads of Service are responsible for dealing with actual or likely variances from budget or from the project delivery plan.
- 5.4.4 Where a significant variance is expected (even after taking appropriate action) the Chief Officer and Heads of Service must report the circumstances formally to Members as soon as practicable. The report should indicate the options open to Members and their implications. For example in the case of a projected overspend it might suggest amending the specification to come within budget.
- 5.4.5 Outstanding expenditure relating to the previous financial year should be notified to the Executive Director Corporate Services as soon as possible after 31st March in line with the timetable determined by the Executive Director Corporate Services.
- 5.4.6 A requirement of the Capital Process is for a Post Implementation Review to be completed. A Post Implementation Review is an essential stage in the capital process. Results of the review should be circulated to CMT and BRG and, if appropriate Cabinet and/or Scrutiny Committees. More detailed guidance on the Post Implementation Review process can be found in the Capital Process Guidance.

CONTACT: Director of Finance

5.5 External Funding

- 5.5.1 External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the authority. Local authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers. Funds from external agencies such as the National Lottery provide additional resources to enable the authority to deliver services to the local community. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the authority's overall plan.
- 5.5.2 Where external funding may be available for a project in the capital programme the Chief Officer or Head of Service is responsible for submitting any bid required. Consultation with the Executive Director Corporate Services is required before submission.

- 5.5.3 Any bid must match the capital programme approval in all material respects. If the bid differs materially from the capital programme or the project is not in the capital programme, Council approval must be received before the bid is submitted.
- 5.5.4 Where a project relies on external funding, it must not commence until final written confirmation has been received that the external funding will be provided.
- 5.5.5 If the external funding approval differs materially from the bid, Council approval must be received before any spending on the project is committed. The Chief Officer or Head of Service should seek advice from the Executive Director Corporate Services as to whether any difference should be regarded as material.
- 5.5.6 Council has delegated authority to Cabinet to approve/add new capital schemes onto the capital programme where grant funding is received and there is no net additional cost to the Council.
- 5.5.7 Claims for payment must be made as soon as practicable. The budget manager who submitted the bid is responsible for submitting the claim, by the due date unless otherwise agreed with the Executive Director Corporate Services.
- 5.5.8 The Chief Officer or Head of Service should ensure that the project progresses in accordance with the agreed project delivery plan and that all expenditure is properly incurred and recorded.
- 5.5.9 Copies of all documentation such as bids, approvals, claims and correspondence must be sent immediately to the Executive Director Corporate Services to ensure that all funding notified by external bodies is received and properly recorded in the authority's accounts and to ensure that audit requirements are met.
- 5.5.10 The Chief Officer or Head of Service must ensure that the key conditions of funding and any statutory requirements are complied with and the responsibilities of the accountable body are clearly understood. Funds should only be acquired to meet the priorities approved in the policy framework by the full council. Any match-funding requirements should be given due consideration prior to entering into long-term agreements and future revenue budgets should reflect these requirements.
- 5.5.11 Further details on external funding can be found in the External Funding Strategy.

CONTACT: Director of Finance

5.6 Disposal of Capital Assets

- 5.6.1 Disposals require the same level of approval as capital spend. Chief Officers and Heads of Service should therefore propose any necessary capital disposals for inclusion in the capital programme. All disposals are required to be approved by the Budget Review Group and Cabinet.

- 5.6.2 Chief Officers and Heads of Service must obtain the best possible price for disposals, in accordance with section 123 of the Local Government Act 1972 (where relevant), which will normally be the market value. Chief Officers and Heads of Service must consult with the relevant specialist officer before commencing a disposal, e.g. the Director – Assets and Environment for land or buildings and the Director, Technology & Corporate Programmes for IT equipment. In most cases the specialist manager should assume responsibility for the disposal.
- 5.6.3 The disposal of low value items is dealt within the Assets and Equipment chapter.

| **CONTACT: Director of Finance**

6. PROCUREMENT AND CONTRACTS

6.1 Introduction

- 6.1.1 This section supplements the Council's contract standing orders and Procurement Strategy and Procurement Guidance and Procedures on the Intranet (which provide more detailed guidance and requirements on purchasing, procurement and contracting processes).
- 6.1.2 Each Chief Officer/Head of Service is under a duty to "Promote greater efficiency and value for money. in all activities including the procurement of goods and services" (Fin. Reg. 7).
- 6.1.3 The essence of the system, which must be maintained by all Chief Officers/Heads of Service is to demonstrate that:
- a) Best value for public money spent is achieved;
 - b) no favouritism is shown to any potential supplier; "brand names" or any potential discriminatory requirements/standards are not used;
 - c) the highest standards of integrity are consistently applied;
 - d) there is compliance to legal requirements;
 - e) non-commercial considerations do not influence any contracting decision;
 - f) corporate and departmental aims and policies are supported;
 - g) compliance with the Procurement Strategy is maintained; and
 - h) the arrangements for supply and payment are clear to all parties.
- 6.1.4 This guidance applies to all procurement and purchasing activities undertaken for, or by, the Council including cases where the Council either acts as an agent (e.g. work for Staffs. County Council) or employs an agent such as an external architect or clerk of works, or acts on behalf of other organisation and bodies working in partnership with (for example the Local Strategic Partnership and Crime and Disorder Partnership).
- 6.1.5 Values quoted in this guidance should be considered as the estimated spend on an item, service, or material for the period over which the known requirements exists, or the total value of a one-off supply. This is often referred to as the "whole life cost". In some cases, it is clear that a grouping together of items is both sensible and within the spirit of the regulations. For example, it is appropriate to consider the purchase of desks and chairs as office furniture rather than as individual items. The guidance applies to both revenue and capital items. For more significant items of expenditure it is reasonable to consider the sum total of the Council's requirements for works, services and supplies across Directorates when assessing the estimated value and whole life costs of these requirements.
- 6.1.6 All IT purchases (software and hardware) must be approved by the Director Technology & Corporate Programmes.
- 6.1.7 All potential contracts and partnership agreements (whether formal or informal) which utilise the handling of the Council's data/information (paper based or electronic) by a third party must ensure formal, contractual

provision is made outlining the obligations placed on that third party. The Procurement Team must be consulted in any such case at the outset of the process.

- 6.1.8 All proposals, developments, capital works, contracts and changes affecting the information we use, hold and process must have the agreement of the Director, Technology & Corporate Programmes or deputy, and, where appropriate, be monitored for compliance.
- 6.1.9 All suppliers, partners, third-party organisations and contractors with whom we have/will have a relationship by which they have access to or process (as defined by the Data Protection Act 1998) personal or commercially sensitive information belonging to or under the control of the Council will be required to provide their compliance with ISO27001 either by production of certification or by submission of a statement of compliance. In addition, they must acknowledge and agree their responsibilities and obligations to the Council in relation to Principle 7 of the Data Protection Act (1998) in relation to Information Security. Any request to waive these requirements requires the agreement of both the Security Management Group and Cabinet. Implementation of these arrangements is immediate in relation to all contracts not yet let, Invitation to Tenders not yet published, agreements not yet implemented, or proposed contract extensions. At the end of the contract, all information used by the contractor but belonging to the Council will be returned to the Council. Chief Officers are responsible for ensuring that the contractor provides assurance that they do not hold any personal or commercially sensitive information - either manually or electronically, that belongs to the Council. Advice can be obtained from the Corporate Information Security Manager.
- 6.1.10 Any consultants, agents, contractual partners used by the Council shall be appointed in accordance with the requirements of Contract Standing Orders and Financial Guidance. Where the Council uses consultants to act on its behalf in relation to any procurement, the Chief Officer shall ensure that the consultants also comply with these requirements. No consultant shall make any decision on whether to award a contract or who a contract should be awarded to. The Chief Officer shall ensure that the consultant's performance is monitored.
- 6.1.11 Some definitions of terms used and a list of officers who can provide assistance are shown at 6.17 and 6.18.
- 6.1.12 With effect from 1st April 2009 all tenders (namely £10,000 or over) whether above or below EU thresholds for works, services, supplies, utilities and design contracts will be tendered electronically through the e-tendering system, from which point traditional "paper based" tender exercises will cease unless a waiver to financial regulations is obtained from Cabinet. All transactions associated with such tenders will be conducted via the e-tendering system from the initial advertisement, expressions of interest, pre-qualification of suppliers, invitation to tender or negotiate, submission of tenders, tender opening contract award and subsequent contract management. The Procurement Team must be notified in writing at least six

months before the commencement of any tendering exercise with an expected value of £50k or over and will give direction as to the procurement route to be followed. This notification will include information for both capital and revenue expenditure proposals as is required under the capital appraisal process, so that an accurate assessment of the requirements can be made. Where the procurement is likely to exceed EU thresholds the period of notice will be at least six months in order to allow compliance with EU timescales.

6.1.13 With effect from April 2012 all quotations and tenders between £2,000 and £10,000 for works, services, supplies, utilities and design contracts will be tendered electronically through the e-tendering system (and from which point traditional “paper based” quotation exercises will cease unless agreed in writing by the Director of Finance and the Executive Director Corporate Services). The quotation process will be used mainly where price is the sole criteria for determining the award of contract. All transactions associated with quotations will be conducted via the e-tendering system from the initial advertisement/request to quote, pre-qualification of suppliers where necessary, invitation to quote, submission of quotations, quotation opening, contract award and subsequent contract management.

6.1.14 With effect from April 2010 the e-tendering system will be extended to provide electronic or e-auctions and this facility will be made available to service areas by agreement with the Director of Finance. E-auctions can be a useful way of securing savings and efficiencies and are best applied where the product or service is capable of being specified accurately and can be provided by a range of suppliers with a common understanding of what the requirement is, for example, paper, IT hardware and consumables, and utilities. E-bidding is another variant, where “once only” bids are sought electronically.

6.1.15 The e-tendering/quotation system includes a browser based supplier website where any supplier wishing to register an interest in doing business with the Council can do so electronically, with a password protected, secure area of the website for them to fill out their company details (this includes information on their company, address, contact points, business types, banking, insurance, certificates, accreditation and other details. The information on the supplier website also includes an electronic version of a pre-qualification questionnaire to express interest in tenders/quotations, which when completed can be used and updated whenever the company wishes to express an interest in a new business opportunity). This, together with the introduction of corporate contracts, and partnering arrangements with suppliers, supersedes the practice of having and maintaining an “Approved Supplier” list or lists.

6.1.16 Chief Officers should ensure that current and potential suppliers register their company details on the supplier website which can be found at the following internet site <https://in-tendhost.co.uk/tamworthbc>. From June 2012, relevant suppliers will also be able to use Constructionline to maintain and update key [Pre Qualification Questionnaire \(PQQ\)](#) information.

6.1.17 New business opportunities are to be advertised on the website via the Procurement Team and therefore must be notified in accordance with the timescales noted above.

6.1.18 Where Tamworth BC is conducting a tendering or quotation exercise in partnership with another public or private body (for example joint procurement of services) then the e-tendering system can be used as part of the normal procurement processes followed by the Council by agreement with the Director of Finance.

6.1.19 Where the Council is funding/assisting a body such as the Local Strategic Partnership or the Crime and Disorder Partnership and there is an expectation on the part of the Council to ensure probity in the use of monies on projects which are publicly funded/routed via Tamworth BC then the e-tendering system can be used as part of the assistance provided by the Council by agreement with the Director of Finance.

CONTACT: Corporate Procurement Officer

6.2 Summary of Requirements

6.2.1 The following table shows the action needed at differing values. Further detail follows. Please refer to the timetable for implementing electronic tendering and quotation exercises referred to in section 6.1. Before initiating any tender / quote process officers should review the Contract Register to see if there are any comparable contracts or agreements in place which must be used unless there is an auditable reason not to.

6.2.2

| Value | Contact Other Officers | Process for Obtaining Prices | Contract Issues | Supply Process |
|----------------------|---|--|---|--|
| £0- £1,999 | Should contact Procurement Team if similar expenditure is likely to be incurred by others to check if a corporate contract is in place or desirable | Should obtain at least 3 quotations or estimates - these may be verbal. Up to £1,999 is cumulative within the financial year | No requirement for formal written contract. Standard form may be considered in some cases and an annual supply arrangement may be appropriate. | Must be via official order generated by General Ledger or as per contract. |
| £2,000 - £9,999 | Should contact Procurement Team if further similar expenditure is likely to be incurred by self and/or others to check if a corporate contract is in place or desirable | Tendering must be considered, alternatively, written quotations must be obtained using Quick Quote on the Intend system using the correct invitation to quote template. | No requirement for contract but use of standard quotation documents must be used especially where access to personal / confidential information is involved or warranties or indemnities are given/received | Must be via official order generated by General Ledger or as per contract. |
| £10,000 - £19,999 | Must consult the Procurement Team to seek guidance as to the appropriate procurement route to follow | After consultation with the Procurement Team - either tenders or written quotations must be requested via the Intend system using the correct Invitation to Tender or Invitation to Quote templates. The Tender Authorisation Form must be completed and returned to the Procurement team. | Depending on the complexity, risk and value, a written contract must be considered subject to consultation with the Procurement Team and Legal. | Must be via printed official order generated by General Ledger or as per contract. |
| £20,000 - £49,999 | Must consult the Procurement Team to seek guidance as to the appropriate procurement route to follow | Advice from Procurement and Legal must first be obtained. Tendering must be considered, and must use the standard quotation / tender documents. The Tender Authorisation Form must be completed and returned to the Procurement team. | Must be formal written contract which can be signed by the relevant CMT member. Consult with Procurement team as to the relevant type of contract. | As specified in formal contract |
| £50,000 and over | Must advise Procurement Team in writing as soon as the spend requirement is identified – this is at least a 6 month period and where spend is going to exceed the EU threshold, a longer period of notice would be expected – the Procurement Team must be contacted for guidance as to the appropriate procurement route to follow. The Procurement Team may direct and/or administer the whole process | Member endorsement of contract brief required. Use of the Invitation to Tender Documentation must be used. The Tender Authorisation Form must be completed and returned to the Procurement team. | Must be a formal written contract duly approved by the Solicitor to the Council and executed as a Deed under Seal. | As specified in formal contract |

- 6.2.3 Any of the guidance may be applied for purchases at a lesser value. For example, it may be appropriate for certain low value requirements to be purchased by inviting tenders. Similar procedures to those outlined should then be followed. (The guidance does not necessarily cover such situations in full).
- 6.2.4 If there is an existing contract available for the required goods, services or works, it must be used in the first instance. Some contracts let by other public authorities may also be available (see 6.3.1).
- 6.2.5 A list of [corporate contracts](#) can be found in the Contracts Register, stored on the S Drive. If it is intended not to use a corporate contract, the Procurement Team must be consulted at the outset.
- 6.2.6 A suitable contract specification must be completed in all cases. The level of detail required within the specification will be commensurate with the complexity, risk and value of the purchase.
- See the following section on Alternative Suppliers. Advice in either case is available from the Procurement Team.
- 6.2.7 Chief Officers should maintain a register to record all quotations and estimates (including verbal estimates) up to £1,999. Copies of written versions should be securely retained, and entries should be signed and dated by both the recording officer and the authorising officer. The details contained in any quotation or estimate must not be made known to any other party. All quotations and estimates received should be retained in the register until the Accounts have been signed off for that financial year. The Quick-Quote register for purchases of £2,000 or over, or the Contract Register, as appropriate should be used to record details of tenders/contracts awarded.
- 6.2.8 The most economically advantageous tender must be accepted. [Advice on how to determine this can be sought from the Procurement](#) Team.

[CONTACT: Corporate Procurement Officer](#)

Further Guidance

6.2.9 Under £2,000

Different practices will apply at different levels:

- The petty cash procedure may be used for very minor items. See the section on cash advances, etc.
- The three estimates for a supply up to £1,999 may come from telephone contact with companies advertising in the local paper, trade journal or yellow pages.
- Verbal quotations/estimates may only be sought for goods/services up to a cumulative value of £1,999 within the financial year.

6.2.10 £2,000 - £9,999

- The Chief Officer should contact the Procurement Team if further similar expenditure is also likely to be incurred by themselves or others to check if a corporate contract is in place or is desirable. Tendering must be considered and the Procurement team will advise on the suitability of tendering. Alternatively, written quotations must be obtained by using the Quick Quote on the Intend system using the correct Invitation To Quote template.

6.2.11 The standard form of contract is particularly recommended in situations where protection against a poorly performing supplier is important or where the procurement carries particular risks e.g. where the supplier would have access to confidential/personal information, or where price is not the only criteria being considered.

6.2.12 £10,000 - £19,999

The Chief Officer should appoint a Project Officer with overall responsibility for the procurement. The Procurement Team must be advised in writing in all cases and guidance sought on the appropriate procurement route to be followed. Tendering must be considered and the Procurement Team will advise where tendering is not necessary. Alternatively, written quotations must be obtained using the Quick Quote on the Intend system using the correct Invitation To Quote template. The Tender Authorisation Form must be completed and returned to the Procurement Team. A written specification must be included in the Invitation To Quote document. *Formal Terms and Conditions of Contract* must be used.

6.2.13 £20,000 - £49,999

The Chief Officer should appoint a Project Officer with overall responsibility for the procurement. The Procurement Team must be advised in writing in all cases and guidance sought on the appropriate procurement route to be followed. Tendering must be considered and the Procurement Team will advise where tendering is not necessary. In exceptional circumstances, written quotations must be obtained using the Quick Quote on the Intend system using the correct Invitation To Quote template and standard quotation/tender documents. The Tender Authorisation Form must be completed and returned to the Procurement Team. A written specification must be included in the Invitation To Quote document. *Formal Terms and Conditions of Contract* must be used.

6.2.14 £50,000 plus

The Chief Officer must appoint a Project Officer with overall responsibility for the procurement. The Procurement Team must be advised in writing in all cases, at the initiation of the project, and guidance sought on the appropriate procurement route to follow. This is to enable an assessment of whether or not the European Union regulations come into play and to ensure the most appropriate procurement solutions are sought. Where the EU threshold is expected to be exceeded, the Procurement Team should be contacted in the first instance. A supply for an individual Service area may be below the threshold, but similar needs in another Service area may mean EU aggregation rules apply. [EU procedures](#) must be followed if they apply, and, due to their complexity, the Procurement Team must be involved in such projects. A formal tender exercise is compulsory, as is a formal written contract.

The Solicitor to the Council must have a minimum of 2 weeks notice to consider the draft contract before engrossment.

CONTACT: Corporate Procurement Officer

6.3 Alternative Purchasing Arrangements

- 6.3.1 Other organisations in the public sector are also under a duty to secure value for money in terms of purchasing. In the right circumstances and where provision has been made for the agreement to be used by other authorities, i.e. where it will provide best value and is consistent with other key requirements such as on contract terms and conditions, managers may use their purchasing arrangements.
- 6.3.2 These other organisations may include Government Procurement Services, ESPO, Central Government (via their G-Cat and S-Cat, and L-Cat processes), local authorities such as Staffs. County Council and bodies such as the National Health Service. Chief Officers/Heads of Service may contract directly with such suppliers but should consult with/involve the Procurement Team because of potential issues such as the requirement to conduct a mini-competition under a framework agreement, delivery charges, minimum order levels and so on..
- 6.3.3 Goods or services may also be procured jointly with other such organisations to obtain best value and meet the requirements of the Council's own rules on procurement.
- 6.3.4 Other variations of procurement may be considered but officers must approach the Procurement Team for guidance before the commencement of alternative procurement routes.

CONTACT: Corporate Procurement Officer

~~6.4~~ ~~6.4~~ Appraisal of Potential Contractors

- 6.4.1 It is important that potential suppliers are able to meet the Council's needs. Suppliers should, therefore, be vetted in financial and performance terms (including health and safety) to various levels commensurate with the criticality and risk of the purchase/supply, prior to any firm commitment ([Company Profile Questionnaire Notes](#)). This process must be followed for all participants in a tender exercise.
- 6.4.2 The financial appraisal checks that the supplier operates on a sound financial footing by assessing profit levels, the ability to pay bills and so on. It will also assess the supplier's capacity to deliver a contract without incurring unreasonable financial risk and recommend a maximum value contract that should be considered in order to protect the contractor from becoming too reliant on the Council for its business. The Executive Director Corporate Services will undertake or arrange these appraisals on receipt of the last two years audited accounts. The appropriate Chief Officer is responsible for ensuring that all relevant documents are submitted to the Executive Director Corporate Services in a timely manner. The Chief Officer must advise the Executive Director Corporate Services if the contract value exceeds £100,000, since a higher level appraisal is then required.
- 6.4.3 In addition to the financial details submitted, the contractor is also required to submit details of Employers Liability, Public Liability Insurance and Professional Indemnity cover which must be appropriate to the contract type, size and the nature of the contract, copies of which should be submitted along with the financial details to the Executive Director Corporate Services. The Chief Officer must check that the certificates are valid for the period of work. If they expire during the period the Chief Officer must check before expiry that they have been renewed. Further advice and guidance can be sought from the Director of Finance.
- 6.4.4 In terms of performance appraisal, the Chief Officer needs to satisfy him/herself that the contractor has a history of sound performance of similar supplies in the recent past. The Chief Officer should therefore request bank references, trade references and make other enquiries deemed necessary to become satisfied.
- 6.4.5 Some contractors are required to hold a valid tax exemption certificate. Certificates should be checked prior to the start of the contract and a copy of the certificate should be forwarded to the Executive Director Corporate Services. The Chief Officer must check that the certificate is valid for the period of work. If it expires during the period the Chief Officer must check before expiry that it has been renewed. Further guidance is available from the Executive Director Corporate Services.

6.4.6 ~~6.4.6~~—In addition to the specific issues referred to within this section, the Chief Officer must ensure that appropriate steps are taken in all cases to assess the suitability of prospective suppliers. The risks involved in the procurement should advise the necessary level of assessment. For instance, even for lower value purchases Chief Officer should still consider the need to obtain assurance that a business is bona fide, or has appropriate health and safety arrangements and insurance cover

CONTACT: Corporate Procurement Officer

6.5 Supplier Register

- 6.5.1 The names of contractors who have expressed an interest in doing work for the Council are retained on a supplier register within the e-tendering system (Intend). Any contractor who expresses an interest to be included is automatically added to the Supplier Register. There is no pre-set requirement for contractors when signing up to the register. Appraisal criteria / pre-qualification questionnaires should be considered at the start of the tendering / quotation stage.
- 6.5.2 All Supplier Registers shall be maintained in an open, fair and transparent manner and be open to public inspection.

CONTACT: Corporate Procurement Officer

6.6 Framework Agreements

- 6.6.1 The term of a Framework Agreement must not exceed four years and, while an agreement may be entered into with one provider, where an agreement is concluded with several organisations, there must be at least three in number.
- 6.6.2 Contracts based on Framework Agreements may be awarded by either:
- Applying the terms laid down in the Framework Agreement (where such terms are sufficiently precise to cover the particular call-off) and where value for money can be clearly determined without reopening competition, or
 - Where the terms laid down in the Framework Agreement are not precise enough to complete for the particular call off, by holding a mini competition in accordance with the following procedure:
 - Inviting the organisations within the Framework Agreement that are capable of executing the subject of the contract to submit written tenders
 - Fixing a time limit which is sufficiently long to allow Tenders for each specific contract to be submitted, taking into account factors such as the complexity of the subject of the contract
 - Awarding each contract to the tenderer who has submitted the best Tender on the basis of the award criteria set out in the specifications of the Framework Agreement.

CONTACT: Corporate Procurement Officer

6.7 Tender Procedures

- 6.7.1 For contracts over £50,000 Chief Officers must advise the Procurement Team in writing at the outset. An [Invitation to Tender advert](#) or PQQ is placed to invite potential contractors or suppliers to register their interest in tendering for the relevant requirement.
- 6.7.2 The Invitation to Tender should contain details of the principal elements of the procurement requirement in order that it primarily attracts those contractors who are in a position to satisfy these requirements. It should therefore contain as a minimum:
- a sufficiently detailed requirement or specification for the type of goods, services or works required;
 - a price schedule;
- standard conditions of contract that will apply in the event of a contract being awarded;
- instructions to tenderers including the date of commencement of the contract and possible duration; technical and financial information; the closing date for tender submissions, and a list of the evaluation criteria and sub-criterion together with the weightings to be used.
- 6.7.3 The evaluation criteria together with the weightings must be referred to in the Invitation to Tender and must not be altered after the Invitation to Tender has been issued. All criteria chosen to be used in the evaluation of tenders must be relevant to the service and/or goods required.
- 6.7.4 The Chief Officer must set a detailed evaluation methodology prior to inviting tenders. He/she should set out explicitly how price and quality elements will be balanced in the final decision in order to help demonstrate selection of the most economically advantageous tender. Appropriate and sufficient information must be requested for inclusion in the supplier's tender submission to enable all criteria to be evaluated. Advice is available from the Procurement Team.
- 6.7.5 Large contracts may require the tenderers to submit a schedule of rates. To compare them properly and allow the total cost to be assessed, the Chief Officer should construct a model of work likely to be required over a set period, for example, one year. This model must be set before tenders are invited, and must be issued with the Invitation to Tender.
- 6.7.6 Contracts awarded will be required to be published in accordance with the Government's Transparency agenda.

European Union Procurement Procedures

- 6.7.7 The relevant EU Directives on procurement must be adhered to when awarding a contract where the anticipated value is close to or exceeds the thresholds indicated below.

| Thresholds | Supplies (£) | Services (£) | Works (£) |
|----------------|--------------|--------------|-----------------|
| Contract Value | 17,32,935.14 | 17,32,935.14 | 4,34,328,350.12 |

- 6.7.8 These figures apply from 1 January 2012. The Procurement Team must be advised in writing at least six months in advance of the supply and guidance sought as to the appropriate values and procedures are used. Further information on EU Procurement Procedures and guidance on the use of the open, restricted, competitive dialogue and negotiated procurement routes, together with design contests and works concessions, should be obtained from the Procurement Team. The Procurement team must be involved in all procurement projects under EU regulations due to the complexities and legal implications involved.
- 6.7.9 In appropriate cases, Chief Officers may engage with the market prior to initiating the tendering process in order to make use of innovative approaches to achieving best value in the provision of a supply or service. This could involve consulting with stakeholders including customers, potential suppliers and interest groups. The Director of Finance must be fully consulted and involved in any such proposals, which must comply with corporate guidance and EU Procurement Procedures.

Development of Contract Brief

- 6.7.10 Where there is a variation from the agreed budget each Chief Officer must seek Cabinet endorsement prior to tendering. The report should comment upon:
- a) the detailed proposals for the scheme, including objectives, targets, milestones, design details and its contribution to the corporate and service plans;
 - b) the financial appraisal of the revenue and capital implications, prepared in conjunction with the Executive Director Corporate Services, and compared to budgets;
 - c) risk associated with the scheme;
 - d) the tender evaluation mechanism and the decision criteria.
- 6.7.11 Approval at this stage will normally include authority to invite tenders and to accept the most economically advantageous tender.
- 6.7.12 Chief Officers should consult the Director of Finance and the Solicitor to the Council for advice.
- 6.7.13 Arrangements have been made for submission and control of tenders and quotations by electronic means, and for e-auctions, in accordance with any process approved by the Director of Finance, Executive Director Corporate Services and the Solicitor to the Council and guidance provided by the Council. Such processes provide an increased level of security, transparency, accountability and fairness to the prescribed "paper-based" tendering process.

Extension to Tender Period

- 6.7.14 The Solicitor to the Council or Executive Director Corporate Services (or his nominated deputy) only can approve the extension of a tender period. All potential tenderers must be informed of the extension to the tendering period.

Amendments to Tenders (by Contractors)

6.7.15 Any amendment a contractor wishes to make to a submitted tender must be received before the closing date and time for tender responses. In-tend will provide this facility to tenderers.

Tender opening – Electronic

6.7.16 All tenders for an individual contract must be opened at the same time by at least 2 officers. This should include a representative from Legal Services for purchases that are subject to EU procedures.

6.7.17 A tender received after the specified time may be only opened and considered at the discretion of the Solicitor to the Council.

Sub-Contractors and Nominated Suppliers

6.7.18 Nominated sub-contractors and suppliers must not be used where this would be anti-competitive, discriminatory or in breach of procurement regulations.

6.7.19 If a Chief Officer wishes to nominate a specific sub-contractor or supplier a written request must be sent to and be approved by the Director of Finance who will assess any risks involved. The request must show how this will give best value/value for money.

Amendments to Tender Documents (by the Authority)

- 6.7.20 Minor corrections and amendments to any part of the Invitation to Tender may be required during the tender period. Chief Officers must consult with Procurement, and where appropriate the Director of Finance, and if necessary the Solicitor to the Council on such matters, and all tenderers must be advised of all agreed amendments in writing at the same time. Acknowledgement of receipt of the amendments will be recorded on the electronic tendering system. In responding to clarifications and queries, the response should be addressed to all tendering organisations, and issued at the same time via the Intend system. All correspondence will be sent electronically.
- 6.7.21 The Invitation to Tender amendments must not contain anything which may materially affect the tender process or unduly affect open and fair competition. No fundamental changes to the Invitation to Tender documentation should be made by the information contained within the tender amendment.
- 6.7.22 A record is retained electronically by In-tend of all correspondence with Tenderers throughout the tender process (including e-mails).

Tender Evaluation

- 6.7.23 Chief Officers should ensure that at least two people carry out the evaluation of tenders. For major contracts involving a project team, the manager should consider involving the whole team. All tender evaluation carried out should be evidenced.
- 6.7.24 From May/June 2012, tender evaluation will be conducted electronically on the In-Tend system where appropriate. The Procurement Team should be contacted to provide advice and guidance.
- 6.7.25 Tenders should be checked to ensure they are complete and that all price calculations are correct. They must be evaluated objectively in line with the specified evaluation model, ensuring fair and equitable treatment for each tender.
- 6.7.26 If an arithmetical error is discovered in the financial submission, the Chief Officer should consult the Executive Director Corporate Services. The contractor must be notified in order to enable him/her to:
- a) agree the amendment; or
 - b) allow the original figure to stand; or
 - c) withdraw the tender.
- 6.7.27 If a Tenderer notifies the Council of an error/amendment which materially affects the submission, the Chief Officer must consult with appropriate officers, for example, the Corporate Procurement Officer, Director of Finance, the Solicitor to the Council or Executive Director Corporate Services and should normally implement one of the following options:
- a) all other Tenderers are allowed to retender (in the case of the Council's error); or
 - b) the Tenderer is required to stand by the original Tender; or

- c) the Tenderer withdraws the Tender, or
- d) (where an error is found before completion of tender evaluation) to correct an error which can be corrected simply by confirming which of two conflicting figures (e.g. a multiplier or product, or carried forward or brought forward) is right, or
- e) (where the error is found before completion of tender evaluation) to correct an obvious omission (e.g. a failure to insert any price where a space for a price is provided).

6.7.28 During the evaluation process, clarification may be sought on any of the tenders received. The questions and answers should always be submitted via the In-Tend system and incorporated into the tender documentation.

6.7.29 There must be no fundamental change to the contract specification or award criteria. Amendments to the specification or terms of the supply, which do not distort competition or are not considered material changes or fundamental to the contract can be made, and shall be put to all Tenderers prior to the submission deadline and in good time for them to make any necessary changes to their tender. Guidance is available from the Director of Finance or Solicitor to the Council.

6.7.30 At the conclusion of the evaluation process, the Chief Officer should be able to, and is expected to select the tender which is the most economically advantageous to the Council, as indicated by the evaluation model.

Post Tender Negotiation & Clarification

6.7.31 After the tenders have been returned and evaluated, further clarification from tenderers, in relation to the tender bid may be required. Clarifying information can include the following:

- price
- specification
- delivery date/start date
- payment terms
- software licences

6.7.32 All tender bids which are covered by the EU Directives are subject to the more restrictive approach specified by the European Union, which states all negotiations with Tenderers on fundamental aspects of contracts, variations of which are likely to distort competition and in particular on price, shall be ruled out. However, discussions with Tenderers may be held, only for the purpose of clarifying or supplementing the content of their tenders or the requirements of the contracting authorities, and provided this does not involve discrimination. There must be no fundamental change to the contract specification or contract award criteria.

6.7.33 The spirit of the above EU interpretation on post tender negotiation should also be followed for tenders under the EU threshold.

6.7.34 Where a tender return is unclear or there are minor sections which have been omitted with no explanation included, it is recommended that the tendering organisation is contacted for clarification, this must be done via the electronic tendering system. In the case of numerous or sizable omissions, guidance must be sought from the Director of Finance and Procurement before clarification is requested.

- 6.7.35 All tendering organisations must be treated fairly and equally in all circumstances.
- 6.7.36 An electronic record will be kept of any query on a tender on In-Tend and any information supplied by the company must be confirmed via the electronic tendering system.
- 6.7.37 Where it is necessary to meet Tenderers to discuss their submission further, at least two authorised officers must be present and minutes taken. In all instances, the Procurement Team must be consulted.
- 6.7.38 In some cases it may be necessary to vary, by agreement, some minor details of the work required. Consultation with the Procurement Team and the Solicitor to the Council must be made prior to any agreement being made.
- 6.7.39 Advice should always be sought from the Procurement Team, Director of Finance or the Solicitor to the Council before entering into negotiations.
- 6.7.40 Chief Officers must not enter into negotiations except:

- a) with the preferred tenderer(s) under the evaluation model and after all unsuccessful tenderers have been informed; or
- b) when using the negotiated procedure under EU rules, in which case those procedures must be followed.

The Chief Officer must ensure that:

- c) negotiations are carried out by at least two authorised officers, and guidance on separation of duties is followed;
 - d) the decisions taken at relevant meetings are documented;
 - e) changes in specification and price are agreed by both parties;
- and
- f) all records are incorporated into contract documents.

- 6.7.41 Where post tender negotiation results in a fundamental change to the specification (or contract terms) the contract must not be awarded but re-tendered.

Tender Acceptance

- 6.7.42 A Chief Officer may accept the winning tender after evaluation if it meets all material aspects of the specification and is within the budget provision. If the amount is higher than budgetary provision, the guidance on Budgets must be followed. If only one tender is received, advice and guidance MUST be obtained from the Solicitor to the Council and the Director of Finance of the process to be followed.

6.7.43 When requesting approval to procure contracts, officers must ensure that approval is obtained from Cabinet to award the contract to the successful tenderer (in compliance with delegated procedures). With all income generating projects i.e. the disposal of material operating assets/activities. Cabinet must approve the preferred tenderer.

6.7.44 Where the procurement is conducted under EU procedures, advice **MUST** be sought from the Director of Finance or the Procurement Team prior to any notification of an award of contract being issued. All tenderers shall simultaneously be provided with a written standstill notice of the Authority's intention to award the contract to the successful tenderer. The standstill notice must be issued electronically to tenderers (i.e. e-mail, in-tend) who must be provided with a period of 10 calendar days to review, and, if considered necessary, to challenge the decision before the contract is awarded. Day one of the period shall commence on the day following issue of the standstill notice. The tenth day must fall on a working day and the 10 day standstill period should be extended, where necessary, to ensure that this happens. If the decision is challenged, then the contract shall not be awarded and advice must immediately be sought from the Solicitor to the Council and the Procurement team.

6.7.45 The standstill notice must contain a precise statement of when the 10 day standstill period will end i.e. midnight at the end of (date) together with the following information:

- the criteria for the award of the contract;
- reasons for the decision including the characteristics and relative advantages of the successful tenderer;
- in conjunction with the above, the score of the unsuccessful tenderer (including criterion and sub-criterion) and that of the successful tenderer to be awarded the contract;;
- the reasons why (if any) the unsuccessful tenderer did not meet the technical specifications;;
- the name of the successful tenderer to be awarded the contract.

The standstill notice must always be prepared in consultation with the Procurement team.

~~6.7.46~~ **6.7.46** ——— Where the tender price exceeds the **available resources** **estimated budget** by the lower of £10,000 or 5% the Executive Director Corporate Services **must MUST** be informed and has the discretion to authorise that the tender be accepted and a contract entered into.

CONTACT: Corporate Procurement Officer

6.8 Post Tender and Contracts

Preparation of Contract

- 6.8.1 Where a tender has been subject to EU procedures and the standstill period has been completed without a challenge, then all tenderers must be informed once the contract has been awarded. More generally, having decided to accept a tender/quotation the Chief Officer must advise tenderers of the outcome of the process and must finalise a contract. This might involve simple acceptance of a standard form of contract, minor amendment agreed via correspondence or it might require meetings with the successful tenderer. Where an industry standard form of contract and terms and conditions are available, eg JCT or ICE contracts, they should be used in place of the Council's standard forms (and should be specified in the Invitation to Tender documents). All agreed amendments must be recorded in writing and formally incorporated into the contract. Advice should be sought from the Procurement Team, and where necessary, the Solicitor to the Council.
- 6.8.2 The Chief Officer should ensure that all approvals that remain outstanding (such as planning permission) are obtained prior to the completion of the contract documents.
- 6.8.3 In addition, every relevant contract over £50,000 must also state clearly as a minimum:

Prices and/or rates together with any adjustment mechanisms that shall apply during the term of the contract;

Invoice procedures;

Performance indicators and/or service levels required;

Conditions of contract that shall include:

- That the contractor may not assign or sub-contract without prior written consent
- Insurance requirements
- Health and safety requirements
- Ombudsman requirements
- Data protection requirements, if relevant
- Charter standards are to be met, if relevant
- Equalities & Diversity Policy requirements
- Children & Vulnerable Adults Policy requirements, if relevant
- Conflict of Interests requirements
- Freedom of Information Act requirements
- Bribery Act requirements
- Right of access to relevant documentation and records of the contractor for monitoring and audit purposes if relevant.

Where agents are used to let contracts, agents must comply with the council's contract procedures rules.

Insurance

- 6.8.4 Chief Officers must ensure that the contractor has Employers Liability and Public Liability insurance, **normally** to a minimum value of £10 million and £5 million respectively; and should seek the advice of the Executive Director Corporate Services wherever there is doubt. Other insurances, for example, professional indemnity may be desirable.
- 6.8.5 The responsibility for obtaining contractor insurance details including renewals lies with the appropriate Chief Officer. The Chief Officer should ensure that all insurance details are passed to the Executive Director Corporate Services without delay.

Bonds and Parent Companies Guarantees

- 6.8.6 The officer must consult the Executive Director Corporate Services about whether a Parent Company Guarantee is necessary when a contractor is a subsidiary of the parent company and:

the total value exceeds £250,000, or

the award is based on evaluation of the parent company, or

there is some concern about the stability of the contractor.

- 6.8.7 The Officer must consult the Executive Director Corporate Services about whether a bond is needed:

where the total value exceeds £1,000,000, or

where it is proposed to make stage or other payments in advance of receiving the whole of the subject matter of the contract and there is concern about the stability of the contractor.

Signing of Contracts

- 6.8.8 The Solicitor to the Council should check and endorse contracts before engrossment valued at £50,000 or above for signature. Contracts below £50,000 should be signed by the relevant member of the Corporate Management Team(CMT). If, in the latter case, a number of members of CMT are involved, then the contract should be signed by the main user.
- 6.8.9 The officer signing the contract must notify all interested managers it has taken place. The Director of Finance must be notified in every case.

Site Possession

- 6.8.10 On completion of the contract documents the Chief Officer should where relevant arrange a site possession date. Chief Officers must not allow entry onto the Council's land or commencement of work prior to the completion of a written contract. In exceptional circumstances, this may be authorised by the Chief Executive.

Document Retention (all formal contracts)

- 6.8.11 Chief Officers must ensure the original copies of all formal contracts are placed in the Council's strong room for all contracts over 12 months/over £50,000. Where a consultant has been engaged to manage the contract on the Council's behalf, it must be ensured that both the contractor and Chief Officer have necessary access to contract documents to enable their functions to be performed.

Contract Amendments

- ~~6.8.12~~ ~~6.8.12~~—Contracts may need amending after signing. The circumstances will dictate the level of approval needed for the change. The relevant Chief Officer should seek appropriate advice, for example, from the Solicitor to the Council, before proceeding.

CONTACT: Corporate Procurement Officer, Operations Accountant

6.9 Project/Contract Implementation & Payment

- 6.9.1 A separate file should be maintained by the relevant Chief Officer for each project, including copies of such contracts making up the project. The file should contain the following information: -
- a) a record of instalments due and paid;
 - b) the working papers substantiating payments; and
 - c) the details of payments to consultants, internal fees & other payments.
- 6.9.2 Chief Officers must only authorise payments that conform to the terms of the contract.
- 6.9.3 The Chief Officer must only make payments to contractors for Buildings & Engineering works on the basis of a valuation certificate detailing:
- (a) the total value of the contract;
 - (b) the value of work executed to date;
 - (c) the amount paid to date;
 - (d) the amount now certified;
 - (e) any retention monies;
 - (f) whether the work is subject to VAT or Liquidated and Ascertained Damages (together with details of the calculation of damages).
- 6.9.4 Where the work is subject to VAT the Chief Officer must ensure that either a VAT invoice or receipt is obtained in order to substantiate the VAT reclaimed.
- 6.9.5 Where liquidated and ascertained damages are to be deducted, the Chief Officer must ensure that the contractor is notified as soon as possible and given details of the basis of calculation. Any liquidated damages applied at any stage of a contract must be deducted from any subsequent valuation certificate before any payment is made.

Contract Monitoring and Variations (including claims)

- 6.9.6 The Chief Officer must monitor expenditure under a contract and take action where appropriate to ensure the final contract sum or the level of expense incurred in any financial year does not exceed the approved budget/available resources.

During the life of the contract, the officer must monitor in respect of:

- performance
- compliance with specification and contract
- cost
- any Value for Money requirements
- user satisfaction and risk management.

Contracts of a high value or high risk should be subject to formal monthly review with the contractor.

For contracts over £50,000, contract managers must:

- maintain a risk register during the contract period
- undertake appropriate risk assessments and for identified risks
- ensure contingency measures are in place.

- 6.9.7 Subject to the provisions of the contract, every extra cost or variation should be authorised in writing by the Chief Officer. Copies of the approved delegated decision that permits officers to authorise variations or extra costs should be forwarded to the Executive Director – Corporate Services by the Chief Officer or the delegated officer.
- 6.9.8 If the revised project cost exceeds the budget/available resources, the guidance on capital budgets and projects must be followed.
- 6.9.9 Where a contract requires a contractor to meet specified outcomes or service levels (e.g. in a partnering –type arrangement) appropriate arrangements must be made by the Chief Officer to ensure that the expected outcomes/service levels are provided or that clear processes exist for reporting and approving any variations from these outcomes/service levels and their financial effect. Any proposals to provide financial incentives or profit sharing arrangements with partners must be subject to appropriate approval and budget processes. Such arrangements must provide appropriate levels of probity and transparency.
- 6.9.10 Where payment under a partnering arrangement is based upon an agreement of target prices between the Council and the external partner then written evidence shall be provided to demonstrate that the target price represents value for money.
- 6.9.11 Where a consultant is contracted to monitor a contract on the Council's behalf, the Chief Officer must ensure that the consultant contractor complies with this financial guidance.

CONTACT: Director of Finance, Head of Internal Audit Services

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6.10 Final Account

- 6.10.1 Payment of the final account (where relevant) effectively closes the contract and it must be correct. The Chief Officer must ensure that adequate checks are carried out to ensure the final account/payment is correct and has been accurately calculated. He/she must also ensure there is adequate separation of duties in preparing and agreeing the final account. Management within the relevant Directorate will, on an annual basis review the Contracts Register maintained by the Executive Director Corporate Services and sample test a number of payments (this process should be adequately evidenced).
- 6.10.2 For building and engineering work the relevant project manager must prepare a detailed statement of account before a final certificate (where required) is issued showing variations against the original contract price, payments made to date and any further payments due. It should be sent to the client Chief Officer within one month of the issue of the certificate of practical completion.
- 6.10.3 The client Chief Officer should approve and agree the contract final account within the retention period and ensure the final payment and certificate are sent to the contractor by the due date. In case of difficulty, advice should be sought from relevant officers, for example, the Solicitor to the Council or Executive Director Corporate Services.
- 6.10.4 Final account outturn should be reported in accordance with the Corporate Capital Strategy.

CONTACT: Director of Finance

6.11 Post Contract

- 6.11.1 Claims from the contractor in respect of matters not clearly within the terms of any existing contract should be referred to the Solicitor to the Council for consideration of the authority's legal liability.

CONTACT: Solicitor to the Council

6.12 Partnerships

6.12.1 Partnerships have a key role in delivering community strategies and in helping to promote and improve the well-being of the area. The authority is and will be increasingly working with others – public agencies, private companies, community groups and voluntary organisations.

6.12.2 The main reasons for entering into partnerships are:

- The desire to find new ways to share risk
- The ability to access new resources
- To provide new and better ways to deliver services
- To forge new relationships.

6.12.3 A partner is either:

- An organisation (either private or public) undertaking, part funding or participating as a beneficiary in a project; or
- A body whose nature or status gives it a right or obligation to support the project.

6.12.4 Partners participate by:

- Acting as a project deliverer or sponsor, solely or in connection with others;
- Acting as a project funder or part funder;
- Being the beneficiary group of the activity undertaken in a project.

6.12.5 Partners have common responsibilities:

- To be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation;
- To act in good faith at all times and in the best interest of the partnership's aims and objectives;
- To be open about any conflict of interest that may arise;
- To encourage joint working and promote the sharing of information, resources and skills between the public, private and community sectors;
- To hold confidentially any information received as a result of the partnership activities or duties that is of a confidential or commercially sensitive nature;
- To act wherever possible as ambassadors for the project.

6.12.6 Chief Officers should be aware of:

- Their responsibilities with regard to the authority's financial regulations and contract standing orders;
- The requirement for them to identify and evaluate all known risks associated with the partner arrangements, and take action deemed appropriate to deal with these risks;
- Ensuring that project appraisal techniques are in place to assess the viability of the project in terms of resources, staffing and expertise;
- Their role in agreeing and accepting formally the roles and responsibilities of each of the partners involved before the commencement of the project;
- Their need to communicate regularly throughout the project so that problems can be identified and shared to achieve their successful resolution.

6.12.7 Managers should ensure that:

- Potential partners are assessed for the financial viability in the same way as contractors;
- Internal audit roles and responsibilities are documented within the contract documentation;
- Partners and contractors are made aware of the Authorities Whistleblowing and Counter Fraud & Corruption policies;
- Arrangements for ownership after the project has ended are identified and documented;
- Partnership agreements and arrangements are appropriately authorised and documented and do not impact adversely upon the services provided by the authority;
- Appropriate information is provided to the Executive Director Corporate Services to enable a note to be entered into the authority's statement of accounts concerning material matters;
- There are robust and transparent arrangements for partnership governance which comply in all material respects with the Council's own rules on such matters;
- There are sound arrangements for monitoring, reviewing and reporting upon the activities and performance of the partnership;
- They refer to the indemnity and conduct/conflict of interest issues.
- They maintain and update the partnership database for their significant partnerships.

6.12.8 Corporate processes for approving, reviewing and reporting upon partnership arrangements and commitments under these must be complied with.

CONTACT: Head of Partnerships & Commissioning

6.13 Orders for Supply from External Sources

6.13.1 Official orders must be issued for all work, goods or services to be supplied to the Council except:

- 7.3.5 where a contract specifies otherwise;
- 7.3.5 supplies of public utility services;
- 7.3.5 payments such as rent or rates;
- 7.3.5 petty cash purchases; or
- 7.3.5 other exceptions approved by the Executive Director Corporate Services.

6.13.2 Individuals must not use official orders to obtain goods or services for their private use.

6.13.3 Official orders to suppliers for goods and services must be raised on the EFins Finance System and promptly issued to the supplier/contractor. This ensures that the commitment is raised on the financial system and so aids the control and monitoring of budgets.

- 6.13.4 Verbal orders should only be given in urgent cases, and any such order must be confirmed by an official order and endorsed "Confirmation Order". All authorised signatories together with any restricting financial limits must be notified to the Executive Director Corporate Services.
- 6.13.5 Orders must detail the work/goods/services ordered, refer to appropriate terms and conditions be priced in accordance with estimates, quotations and so on, and contain the delivery address which must be a Council property. Expenditure must be coded to the correct detailed budget heading, even if there is no budget under that heading or it has been committed including those required by statute or court order.
- 6.13.6 Before authorising an order the authorising officer must be satisfied that best value has been achieved, goods/services are appropriate to the service and genuinely required, appropriate quotations/tenders have been received and that there is appropriate budget provision. For guidance where there is insufficient budget provision, refer to the section on Budgets.

CONTACT: Director of Finance

6.14 Receiving goods and services

Deliveries

- 6.14.1 Any employee who accepts deliveries of goods must obtain a delivery note, which should be signed by the supplier and receiver at the time. The Chief Officer who ordered the supplies must ensure they are checked as to quantity, quality and compliance with specification at the time of delivery, or as soon as possible thereafter. Where it is not possible to carry out this check at the time of the delivery, the employee should ensure this is made clear on the delivery note.

Goods receipting

- ~~6.14.2~~ ~~6.14.2~~—As soon after delivery as possible, the financial system must be updated to show that the goods have been received (refer to the Guidance on Separation of Duties - [separation of duties.doc](#)). Receipting goods on the financial system, ensures that expenditure is accrued. This enables managers to monitor and control their budgets more effectively. The employee recording goods receipt on the financial system must be satisfied that the quality, quantity and specification of the goods/services delivered is as ordered.

CONTACT: Head of Internal Audit Services, Operations Accountant

6.15 Advance Payments

- 6.15.1 Advance payments should only be used for minor supplies such as course fees, seminars and publications. Chief Officers should consult the Executive Director Corporate Services for advice if in doubt. Where advance payment is made then the whole cost, including VAT, must be charged to the expenditure code. The Chief Officer must request an authenticated VAT receipt and send it to the Executive Director Corporate Services to correct the accounting entries.

| [CONTACT: Director of Finance](#)

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6.16 Funding to Voluntary and Community Sector Organisations

Funding to voluntary and community sector organisations can be paid in advance (where appropriate). Where the provision of services on behalf of Tamworth Borough Council is to be delivered in partnerships between a voluntary and community sector organisation and a private sector organisation then subject to an appropriate partnership agreement being in place funding can be paid in advance. Performance management arrangements must be stipulated in each funding agreement or contract in accordance with the Voluntary and Community Sector Commissioning Framework. Evidence must be obtained for expenditure incurred.

CONTACT: Head of Partnerships & Commissioning

6.16 Orders from Internal Suppliers

6.16.1 The same principles apply to orders from internal suppliers and they should, as far as possible, be treated the same as other orders.

CONTACT: Operations Accountant

6.17 Some Definitions

6.17.1 The following table gives the definition for terms used in this guidance.

| Word | Definition |
|-----------|---|
| Quotation | A value for the supply of a service, goods or materials which must be held for a period of time. |
| Estimate | A value for the supply of a service, goods or materials which may be varied following the supply. This is appropriate where it is not possible to give a precise quotation prior to the supply. |

CONTACT: Operations Accountant

6.18 Further Advice and Guidance

6.18.1 The Council employs a number of officers who have responsibilities in a variety of areas connected with procurement and purchasing. The following table is a quick reference guide.

| Issue | Contact | Comments |
|--|--|---|
| Significant departure (either actual or potential) from this guidance | Executive Director Corporate Services, Director of Finance | |
| Procurement and purchasing - General procedures/EU procedures/joint procurement and partnerships | Director of Finance | Chief Officers must not enter into any arrangement for procuring works, goods or services over the £50,000 tender threshold without seeking guidance from the Director of Finance at least six months in advance of the |

| | | |
|--|--|---|
| | | proposed supply. The Procurement team can provide relevant advice and guidance, including standard forms and procedure details. |
|--|--|---|

| Issue | Contact | Comments |
|---|---|---|
| Advice on control systems and administration | Head of Internal Audit Services | |
| The law and legal opinion and sealing and retention of documents | Solicitor to the Council | |
| Printing requirements | Senior Public relations Officer Communications Manager | Chief Officers must not commit to purchase external printing supplies without consulting with the Senior Public relations Officer Communications Manager |
| Information technology | Director, Technology & Corporate Programmes | Chief Officers must not commit to purchase IT supplies (hardware and software) without consulting the Director, Technology & Corporate Programmes. |
| Coding, budgets, insurance, VAT, general ledger issues and financial appraisals | Executive Director Corporate Resources | |

CONTACT: Director of Finance

7 PAYMENT OF ACCOUNTS

7.1 Introduction

- 7.1.1 One of the main requirements of a sound system of expenditure control is that at any point in time, a budget holder knows:
- what has been ordered, including the likely cost;
 - what has been received, and is therefore due for payment; and
 - what has been paid.
- 7.1.2 Small transactions can be dealt with from petty cash (see the section on Cash Advances, etc), and in some situations, payments can be made via direct debit or other electronic means – the Executive Director Corporate Services will advise on these processes. This section of the guidance deals with the most common form of payment, i.e. payment by BACS or cheque drawn on the Council's bank account.
- 7.1.3 All officers must encourage suppliers of goods and services to receive payment by BACs – this is the most economical means for the authority.
- 7.1.4 Corporate credit cards can be used in the day to day business of the Authority and are intended to facilitate transactions only in limited circumstances. Corporate credit cards are to be used chiefly to provide an alternative means of sourcing and paying for goods/services in connection with official business of the Authority, and may be used for purchases to obtain benefit of discount, payment

via the Internet, etc. . The Corporate Credit Card Procedures must be followed..

- 7.1.5 All requests for direct debits against the authority's bank account should be made via the Accountancy section.

CONTACT: Director of Finance

7.2 Security and Good Practice

- 7.2.1 The Council's creditor payment system is set up so that the 3 stages of order, goods receipt and payment to be separately processed with password input and authorisation controls in line with the appendix on Separation of Duties. Passwords are often used in place of actual initials and signatures and must not be made known to any other person. (See also the [Information Security Policy.doc](#)).
- 7.2.2 Each Chief Officer must inform the Executive Director Corporate Services, in writing, of the names of employees permitted to undertake each of the stages, to input orders, authorise orders and confirm goods receipt. The Manager must promptly notify the Executive Director Corporate Services of any changes, for example, resignations. The Executive Director Corporate Services should annually prompt each Chief Officer to review the named employees.
- 7.2.3 Chief Officers may also wish to limit the values input or authorised by some employees, and/or restrict the expenditure codes which some employees can access. This information should also be passed to the Executive Director Corporate Services.
- 7.2.4 The Executive Director Corporate Services must ensure that the payments system:
- (a) conforms with the controls contained in the Appendix on Separation of Duties;
and
 - (b) checks budget availability.

CONTACT: Operations Accountant

7.3 Invoice Processing

- 7.3.7 Each Chief Officer must ensure that the receipt of any service, material or item of goods is promptly recorded on the payment system, and that, where applicable, stock records and inventories are updated immediately.
- 7.3.7 Each Chief Officer must ensure that invoices received are promptly passed to Corporate Services Directorate for processing. Any disputed invoices should be notified to the Executive Director Corporate Services immediately to aid performance monitoring.
- 7.3.2 Before any order is goods receipted, the officer receiving the goods/services must satisfy him/herself that the payment is properly due, and that the work, goods or services have been received and/or carried out in accordance with the order/contract/schedule of rates and this has been evidenced.

- 7.3.3 Officers must ensure that in respect of charges for gas, electricity, water, etc. adequate records are maintained to ensure the charges are correct and the following checks are undertaken:
- i) any standing charges are correct,
 - ii) consumption is charged on the correct tariff,
 - iii) that the consumption recorded is reasonable in light of current and previous readings;
- 7.3.7 Officers should ensure that all credit notes are immediately claimed against invoices or a cheque reimbursement should be requested;
- 7.3.5 ~~7.3.3~~ The Accountancy section will check the payee, prices, quantities, trade discounts, other allowances, credits and tax are correct; not previously paid, properly incurred and within the budget provision. They will also check any copy/facsimile invoices to ensure that they have not been previously paid and that payments are not made against suppliers' statement of accounts.
- 7.3.46 The Accountancy section will ensure that where the invoice includes VAT, it is correctly calculated. Where a VAT invoice is not supplied, the full cost of the invoice including the VAT must be charged to the budget code. The Chief Officer must ensure that an authenticated VAT receipt is subsequently obtained to support this payment is passed to the –Accountancy section immediately on receipt so that the accounting entry can be adjusted;
- 7.3.7 The controls over invoice processing also applies to work done on our behalf by partners.

Amendments

- 7.3.8 VAT invoices must not be amended. If an incorrect VAT invoice is received, the supplier must be asked to send:
- (a) a corrected invoice, or
 - (b) a credit note.
- 7.3.9 Any amendment to a non-VAT invoice must be made in ink and initialled by the officer making it, stating reasons briefly where they are not self-evident.

Year End

- 7.3.10 Each Chief Officer must ensure that where goods and services (goods, materials, services and works, including electricity, gas water etc) have been received by 31st March, that commitment orders and goods receipt notes have been processed within the financial system.
- 7.3.11 Each Chief Officer must, as soon as possible after 31st March and not later than 15th April in each year notify the Executive Director Corporate Services of all outstanding expenditure relating to the previous financial year. Outstanding expenditure consists of the value of all goods, materials, services and works (including electricity, gas, water etc.) that has been received at 31 March, but has not yet been paid.

CONTACT: Operations Accountant

7.4 Electronic Payment Mechanisms

- 7.4.1 Payments to suppliers must be completed by BACs transfer, as it is the most cost effective payment method. Payments will be made by cheques in exceptional circumstances.
- 7.4.2 Information relating to suppliers bank details should be directed to the Executive Director Corporate Services.

CONTACT: Operations Accountant

8. PAYMENT OF SALARIES AND ALLOWANCES

8.1. Salaries

- 8.1.1 Salaries and other reimbursements are paid by the – Director Transformation & Corporate Performance on behalf of each Chief Officer. The Director Transformation & Corporate Performance is responsible for maintaining the establishment list of the Authority, and for the details of standing payments to make. All forms of payment must conform with Council policy and Chief Officers should consult with the Director Transformation & Corporate Performance if change is sought.
- 8.1.2 It is the responsibility of Chief Officers to ensure that adequate and effective systems and procedures are operated so that:
- a) payments are only authorised to bona fide employees;
 - b) payments are only made where there is a valid entitlement;
 - c) conditions and contracts of employment are correctly applied;
 - d) employees names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- 8.1.3 Each Chief Officer must tell the Director Transformation & Corporate Performance immediately of any changes to his/her employees or the basis upon which they are employed. The Chief Officer is accountable for any losses to the Council or hardships incurred by an employee resulting from a failure to notify changes promptly.
- Examples are:
- i. appointments, resignations, dismissals, suspensions, secondments and transfers;
 - ii. sickness and other absences apart from approved leave with pay;
 - iii. changes in pay etc, other than normal increments and general pay awards.
 - iv. Any changes that may affect pensions of employees/former employees.
- 8.1.4 Chief Officers must ensure that all forms used to generate payments are either as supplied by the –Director Transformation & Corporate Performance or are reviewed and sent annually for approval to the –Director Transformation & Corporate Performance. They must ensure that completed forms are checked,

calculations confirmed and payments properly authorised. Otherwise payment will not be made.

- 8.1.5 In exceptional circumstances, for example, if likely to suffer severe hardship, an employee may request his/her Chief Officer for an advance of salary. The Chief Officer may wish to seek advice from the Director Transformation & Corporate Performance or Executive Director Corporate Services. If the request is supported, the Chief Officer should ask the –Director Transformation & Corporate Performance to make the arrangements. The –Director Transformation & Corporate Performance should ensure that any advance is recovered from the next payment due.
- 8.1.6 A Chief Officer may certify payment of overtime to officers on spinal column point 35 and above only where prior written approval is obtained from a member of the Corporate Management Team. This would normally be in exceptional circumstances for work of a specific nature such as in covering for a long-term vacancy.
- 8.1.7 Chief Officers may request additional payments such as honoraria for additional responsibility incurred by employees. These must be approved by the Chief Executive for a period of up to six months who should inform the –Director Transformation & Corporate Performance of the basis for such payments.
- 8.1.8 All payroll transactions should be processed through the payroll system. Chief Officers should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. All such matters should be referred the –Director Transformation & Corporate Performance for guidance.
- 8.1.9 The –Director Transformation & Corporate Performance must be notified of details of any employee benefits in kind, to enable full and complete reporting within the income tax self assessment system.

CONTACT: Payroll Manager

8.2 Allowances and Expense Claims

- 8.2.1 Employees must submit expense claims in the pay period after which they were incurred in order to assist budget monitoring. Because of the difficulty in verifying old claims, claims more than four pay periods old, will not be considered unless approval is made by the Director Transformation & Corporate Performance or the Executive Director Corporate Services. Claims that do not meet pay deadlines (as advised by the Director Transformation & Corporate Performance) may not be paid until the following pay period. All car allowance claims must be supported with a VAT invoice for the fuel used.
- 8.2.2 Managers must only authorise claims they can certify as being correct – ie. Journeys were authorised, expenses necessarily incurred and claims are properly payable by the Council. The accuracy of any mileage claimed and any calculations must be checked. Therefore, it is essential that all car allowance claim forms must show details of the trip undertaken, the duties carried out, both the opening and closing odometer readings and the deduction of any “ordinary commuting miles”(if applicable). Managers must also ensure that officers

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claiming both casual and essential allowances have appropriate and up to date documents to include a valid driving licence, certificate of motor insurance that covers business use, valid MOT and vehicle registration document.

- 8.2.3 Chief Officers should ensure that the most appropriate means of travel in terms of cost and benefit is used. For example, long journeys may be better undertaken by train, for example, to reduce the length of the working day or allow the employee to work during the journey. (see guidance in Subsistence Policy).
- 8.2.4 Where subsistence and other associated travel expenses are claimed, they must be supported by VAT receipts. The Council will not reimburse any expenditure relating to alcohol. Guidance on subsistence rates that can be claimed can be found in the Subsistence Policy which is appended to this guidance. The maximum limits will be updated on an annual basis in line with the RPI.
- 8.2.5 Claims relating to Post Entry Training must be sent to the Director Transformation & Corporate Performance to authorise the claim. The Chief Officer must ensure the scheme is authorised and an agreement has been signed by the employee. Where the scheme provides for the repayment of expenses, the Director Transformation & Corporate Performance must arrange recovery of any sums due before the employee leaves. The Organisational Development Unit will supply guidance on amounts that can be claimed on an annual basis.
- 8.2.6 Personal expenses incurred in entertaining guests will not be reimbursed without the prior approval of the Executive Director Corporate Services.

CONTACT: Payroll Manager

8.3 Members Allowances

- 8.3.1 The Solicitor to the Council must check and certify claims submitted by Members. He/she must give the –Director Transformation & Corporate Performance details of regular payments, such as responsibility allowances, and must immediately notify any changes. Expenses claims must be submitted monthly to aid budget monitoring. Expenses claim forms must be completed in full e.g. detailing journeys made, opening and closing milometer readings and any other expenses claimed. Claims can only be made for approved duties as defined in the Constitution. All car allowance claims must be supported with a VAT invoice for the fuel used. Claims in excess of four months will not be considered unless approved by the Executive Director Corporate Services or the Chief Executive.
- 8.3.2 Members wishing to attend a conference, etc must advise the Solicitor to the Council, after consultation with the Cabinet if necessary, may approve the payment of the cost of attendance at Conferences and training events and the payment of travelling, subsistence and attendance allowance(s) in the rates prescribed by the Secretary of State.
- 8.3.3 Wherever possible the Chief Officer should arrange overnight conference accommodation on behalf of Members and ensure invoices are sent direct to the Council.

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CONTACT: Solicitor to the Council

9. CASH ADVANCES, CASH FLOATS AND PETTY CASH

9.1 Purpose

9.1.1 Small amounts of cash currently need to be held in service units to:

- a) provide a cash float in tills;
- b) pay minor expenses.

9.2 Processes

9.2.1 A Chief Officer needing a cash advance must send a written request to the Executive Director Corporate Services. The manager receiving the cash advance must sign for the receipt of all cash advances. A copy of the receipt must be forwarded to the Finance section for accounting purposes. He/she is responsible for the security of the cash and may be held responsible for making good any shortages.

9.2.2 Only minor items of expenditure may be paid out of petty cash. Petty cash must not be used to carry out recurring purchases of a similar nature. Chief Officers must not authorise any individual payment over £100 without the agreement of the Executive Director Corporate Services or the Director of Finance. Where reimbursement of expenditure exceeds £100, this should be processed through the payroll system. Claims for expenses should be completed using the expenses claim form. VAT receipts for all expenses must be attached. Expenses will be reimbursed through the Payroll system with salary payments.

9.2.3 Payments out of petty cash must be supported by a receipt or other voucher. Wherever possible a VAT receipt should be obtained. Income received must not be paid into a petty cash account.

9.2.4 The Chief Officer must keep full records of all transactions. Records must be kept fully up-to-date, showing the current balance in the account. The expenditure details and receipts/vouchers must be sent to the Executive Director Corporate Services with the claim for reimbursement.

- 9.2.5 The Chief Officer must ensure that the balance is checked at least monthly by an officer without other responsibilities for petty cash. All checks made should be evidenced. Any discrepancies must be investigated and reported as necessary.
- 9.2.6 At 31 March each year the officer carrying out the check must send written confirmation to the Executive Director Corporate Services of the balance held and an explanation of any discrepancy.
- 9.2.7 No float should be used to cash personal cheques or make personal loans. The only payments in to the account are for the reimbursement of the float and any change relating to purchase where an advance has been made.
- 9.2.8 Any transfers of floats between officers should be evidenced by signature of both parties involved and a copy retained by the transferor. A copy should be sent to the Executive Director Corporate Services to ensure that records remain up to date.

CONTACT: Director of Finance

10. INCOME, CHARGING AND DEBTS

10.1 Fees and Charges

~~10.1.1 The setting and reviewing of Chief Officers must ensure that all fees and charges are authorised by Council, either through approving each individual charge, or through approving a charging policy. Any policy must specify the charges it relates to and exactly how charges will be set. fees, charges and other income sources must be authorised in accordance with the detail set out in the Constitution and the Scheme of Delegation.~~

10.1.1

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10.1.2 Chief Officers must ensure that all relevant charges are clearly displayed at service payment points. Employees must charge all people using the service the approved amounts.

10.1.3 All VAT due should be correctly identified and accounted for.

CONTACT: Director of Finance

10.2 Receiving Payment

10.2.1 The Council accepts payment ~~by cheque~~ by cheque, debit card, credit card and cash (cash is only accepted at certain locations). Officers handling payments must follow the procedures below and any local procedures, including those needed for computerised systems. They must complete all records fully and accurately at the time. Chief Officers must ensure adequate local procedures are in place at all stages, having sought necessary advice from the Executive Director Corporate Services.

- 10.2.2 Ideally, subject to adequate controls, income should be received in advance or at the time of service provision.
- 10.2.3 Where possible, a forged note detector should be used.
- 10.2.4 Cash drawers should be closed in between transactions.
- 10.2.5 Supervisory keys for cash registers should be held by supervising officer and not by cashiers.
- 10.2.6 All voids, refunds and exceptions should be reviewed by the supervising officer and this review should be evidenced.

All Methods

- 10.2.7 The officer must immediately issue an official receipt or ticket. Change may only be given for payment by cash.
- 10.2.8 All official receipts should be properly controlled and accounted for.
- 10.2.9 All official receipts should be in a format approved by the Executive Director Corporate Services
- 10.2.10 Transfers of cash between staff must be evidenced by signature of both staff involved and a copy retained by the transferor.

Cheque Payment Against An Invoice/Account

- 10.2.11 The officer must ensure the cheque is:
 - a) made payable to "Tamworth Borough Council" (and should be crossed account payee only);
 - b) dated correctly;
 - c) the correct amount;
 - d) signed;and the officer must:
 - e) record on the back of the cheque the receipt number (and location if necessary) and payment/invoice reference.

Cheque – Other Payment

- 10.2.12 As well as the above requirements the officer must ensure:
 - a) the cheque is signed at the counter;
 - b) a cheque card is presented with
 - the same signature,
 - the same code number as the cheque,
 - a valid expiry date,
 - a limit sufficient to cover the cheque;and the officer must:

- c) record the card number on the back of the cheque.

Debit and Credit Cards

10.2.13 For payments in person the officer must ensure:

- a) the card has not expired;
- b) the receipt signature matches the card signature;
- c) the card is not on a current stop listing (or if so, follow the instructions with the listing);
- d) the receipt number is recorded against the transaction;
- e) the credit card surcharge is recovered in line with approved policy

10.2.14 For telephone payments the officer must ensure:

- a) that payments are processed at the time of call;
- b) all relevant security checks are completed.

CONTACT: Operations Accountant

10.3 Postal Payments

10.3.1 All post is to be opened centrally in the designated post room. Exceptions to this include private and confidential post and where it is deemed that post should not be opened.

10.3.2 Post must only be opened when two officers are present.

10.3.3 All income received through the post should be recorded immediately on to the cash receipting system.

CONTACT: Head of Customer Service

10.4 Cashing-Up Procedures

10.4.1 At each payment point, the Chief Officer must ensure there are adequate daily cashing-up procedures. The two stages should be carried out by two different employees. The cashier should total the contents of the till and by deducting the cash float, find out the day's takings. A second officer should confirm the actual cash takings with the total takings recorded on the receipts given out. Signatures of both officers involved should be recorded on the paying in slip. The local supervisor must immediately investigate any material discrepancies and advise the Chief Officer, the Executive Director Corporate Services and the Head of Internal Audit Services). All discrepancies must be recorded in a cashiers overs/unders book, signed daily by the supervisor.

10.4.2 Small overs/unders balances up to £5 may be held locally, at the discretion of the Chief Officer. Any balance over £5 should be banked.

CONTACT: Head of Internal Audit Services

10.5 Depositing Money

- 10.5.1 All money received must be banked direct. Employees must follow guidance from the Executive Director Corporate Services on cash collection, control, deposit and records.
- 10.5.2 Chief Officers/employees must ensure that all money received (other than permitted over/unders balances) is deposited in full, without anything being deducted. For example cash from a till must never be used to meet petty cash expenses or to top-up petty cash.
- 10.5.3 If there is a need to depart from this rule, the Chief Officer must get the written authorisation of the Executive Director Corporate Services.
- 10.5.4 Takings should be banked daily. Where this is not practicable Chief Officers may agree an alternative arrangement with the Executive Director Corporate Services, provided:
- a) takings are banked at least weekly; and
 - b) maximum cash holdings specified by the Executive Director Corporate Services (for insurance purposes) are not exceeded.
- 10.5.5 The cashier must prepare a daily cash summary/return and attach relevant till readings or equivalent. The return must detail the amount of cash and the amount in cheques. A supervising officer must verify this return.
- 10.5.6 Chief Officers must in any event ensure maximum cash holdings are not exceeded.
- 10.5.7 The cashier must certify the paying in slip, which should be checked and evidenced by a supervising officer.
- 10.5.8 Where banking bags are used, seals and the authority's details should be recorded in accordance with the collection company's procedures.

CONTACT: Operations Accountant

10.6 Money Laundering

- 10.6.1 Money laundering is the term used for a number of offences involving the proceeds of crime and terrorist funds. The following acts constitute the act of money laundering:
- Concealing, disguising, converting, transferring or removing criminal property from England and Wales, or from Scotland, or from Northern Ireland;
 - Becoming concerned in an arrangement in which someone knowingly or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person;

- Acquiring, using or possessing criminal property.

10.6.2 Although the term “money laundering” is generally used when describing the activities of organised crime – for which the legislation and regulations were first and foremost introduced – to most people who are likely to come across it or be affected by it, it involves a suspicion that someone they know, or know of, is benefiting financially from dishonest activities.

10.6.3 A likely indicator that money laundering may be taking place is the deposit of large amounts of cash. The limit on a payment made by cash is £54,000. Any large cash payments that raise concern below this amount should be brought to the attention of the Solicitor to the Council ~~however~~ attempt to pay above this amount ~~should be reported to~~ must be approved by the Solicitor to the Council.

10.6.4 The Council will do all it can to prevent, wherever possible, the organisation and its staff from being exposed to money laundering to identify potential areas where it may occur, and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases. However, it is every member of staff's responsibility to be vigilant.

10.6.5 The Solicitor to the Council is the nominated officer to act as the Council's Money Laundering Reporting Officer.

10.6.6 If a case of money laundering is suspected, the Solicitor to the Council should be consulted immediately.

CONTACT: Solicitor to the Council

10.7 Invoices, Debtors and Other Sums Due

10.7.1 It is the responsibility of each Service Unit to ensure that income for services etc is received prior to the service being completed. Where payment in advance is not possible, all necessary information in order to raise an account should be obtained from the customer prior to the provision of the service, except where statute dictates otherwise.

10.7.2 All Service Units must maintain a record of why the account has been raised. All accounts must be accurately created either prior to the service being delivered or, in the case of post-service charging, within 5 working days of the delivery of the service. Where possible, debtor accounts should not be raised for less than £100 in accordance with the Corporate Credit Policy.

10.7.3 It is essential that all accounts issued are timely; therefore, accounts raised after the service has been completed should be raised within five working days.

10.7.4 Timescales for the recovery process are detailed in the Corporate Credit Policy.

10.7.5 At the start of each financial year, Chief Officers must promptly supply information to the Executive Director Corporate Services on amounts due where a debtors account has not yet been raised for the previous financial year within the required deadlines.

Credit Policy

10.7.6 Cabinet on 25 April 2007 approved a new Corporate Credit Policy (see Appendix). Chief Officers must ensure appropriate local guidance is in place and employees must follow the Policy and the local guidance.

CONTACT: Head of Revenues

10.8 Debt Write-Off

10.8.1 Debts may only be written-off in line with the appropriate policy – e.g. the Corporate Credit Policy.

10.8.2 Except where an approved policy dictates otherwise, the following authorisations are needed to write-off debt:

| <u>Authority</u> | <u>Limit</u> |
|--|------------------|
| Chief Officer (or authorised delegated officer) | up to £5,000 |
| Executive Director Corporate Services | £5,001 - £10,000 |
| Cabinet | over £10,000 |

Note that these limits apply to each transaction.

All write-offs should be completed with adherence to the Accounts & Audit Regulations 2011.

An annual report of write offs between £5,001 and £10,000 should be submitted to Council for information.

CONTACT: Head of Revenues

11. ASSETS AND EQUIPMENT

An up to date asset register is a pre requisite for proper fixed asset accounting and sound asset management. Assets need to be valued in accordance with *the Code of Practice on Local Authority Accounting in the United Kingdom: (CIPFA/LASAAC based on International Financial Reporting Standards)*. Any assets purchased with a value of over £10,000 should be notified in writing to the Executive Director Corporate Services so that they can be added to the asset register.

CONTACT: Director of Finance

11.1 Responsibilities

11.1.1 Each Chief Officer is responsible for the records, use and storage of all assets and equipment within their control and/or used in their service delivery. Each

Chief Officer must ensure that a physical check of all significant assets and equipment is undertaken on at least an annual basis to confirm their location and condition and to ensure that inventory records are accurate. This check should be evidenced.

11.1.2 Each Chief Officer must ensure that inventory records are maintained for all assets and equipment in any format specified by the Executive Director Corporate Services, to ensure the details shown below are included in each case and that all appropriate items are clearly and securely marked.

Inventory details:

- Description
- Purchase date
- Purchase price
- Serial number (if applicable)
- Asset number (if applicable)
- Condition
- Date of disposal

11.1.3 Chief Officers should ensure that contingency plans for the security of assets and continuity of service in the event of a disaster or system failure are in place.

11.1.4 In order to comply with the International Financial Reporting Standards, managers are required to consult on **any rentals, leases, use of assets to or from the authority**, prior to entering into an agreement with the Executive Director Corporate Services, especially where financial/operating leases are entered into as more advantageous financing could be sort.

CONTACT: Director of Finance

11.2 Scope

11.2.1 All furniture, fittings, equipment and plant and machinery with an original and individual value of £50 or more should be included, with the sole exception of Information Technology (I.T.) hardware and software, which must be recorded by the Director, Technology & Corporate Programmes. Chief Officers should consider whether it is appropriate to include other items of a portable and desirable nature which may have a lower value.

11.2.2 Any change in the use or location of any I.T. hardware or software must be completed by the Technology & Corporate Programmes Service who will update their records accordingly.

11.3 Use

11.3.1 Items are only to be used on Council business and in line with accepted procedures and manufacturers instructions, and must not be removed without the specific approval of the Chief Officers.

11.4 Disposal

11.4.1 The disposal of all surplus items must be in line with the following guidelines which should be applied by:

- a) the Director Technology & Corporate Programmes for all IT equipment;
- b) the Chief Officer for all other items;
- c) the Executive Director Corporate Services for all other items with a value in excess of £1,000.

11.4.2 Each Chief Officer must record the disposal details on the inventory records and must maintain adequate records such as receipts and formal bids. Disposals should be notified to the Executive Director Corporate Services to ensure that appropriate accounting entries are made to remove the value of disposed assets from the authority's records and to include the sale proceeds if appropriate.

Disposal Guidelines

11.4.3 A disposal policy is in place for the disposal of land and property (Asset Disposal Policy). The Asset Disposal Policy must be followed in these instances.

The disposal of any other surplus assets or equipment should be arranged in the manner most useful to the Council, taking into account the value, condition and usefulness of the item. Further guidance is appended.

11.4.5 All IT equipment must be passed to the Technology & Corporate Programmes Service for disposal to ensure that all information retained on disk drive is deleted in accordance with the Data Protection Act 1998.

11.4.6 Particular care must be taken to ensure the Council is not exposed to risk, for example by passing an unsafe item to another body. Any internal sale must be scrupulously fair and open. The guide to the disposal of assets (excluding land and buildings) is appended to this guidance. Advice is available from the Head of Internal Audit Services or Director Assets & Environment.

CONTACT: Director of Finance, Head of Internal Audit Services, Director Assets & Environment

12. STOCKS AND STORES

12.1 Responsibilities

12.1.1 The aim of controls over stocks and stores is to ensure:

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- a) necessary materials are available when they are needed;
- b) purchase costs are minimised;
- c) stock holding costs are minimised;
- d) waste and other loss is minimised
- e) To achieve this Chief Officers must ensure:
 - a) the correct quantities are purchased at the correct times (to gain discounts and avoid delivery and administration costs);
 - b) excessive levels are not held (taking account of shelf life, storage costs and service needs);
 - c) stocks are held and handled securely;
 - d) adequate records are maintained including:
 - i) purchases and additions
 - ii) issues
 - iii) write-offs.

12.1.3 The Executive Director Corporate Services can advise on these matters, particularly on the financial records.

12.1.4 Chief Officers must also ensure that movements of stores are properly authorised and documented and that the records note the employee(s) involved in the process. The Head of Internal Audit Services can advise on these aspects.

CONTACT: Head of Internal Audit Services

12.2 Stocktaking

12.2.1 All stocks must be checked at least once a year at the end of the financial year in order to compare actual levels to recorded levels and Chief Officers should consider more frequent checks of valuable, desirable and portable items. Large stores, such as those held at the depots, could achieve this by an agreed process of rolling stocktakes. The Head of Internal Audit Services will advise if necessary.

12.2.2 Stocktakes must be monitored and checked by employees who are independent of the storekeeping roles. This checking role must include the comparison of actual stocks to the recorded levels.

12.2.3 All discrepancies should be investigated by the line manager. Any material discrepancies (over £100 or desirable commodities) should be reported to the Executive Director Corporate Services who will advise on the appropriate procedures to follow, and who may inform the Head of Internal Audit Services of the facts.

CONTACT: Head of Internal Audit Services

12.3 Obsolete and Unserviceable Stock

- 12.3.1 The disposal of stocks and stores should be in line with the guidance contained in the section on Assets and Equipment.
- 12.3.2 Obsolete/damaged stock should be written off prior to year-end and should not be included in year-end stock balances.

12.4 Intellectual Property

- 12.4.1 Intellectual property is a generic term that includes inventions and writing. If these are created by the employee during the course of employment, then, as a general rule, they belong to the employer, not the employee. Various acts of Parliament cover different types of intellectual property.
- 12.4.2 Certain activities undertaken within the authority may give rise to items that may be patentable, for example, software development. These items are collectively known as intellectual property.

~~12.4.3~~ Chief Officers must ensure that controls are in place to ensure that staff do not carry out private work in council time and that staff are aware of an employer's rights with regard to intellectual property.

CONTACT: Head of Internal Audit Services, Director Technology & Corporate Programmes

13 SECURITY

- 13.1 All staff must wear their ID pass at all times within Council establishments. Identification should be requested for all visitors to council establishments. Where applicable, visitors must sign the visitors book both on entry and exit of the building. If appropriate, the visitor must be provided with an identification badge which must be returned on departure. The person issuing the badge should ensure that the badge is returned.
- 13.2 All temporary identification badges should be retained securely.
- 13.3 All building alarms should be linked to Homelink, the police station or directly to the alarm company. Managers should ensure that these links are maintained.
- 13.4 The knowledge of alarm codes should be restricted to relevant staff. Each member of staff must have their own ID for the alarm. If a member of staff leaves the authority, their ID should be deleted from the system.
- 13.5 Alarm usage reports should be generated on a regular basis. These reports should be reviewed by management who must evidence this review.
- 13.6 All cash handling areas should be secured. All access to cash areas should be locked and access restricted to authorised staff.
- 13.7 Safes should be located out of site of the public and should be locked at all times. Access to safes must be restricted to authorised personnel. Each member of staff needing access to the safe must be issued with a key. The

issue of safe keys should be documented detailing the date issued and the holder. The holder must sign for the receipt of the key. Safe keys **must not** be retained on the premises overnight. Retention of safe keys on unoccupied premises renders the insurance invalid.

- 13.8 Any transfer of keys between staff should be recorded. On termination or transfer of employment, all keys issued to that member of staff should be handed back to the line manager. The key register should be updated to reflect the hand over.
- 13.9 Managers are responsible for ensuring that the cash limit for the safe is not exceeded.
- 13.10 Where a cash collection company is used, managers are responsible for ensuring that the names and signatures of the cash collection staff are up to date.

13.11 The guidance on physical and environmental security contained within the Information Security Policy gives more guidance.

[CONTACT: Director Assets & Environment](#)

14 DATA QUALITY

- 14.1 All employees have a responsibility for ensuring the information we process is accurate and up to date. The Data Quality Policy addresses this.
- 14.2 The consequence of poor quality of data impacts not only the way the council works, but also anyone who conducts their business with us.
- 14.3 Data Quality Standards possess six essential characteristics, these are:
- **Completeness** – Data quality systems should have in place monitoring to ensure that no data is missing, incomplete or invalid records included.
 - **Accurate** – Data should be accurate for the purpose it is intended, and to be captured as close to the source as possible.
 - **Validity** – Data should be compliant with requirements and within the parameters laid down in any criteria.
 - **Reliability** – Data should be consistent across all collection points and over time. Appropriate controls should be in place to check outputs/inputs, sampling and is compliant with the criteria set out.
 - **Timeliness** – Data should be captured as soon as possible, and available to recipients within the agreed timeframe.
 - **Relevance** – Data captured should be relevant to the purpose for which it is used. Reviews need to take place to ensure the quality reflects any changing needs.

| [CONTACT: Corporate Information Security Manager](#)

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AUDIT & GOVERNANCE COMMITTEE

30th JANUARY 2014

Report of the Head of Internal Audit Services

INTERNAL AUDIT QUARTERLY REPORT 2013/14 QUARTER 3

EXEMPT INFORMATION

None

PURPOSE

To report on the outcome of Internal Audit's review of the internal control, risk management and governance framework in the 3rd quarter of 2013/14 - to provide members with assurance of the ongoing effective operation of an internal audit function and enable any particularly significant issues to be brought to the Committee's attention.

RECOMMENDATIONS

That the Committee considers the attached quarterly report and raises any issues it deems appropriate.

Executive Summary

The Accounts and Audit Regulations 2011 (as amended) require each local authority to publish an Annual Governance Statement (AGS) with its Annual Statement of Accounts. The AGS is required to reflect the various arrangements within the Authority for providing assurance on the internal control, risk management and governance framework within the organisation, and their outcomes.

One of the sources of assurance featured in the AGS is the professional opinion of the Head of Internal Audit on the outcome of service reviews. Professional good practice recommends that this opinion be given periodically throughout the year to inform the "annual opinion statement". This opinion is given on a quarterly basis to the Audit & Governance Committee.

The Head of Internal Audit Services' quarterly opinion statement for Oct – Dec 2013 (Qtr3) is set out in the attached document, and the opinion is summarised below.

Based on the ongoing work carried out by and on behalf of Internal Audit and other sources of information and assurance, my overall opinion of the control environment for this quarter is that "some assurance" can be given. My overall opinion of the control environment for the year to date is that "reasonable assurance" can be given. Where significant deficiencies in

internal control have been formally identified by management, Internal Audit or by external audit or other agencies, management have given assurances that these have been or will be resolved in an appropriate manner. Such cases will continue to be monitored. Internal Audit's opinion is one of the sources of assurance for the Annual Governance Statement which is statutorily required to be presented with the annual Statement of Accounts.

Specific issues:

No specific issues have been highlighted through the work undertaken by Internal Audit during 2013/14.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

None

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Angela Struthers, Head of Internal Audit Services

LIST OF BACKGROUND PAPERS

None

APPENDICES

- Appendix 1 Internal Audit Performance Reports 2013/14 Quarter 3.
- Appendix 2 Percentage of Management Actions Agreed 2013/14 Quarter 3.
- Appendix 3 Implementation of Agreed Management Actions 2013/14 Quarter 3.

INTERNAL AUDIT ANNUAL REPORT/QUARTERLY REPORT – Q3 - 2013/14

1. INTRODUCTION

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Every Local Authority is statutorily required to provide for an adequate and effective internal audit function. The Internal Audit service provides this function at this Authority.

This brief report aims to ensure that Committee members are kept aware of the arrangements operated by the Internal Audit service to monitor the control environment within the services and functions of the authority, and the outcome of that monitoring. This is to contribute to corporate governance and assurance arrangements and ensure compliance with statutory and professional duties, as Internal Audit is required to provide periodic reports to "those charged with governance".

2. PERFORMANCE AND PROGRESSION AGAINST AUDIT PLAN

The Internal Audit service aims as one of its main Performance Indicators (PI's) to complete work on at least 90% of applicable planned audits by the end of the financial year, producing draft reports on these where possible/necessary. **Appendix 1** shows the progress at the end of quarter 3 of the work completed against the plan and highlights the work completed in the third quarter. The original audit plan identified 71 (originally 72 but 2 audits were merged together) areas of work (including implementation reviews). At the end of quarter 3, additional work completed includes an additional 23 implementation reviews and 7 audits for the current financial year. In addition, 4 implementation reviews identified at the beginning of the financial year have been cancelled. The report has been split to distinguish between audits and implementation reviews. Internal Audit have completed 65% of the revised total of audits and 69% of the revised implementation reviews (taking into account the cancelled implementation reviews).

The service also reports quarterly on the percentage of draft reports issued within 15 working days of the completion of fieldwork. All (100%) of the 15 draft reports issued in this quarter of the year were issued within this deadline.

3. AUDIT REVIEWS COMPLETED QUARTER 3 2013/14

The audits finalised in the third quarter of 2013/14 are shown in **Appendix 2** and this identifies the number of recommendations made. A total of 148 recommendations were made in the third quarter with 146 (99%) being accepted by management. The two audit recommendations not agreed were both highlighted in the Commercial and Industrial Properties audit and were not deemed high priority.

The service revisits areas it has audited around 6 months after agreeing a final report on the audit, to test and report to management on the extent to which agreed actions have been taken. Three implementation reviews were completed during the 3rd quarter of 2013/14. **Appendix 3** details the implementation progress to date for 2013/14. Internal Audit is fairly satisfied with the progress made by management to reduce the levels of risk through the year. However, there are still a number of high

priority actions that have not been completed. Internal Audit will complete further implementation reviews to ensure that these are implemented.

4. INDEPENDENCE OF THE INTERNAL AUDIT ACTIVITY

Attribute Standards 1110 to 1130 in the Public Sector Internal Audit Standards require that Internal Audit have organisational and individual independence and specifically state that the Head of Internal Audit Services must confirm this to the Audit & Governance Committee at least annually. As performance is reported quarterly, this confirmation will be provided quarterly.

The Head of Internal Audit Services confirms that Internal Audit is operating independently of management and is objective in the performance of internal audit work.

5. OVERALL CURRENT INTERNAL AUDIT OPINION

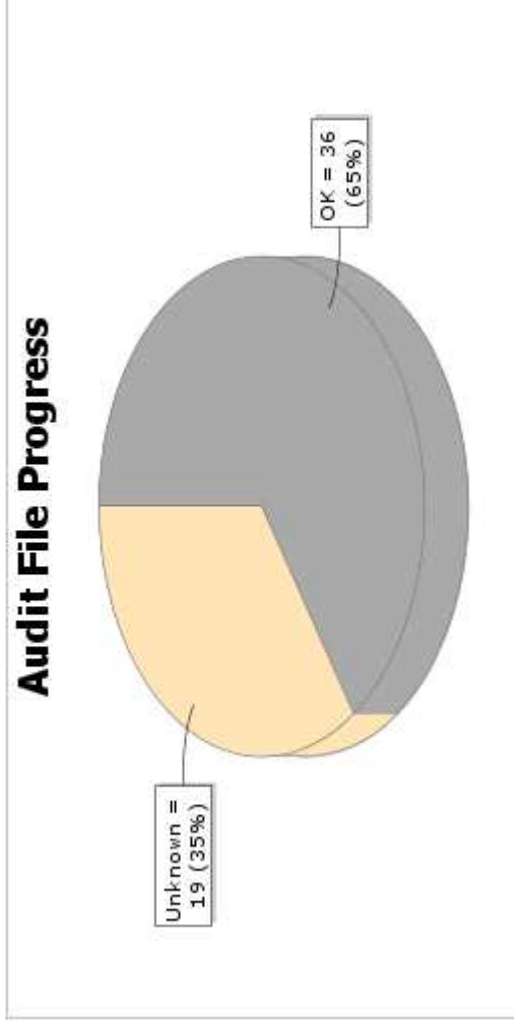
Based on the ongoing work carried out by and on behalf of Internal Audit and other sources of information and assurance, my overall opinion of the control environment at this time is that “reasonable assurance” can be given. Where significant deficiencies in internal control have been formally identified by management, Internal Audit or by external audit or other agencies, management have given assurances that these have been or will be resolved in an appropriate manner. Such cases will continue to be monitored. Internal Audit’s opinion is one of the sources of assurance for the Annual Governance Statement which is statutorily required to be presented with the annual Statement of Accounts.

Specific issues:

There were no specific issues highlighted through the work of Internal Audit in the third quarter of the 2013/14 financial year







Angela Struthers,
Head of Internal Audit Services



Internal Audit Performance at Quarter 3



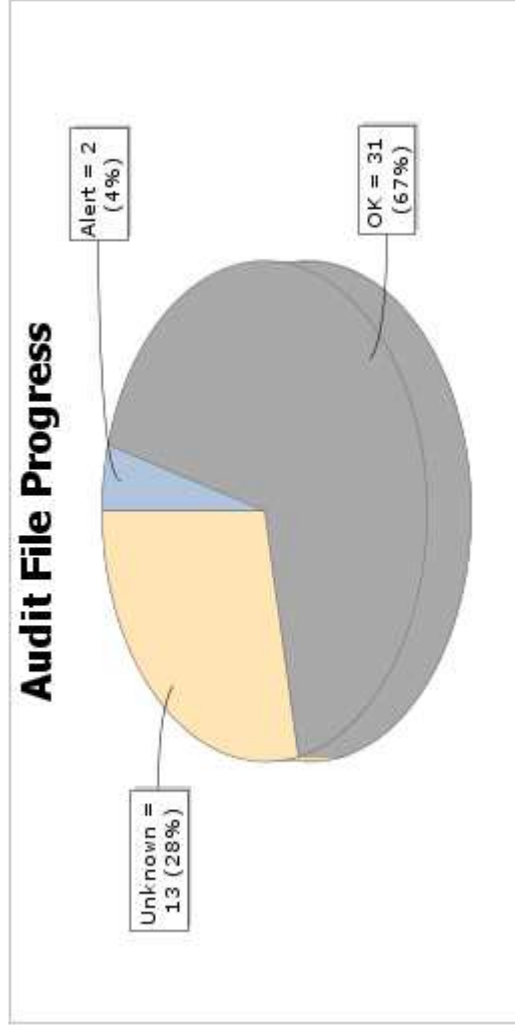
| Audit File | Audit File Progress | Audit Assurance Type | Audit File Overall Opinion | Revised Audit Opinion | Audit Assurance Level |
|------------------------|---------------------|------------------------|---|-----------------------|-----------------------|
| 1314.TechCP09 ISO20000 | | Information Technology | It is with some concern that Audit have to report only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate. | | |

| Audit File | Audit File Progress | Audit Assurance Type | Audit File Overall Opinion | Revised Audit Opinion | Audit Assurance Level |
|--------------------------------|---|----------------------|--|-----------------------|---|
| 1314.TechCP06 Printing |  | System based review | It is with some concern that Audit has to report no assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are not in place or are failing. | |  |
| 1314.FIN11 Income Management |  | System based review | It is with some concern that Audit have to report only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate. | |  |
| 1314.TCP05IR Building Security |  | Risk based review | Audit are pleased to be able to report reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively however there are some control weaknesses but most key controls are in place and operating effectively. | |  |









| Audit File | Audit File Progress | Audit Assurance Type | Audit File Overall Opinion | Revised Audit Opinion | Audit Assurance Level |
|--|---|------------------------|---|-----------------------|---|
| 1314.HH03 Sheltered Housing |  | Risk Workshop | A focus workshop type session has been carried out for Sheltered Housing to identify potential risks and the measures in place / to be put in place to mitigate against risks within the area. | |  |
| 1314.AE03 Commercial/Industrial Properties |  | System based review | It is with some concern that Audit have to report only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate. | |  |
| 1314.TCP09 Petty Cash |  | Additional Consultancy | It is with some concern that Audit have to report only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate. | |  |









| Audit File | Audit File Progress | Audit Assurance Type | Audit File Overall Opinion | Revised Audit Opinion | Audit Assurance Level |
|--|--|---------------------------------|---|-----------------------|--|
| 1314.STTC06 RIPA |  | System based review | It is with some concern that Audit have to report only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate. | |  |
| 1314.FIN02.2 Treasury Management Qtr 2 |  | Main financial system – interim | Audit are pleased to be able to report substantial assurance can be given that the system, process or activity should achieve its objectives safely and effectively and that controls are in place and operating satisfactorily. | |  |
| 1314.CPP051R Community Leisure |  | Risk based review | It is with some concern that Audit have to report only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate. | |  |




Internal Audit Performance Report at Quarter 3 Implementation Reviews



| Audit File | Audit File Progress | Audit Assurance Type | Audit File Overall Opinion | Revised Audit Opinion | Audit Assurance Level |
|---|---------------------|-----------------------|---|--|-----------------------|
| 1314.STTC08IR Safeguarding Children & Vulnerable Adults | | Implementation Review | <p>The initial audit opinion was that only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.</p> | <p>Due to the number of outstanding high priority recommendations the revised audit opinion is that limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are in place but operating poorly, or controls in place</p> | → |

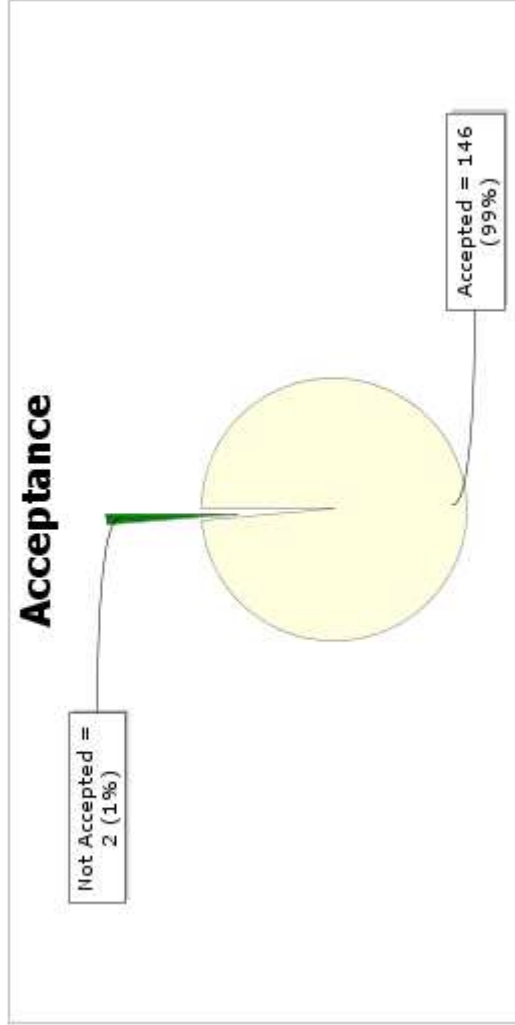
| Audit File | Audit File Progress | Audit Assurance Type | Audit File Overall Opinion | Revised Audit Opinion | Audit Assurance Level |
|--|---|-----------------------|--|--|---|
| 1314.STTC011R Standards and Declarations |  | Implementation Review | The initial audit opinion was that only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate. | Due to the nature of the outstanding recommendations, one being a legislative requirement, there has been no change to the audit opinion – only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate. |    |
| 1314.STTC061R RIPAs |  | Implementation Review | The initial audit opinion was that limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate. | Due to the lack of implementation of the recommendations and the priority assigned to them the revised audit opinion is that limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate. |    |

| Audit File | Audit File Progress | Audit Assurance Type | Audit File Overall Opinion | Revised Audit Opinion | Audit Assurance Level |
|---|---|----------------------------------|---|---|---|
| 1314.AE.12FIR Operational Services Financial Controls |  | Implementation Review | The initial audit opinion was that only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate | Due to the nature of the recommendations not implemented or partially implemented the revised audit opinion is that only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate. |    |
| 1314.AE.13FIR Asbestos & Legionella Further Implementation Review |  | Additional Implementation Review | The initial audit opinion was that no assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are not in place or are failing. | The revised audit opinion, following the initial implementation review was that limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate. Following on from the further implementation review the audit opinion has not changed due to the number and priority of the partially implemented and |    |

| Audit File | Audit File Progress | Audit Assurance Type | Audit File Overall Opinion | Revised Audit Opinion | Audit Assurance Level |
|------------------------------|---|-----------------------|---|--|---|
| 1314.TCP071R Health & Safety |  | Implementation Review | <p>The initial audit opinion was that only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.</p> | <p>outstanding recommendations.</p> <p>Due to the nature of the outstanding recommendations, i.e. policies outstanding or not being updated and the corporate H & S risk register not being reviewed the previous audit opinion remains – that only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively as controls are in place but operating poorly, or controls in place are inadequate.</p> |  →  |

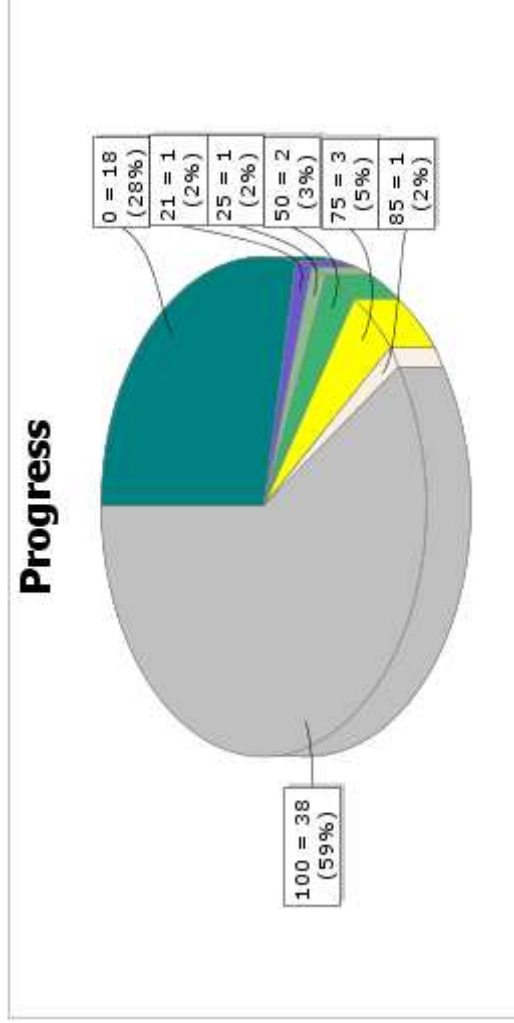
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Percentage of Management Actions Agreed 2013/14 Quarter 3







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Implementation of Agreed Management Actions Quarter 3













| Audit Recommendation Code & Title | Audit Recommendation Status Icon | Audit Recommendation Priority | Audit Recommendation Progress Bar |
|--|----------------------------------|-------------------------------|-----------------------------------|
| 1213 A&L 1.1 Contract | ✓ | High Priority | 100% |
| 1213 A&L 1.2 Contract Monitoring | ✓ | High Priority | 75% |
| 1213 A&L 2.1a Legionella Risk Assessments | ✓ | High Priority | 75% |
| 1213 A&L 2.2 Contract Monitoring | ✓ | High Priority | 85% |
| 1213 A&L 3.2a Invoice Checks | ✓ | High Priority | 100% |
| 1213 H&S 1.1 Health and safety risks | ✓ | High Priority | 100% |
| 1213 H&S 2.1 Health and safety legislation and codes of practice | ✓ | High Priority | 100% |

| Audit Recommendation Code & Title | Audit Recommendation Status Icon | Audit Recommendation Priority | Audit Recommendation Progress Bar |
|---|----------------------------------|-------------------------------|---|
| 1213 H&S 3.1 Health and safety risk assessments | | High Priority | <div style="width: 100%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 100% |
| 1213 H&S 4.1 Health and safety policy | | High Priority | <div style="width: 50%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 50% |
| 1213 H&S 4.3 New policy development | | High Priority | <div style="width: 0%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 0% |
| 1213 H&S 5.2 Fire equipment checks | | High Priority | <div style="width: 100%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 100% |
| 1213 H&S 5.3 Health and safety issues | | High Priority | <div style="width: 100%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 100% |
| 1213 H&S 5.4 Accident forms | | High Priority | <div style="width: 100%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 100% |
| 1213 H&S 5.6 Training Programmes | | High Priority | <div style="width: 100%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 100% |
| 1213 H&S 5.7 Value for Money | | High Priority | <div style="width: 0%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 0% |
| 1213 OSFC 2.1 Contracts | | High Priority | <div style="width: 25%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 25% |
| 1213 OSFC 2.2 Contracts – Pertemps | | High Priority | <div style="width: 0%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 0% |
| 1213 OSFC 3.1 Quotations | | High Priority | <div style="width: 100%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 100% |
| 1213 SC&VA 1.1 Safeguarding policy acceptance | | High Priority | <div style="width: 0%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 0% |
| 1213 SC&VA 1.2 Netconsent | | High Priority | <div style="width: 0%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 0% |
| 1213 SC&VA 1.4 Use of CRM system | | High Priority | <div style="width: 0%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 0% |
| 1213 SC&VA 1.5 GCSx | | High Priority | <div style="width: 0%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 0% |
| 1213 SC&VA 1.6 CRM System | | High Priority | <div style="width: 0%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 0% |
| 1213 SC&VA 4.1 Volunteer Policy | | High Priority | <div style="width: 100%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 100% |
| 1213 SC&VA 4.2 CRB Checks | | High Priority | <div style="width: 100%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 100% |
| 1213 SC&VA 4.3 Renewal of CRB disclosures | | High Priority | <div style="width: 100%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 100% |

| Audit Recommendation Code & Title | Audit Recommendation Status Icon | Audit Recommendation Priority | Audit Recommendation Progress Bar |
|--|---|-------------------------------|---|
| 1213 SC&VA 5.1 Recruitment Process |  | High Priority | <div style="width: 100%;"><div style="width: 100%;"></div></div> 100% |
| 1213 SC&VA 6.3 Training for new starters |  | High Priority | <div style="width: 100%;"><div style="width: 100%;"></div></div> 100% |
| 1314 RIPA 1.1 Training |  | High Priority | <div style="width: 0%;"><div style="width: 0%;"></div></div> 0% |
| 1314 RIPA 1.2 Officer Training |  | High Priority | <div style="width: 0%;"><div style="width: 0%;"></div></div> 0% |
| 1314 RIPA 2.2 Identification of court representatives |  | High Priority | <div style="width: 0%;"><div style="width: 0%;"></div></div> 0% |
| 1314 RIPA 3.1 Policy |  | High Priority | <div style="width: 0%;"><div style="width: 0%;"></div></div> 0% |
| 1314 RIPA 3.1 Policy approval |  | High Priority | <div style="width: 100%;"><div style="width: 100%;"></div></div> 100% |
| 1314 St&Dec 1.1 Guidance Notes |  | High Priority | <div style="width: 100%;"><div style="width: 100%;"></div></div> 100% |
| 1314 St&Dec 1.2 Completion of Declaration of Interests |  | High Priority | <div style="width: 100%;"><div style="width: 100%;"></div></div> 100% |
| 1314 St&Dec 1.3 New member declarations |  | High Priority | <div style="width: 100%;"><div style="width: 100%;"></div></div> 100% |
| 1314 St&Dec 2.2a Retention of Documentation |  | High Priority | <div style="width: 50%;"><div style="width: 50%;"></div></div> 50% |
| 1314 St&Dec 2.3a Appointment of the independent person |  | High Priority | <div style="width: 0%;"><div style="width: 0%;"></div></div> 0% |
| 1213 A&L 2.1b Legionella Risk Assessments |  | Medium Priority | <div style="width: 75%;"><div style="width: 75%;"></div></div> 75% |
| 1213 A&L 2.3 Legionella Testing |  | Medium Priority | <div style="width: 100%;"><div style="width: 100%;"></div></div> 100% |
| 1213 A&L 3.1 Regular Discussions with Contractor |  | Medium Priority | <div style="width: 100%;"><div style="width: 100%;"></div></div> 100% |
| 1213 A&L 3.2b Invoice Payments |  | Medium Priority | <div style="width: 100%;"><div style="width: 100%;"></div></div> 100% |
| 1213 A&L 3.3 Asbestos and Legionella |  | Medium Priority | <div style="width: 0%;"><div style="width: 0%;"></div></div> 0% |

| Audit Recommendation Code & Title | Audit Recommendation Status Icon | Audit Recommendation Priority | Audit Recommendation Progress Bar |
|---|---|-------------------------------|---|
| Policy | | | |
| 1213 A&L 3.4 Database |  | Medium Priority | <div style="width: 100%;"><div style="width: 100%;"></div></div> 100% |
| 1213 A&L 3.5 Information Readily Available |  | Medium Priority | <div style="width: 100%;"><div style="width: 100%;"></div></div> 100% |
| 1213 H&S 4.2 Health and safety policy issue |  | Medium Priority | <div style="width: 0%;"><div style="width: 0%;"></div></div> 0% |
| 1213 H&S 5.1 Training |  | Medium Priority | <div style="width: 100%;"><div style="width: 100%;"></div></div> 100% |
| 1213 H&S 5.5 Action Programmes |  | Medium Priority | <div style="width: 21%;"><div style="width: 21%;"></div></div> 21% |
| 1213 H&S 5.8 Training |  | Medium Priority | <div style="width: 100%;"><div style="width: 100%;"></div></div> 100% |
| 1213 OSFC 1.1 Ordering and Goods Receipting |  | Medium Priority | <div style="width: 100%;"><div style="width: 100%;"></div></div> 100% |
| 1213 OSFC 1.2 Addressing Invoices |  | Medium Priority | <div style="width: 100%;"><div style="width: 100%;"></div></div> 100% |
| 1213 OSFC 2.3 Coding |  | Medium Priority | <div style="width: 100%;"><div style="width: 100%;"></div></div> 100% |
| 1213 SC&VA 1.3 Department C&VA Officers |  | Medium Priority | <div style="width: 100%;"><div style="width: 100%;"></div></div> 100% |
| 1213 SC&VA 1.7 Filing |  | Medium Priority | <div style="width: 100%;"><div style="width: 100%;"></div></div> 100% |
| 1213 SC&VA 6.1 Training Requirements |  | Medium Priority | <div style="width: 100%;"><div style="width: 100%;"></div></div> 100% |
| 1213 SC&VA 6.2 Training Records |  | Medium Priority | <div style="width: 100%;"><div style="width: 100%;"></div></div> 100% |
| 1314 RIPA 2.1 HMCTS Contact |  | Medium Priority | <div style="width: 0%;"><div style="width: 0%;"></div></div> 0% |
| 1314 St&Dec 1.4a Gifts & Hospitality declarations |  | Medium Priority | <div style="width: 100%;"><div style="width: 100%;"></div></div> 100% |
| 1314 St&Dec 1.4b Gifts & Hospitality reminders. |  | Medium Priority | <div style="width: 0%;"><div style="width: 0%;"></div></div> 0% |

| Audit Recommendation Code & Title | Audit Recommendation Status Icon | Audit Recommendation Priority | Audit Recommendation Progress Bar |
|---|---|-------------------------------|---|
| 1314 St&Dec 2.1 Arrangements for dealing with standards allegations under the Localism Act 2011 |  | Medium Priority |  |
| 1314 St&Dec 2.2b Document location |  | Medium Priority |  |
| 1314 St&Dec 2.3b Role Description |  | Medium Priority |  |
| 1314 St&Dec 3.1 Website information |  | Medium Priority |  |
| 1314 St&Dec 3.2 Declarations of interest |  | Medium Priority |  |

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AUDIT & GOVERNANCE COMMITTEE

30 JANUARY 2014

REPORT OF THE SOLICITOR TO THE COUNCIL AND MONITORING OFFICER

REGULATION OF INVESTIGATORY POWERS ACT 2000

Purpose

The Council's Code of Practice for carrying out surveillance under the Regulation of Investigatory Powers Act 2000 (RIPA) specifies that quarterly reports will be taken to Audit & Governance Committee to demonstrate to elected members that the Council is complying with its own Code of Practice when using RIPA.

On 13 December 2012, the Council re-adopted the RIPA policy and agreed that quarterly reports on the use of RIPA powers be submitted to Audit & Governance Committee.

Recommendation

That Audit and Governance Committee endorse the quarterly RIPA monitoring report.

Background Information

The RIPA Code of Practice produced by the Home Office in April 2010 introduced the requirement to produce quarterly reports to elected members to demonstrate that the Council is using its RIPA powers appropriately and complying with its own Code of Practice when carrying out covert surveillance. This requirement relates to the use of directed surveillance and covert human intelligence sources (CHIS).

The table below shows the Council's use of directed surveillance in the current financial year to provide an indication of the level of use of covert surveillance at the Council. There have been no applications under RIPA in the period from 1 October 2013 to 31 December 2013.

The table outlines the number of times RIPA has been used for directed surveillance, the month of use, the service authorising the surveillance and a general description of the reasons for the surveillance. Where and investigation is ongoing at the end of a quarterly period it will not be reported

until the authorisation has been cancelled. At the end of the current quarterly period there are no outstanding authorisations.

There have been no authorisations for the use of CHIS.

Steps are being undertaken to compile a list of all equipment in use by the Council that could be used in surveillance. The list will ensure that equipment is stored and used properly this avoiding any breaches of the Code of Practice or legislation.

In January 2014 officers under went training in RIPA practice and procedure and a workshop will be arranged for officers later in the year.

Financial year 2013/14

| Month | Service | Reason |
|--------------|----------------|---------------|
|--------------|----------------|---------------|

No applications

Background papers

None

"If Members would like further information or clarification prior to the meeting please contact Jane M Hackett Solicitor to the Council and Monitoring Officer on Ext.258"