

FINANCIAL PROCEDURES

Somerset County Council

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INTRODUCTION

1. The establishment and strict adherence to sound financial management policies is key to achieving good value for money for the County Council. These policies include the Financial Regulations which are an integral part of the County Council's Constitution (which includes the Council and Cabinet Scheme of Delegation to Officers), and Financial Procedures which explain the responsibilities of officers and key controls in more detail.
2. Each section of the financial procedures follows the format set out below:
 - Why is it important - this sets the context for the financial procedures
 - Key controls - this explains the key internal controls which set the framework for ensuring financial regulations are operating effectively
 - Responsibilities of the Leader of the Council, the Cabinet and individual Cabinet Members (any or all of these are referred to collectively throughout these procedures as 'The Cabinet')
 - Responsibilities of the Chief Executive
 - Responsibilities of Senior Leadership Team (SLT) Officers
 - Responsibilities of the Council's Section 151 Officer (and the Strategic Managers in Finance and Performance)
 - Responsibilities of other officers

To whom do these procedures apply?

3. All Members and officers shall conduct the financial affairs of the Council in accordance with these Procedures. This includes schools (but not Academies or Free Schools), through the approved Financial Management Scheme.
4. There are also a number of bodies linked to the Council in a variety of ways - some through funding, and others through management arrangements. Such bodies are required to adopt these procedures, or as a minimum, adopt a suitable, similar arrangement, which must be agreed with the Council's Section 151 Officer.
5. Where reference is made to SLT Officers this includes: Chief Executive (where there are any SLT Officer vacancies), SLT Officers and their respective representatives. It also includes the following Interim postholders in respect of Children's Services in the absence of relevant contracted employees:
 - Interim Director of Children's Services
 - Interim Deputy Director of Children's Services
 - Interim Operations Director of Children's Services.

6. Where an individual is acting as an agent of the County Council, but is not an Officer of the County Council, they will be required to adhere to Financial Regulations and these Procedures.

What do these procedures cover?

7. They are an extension of Financial Regulations (paragraph 1.8) and should be formally treated as such.
8. They adopt a similar format to Financial Regulations, detailing the procedures relevant to the five sections i.e.:
- Financial Management
 - Financial Planning
 - Risk Management and Control of Resources
 - Systems and Procedures
 - External Arrangements
9. The points outlined below apply to all officers of the County Council and give a flavour of the procedures covered. They are **not** a substitute for having a thorough knowledge of Financial Regulations, Financial Procedures and Contract Standing Orders. They do, however, identify the key areas where things can, and sometimes do, go badly wrong, with the potential to cost the County Council considerable sums of money.

Always ensure you have financial approval before initiating new policy.

Always ensure your budget is available before committing or spending money, in this year if the spending is “one off” and in future years if ongoing funding is required.

Always check your delegated authority before you agree transfers of budget approval.

Always check an order before approving to ensure;

- you are authorised to approve ;
- it is for goods/services required by the County Council

Generally approval of expenditure should be at the ordering and goods receipting stage on SAP but if exceptionally you are asked to approve payment of an invoice via the code and approve process **always** ensure that:

- you are authorised to approve expenditure for the relevant service area;
- it is a genuine SCC liability and the goods or services have been received;
- that it is correct to pay;
- That it hasn't already been paid.

Always ensure you have a sound, regularly tested, contingency plan in place for the security of your assets and for continuity of service in the event of a disaster.

Always seek the prior approval of The Cabinet to any adjustment to staffing numbers to meet changing operational needs where staffing implications are significant.

Always seek the prior approval of the Council's Section 151 Officer to any proposed changes to existing financial or related systems and to the establishment of any new, financial or related systems.

Before committing the County Council to participating in a partnership or joint working arrangement or scheme, or seeking the approval of The Cabinet to such participation, always:

- Prepare a risk assessment of the proposal, and obtain the Section 151 Officer's approval;
- Ensure that all agreements and arrangements are properly documented, including details of the County Council's financial and physical commitment to the arrangements;
- Provide appropriate information to the Council's Section 151 Officer to enable him or her to include relevant details in the County Council's Statement of Accounts, and other financial statements and returns.

Always involve the Commercial and Procurement service and take the EU rules into account when letting out a tender for a contract.

Always have the relevant Strategic Manager (Finance and Performance) carry out financial checks on a contractor or consultant before inviting them to tender or assigning them work.

What happens if I don't follow the procedures?

10. All staff with responsibility for the management of the resources of the County Council should make themselves familiar with these procedures as contravention is a serious matter and could lead to disciplinary action being taken.

FINANCIAL PROCEDURES - A:**A. FINANCIAL MANAGEMENT**

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FINANCIAL MANAGEMENT

A.1 FINANCIAL MANAGEMENT STANDARDS

Why is this important?

A.1.1 All staff and members have a duty to observe the highest standards of probity in dealing with financial issues. This is achieved by ensuring everyone is clear about the standards to which they are working, and the controls which are in place to ensure that those standards are met.

Key controls

A.1.2 The key controls for financial management standards are that:

- They are set in line with those approved and issued by the appropriate professional bodies, including the International Accounting Standards Board (IASB) and the Chartered Institute of Public Finance & Accountancy (CIPFA);
- They are promoted throughout the County Council;
- A monitoring system is in place to review members' and officers compliance with them through the Finance and Performance Senior Management Team;

Responsibilities of the Council's Section 151 Officer

A.1.3 To ensure the proper administration of the financial affairs of the County Council.

A.1.4 To set the financial management standards, and to monitor their compliance.

A.1.5 To ensure proper professional practices are adhered to, and to act as Head of Profession in relation to the standards, performance and development of all finance staff throughout the County Council.

A.1.6 To determine the key strategic controls necessary to secure sound financial management.

A.1.7 To ensure that financial information is available to SLT Officers to enable them to secure sound financial management of their functions and to enable them to report accurately and timely comparisons of relevant national and local financial performance indicators.

Responsibilities of SLT Officers

- A.1.8 To implement and monitor adherence within their service areas to the financial management standards set by the Council's Section 151 Officer.
- A.1.9 To implement and monitor adherence within their service areas to proper financial practices in relation to the standards, performance and development of their staff.

Responsibilities of All Officers and anyone acting on behalf of the County Council

- A.1.10 To comply with all of the financial regulations and procedures.

FINANCIAL MANAGEMENT

A.2 MANAGING AND CONTROLLING SPENDING/BUDGET ALLOCATIONS

ANNUAL REVENUE BUDGET

Why is this important?

- A.2.1 Budget management ensures that resources allocated by Members are used for their intended purposes and that these resources are properly accounted for.
- A.2.2 The County Council itself approves, and operates within, an annual cash limit; to ensure that the County Council does not overspend in total, each service is required to manage its own expenditure within the cash-limited budget allocated to it.
- A.2.3 Budgetary control is a continual process enabling the County Council to review and adjust its budget targets during the financial year. It also provides the mechanism to call SLT Officers to account for their budget allocations. SLT Officers may delegate day to day responsibility for budgetary control to cost centre managers.
- A.2.4 SLT Officers are expected to manage within their cash limits.
- A.2.5 The County Council considers on a quarterly basis variances against financial and performance targets and is therefore able to identify changes in trends and resource requirements at the earliest opportunity.
- A.2.6 For the purposes of budgetary control by managers, a budget head will normally be an establishment cost centre. However, it may be at a more detailed level in the standard coding structure, e.g. for staffing costs, if this is required by the Officers' Scheme of Delegation.

Key controls

- A.2.7 The key controls for managing and controlling the revenue budget are that:
- All elements of budgeted expenditure/income are allocated to a named budget manager;
 - Budget managers are responsible only for expenditure/income which they can influence;
 - Budget managers accept accountability for their budget allocations and the level of service to be delivered and that budgets recorded in the financial system reflect accurately the activity within the coding framework set;

- Budget managers adhere to the approved procedures for the ordering and certifying for payment the purchase of goods and services used in the provision of their service and for the collection of income as per the code of practice;
- Income and expenditure is completely, accurately and promptly recorded and accounted for;
- Service delivery performance levels are monitored in conjunction with financial performance and that necessary action is taken to align service outputs and budget resources; and
- Strategic Managers, Finance and Performance, act on behalf of the Section 151 Officer to ensure that Financial Regulations and Procedures are met within their service area of responsibility although this does not remove the budget holders own responsibilities.

Responsibilities of the Council's Section 151 Officer

A.2.8 To establish an appropriate framework of budgetary management and control which ensures that:

- SLT Officers exercise budget management within their annual cash-limited budget allocations unless the County Council agrees a subsequent variation;
- SLT Officers determine a single named manager for each budget area (a 'cost centre manager') which aligns responsibility as closely as possible to the ability to commit expenditure or to raise the income;
- Each SLT Officer has available timely information on forecasts, receipts and payments to enable each of his or her cost centre managers to fulfil their budgetary management responsibilities;
- Expenditure is committed only against an approved budget;
- All officers responsible for committing expenditure or collecting income are able to comply with relevant guidance, including financial regulations; and
- SLT Officers ensure that budget monitoring reports are prepared by all their cost centre managers with proper financial input and advice, and that they identify any significant variances from their approved budgets and that they take appropriate action to contain spending within their allocations.

A.2.9 To administer with The Cabinet the County Council's scheme of virement – see also paragraphs A.2.19 – 41 below.

- A.2.10 To prepare and submit reports to the Senior Leadership Team on the County Council's overall projected expenditure/income compared with the approved annual budget.
- A.2.11 To prepare and submit reports to The Cabinet on issues of finance with policy implications.

Responsibilities of SLT Officers

- A.2.12 To maintain budgetary control within his or her service area, in adherence to the principles in A.2.7, above and to ensure that all income and expenditure is completely, accurately and promptly recorded and accounted for in line with the appropriate CIPFA classifications, both objectively and subjectively.
- A.2.13 To identify a cost centre manager for each item of expenditure and income under his or her overall control, ensuring that this responsibility is aligned as closely as possible to the officer's ability to commit the expenditure or to raise the income and is within the Council and Cabinet and the Officers' Schemes of Delegation
- A.2.14 To ensure that spending remains within his or her overall service cash-limited budget by monitoring the budget regularly and, where it appears that areas of the budget are likely to be over- or under-spent, to take appropriate corrective action to contain spending within their allocation.
- A.2.15 To ensure that a monitoring process is in place to review service delivery performance levels in conjunction with financial performance, and to take the necessary action to align service outputs with budget resources.
- A.2.16 To seek and obtain prior approval by the County Council to any spending proposal, of whatever amount, which:
- Initiates new policy for service delivery, or ceases existing policies;
 - Creates additional financial commitments in future years; or
 - Materially extends or reduces the County Council's service delivery,

Unless the proposal is agreed by the Council's Section 151 Officer to be technical in nature.

*(Any decision report on new proposals for service spending **must** explain the full financial implications, and **must** be prepared after consultation with the Council's Section 151 Officer or his or her delegated officer. Unless the County Council has agreed otherwise, SLT Officers must plan to contain the financial implications of such proposals within their existing and projected cash-limited budget allocations.)*

- A.2.17 To ensure compliance with the County Council's Scheme of Virement – see below.

- A.2.18 To consult with and get agreement from the relevant SLT Officer where it appears that a budget proposal, including a virement proposal, may impact materially on another SLT Officer's level of service activity.

Responsibilities of All Officers and anyone acting on behalf of the County Council

- A.2.19 To ensure that any goods and services ordered are for the benefit/use of the County Council, that there is sufficient budget and that all procurement rules are followed as appropriate (eg Contract Standing Orders, Process for Low Value Procurement)
- A.2.20 To prepare, as appropriate, monthly budget reports for budget managers and quarterly reports for The Cabinet. These reports should detail any forecast variance from budget and explain the reasons behind these variances.
- A.2.21 Where an officer has been given a budget to control they must ensure that it is monitored and controlled and if a variance is reported the appropriate management action must be taken.
- A.2.22 Where the budget variance is expected to be unavoidably permanent to either seek additional budget through the MTFP process or offer any underspends as a saving
- A.2.23 Where an officer has been given a budget to monitor they must ensure it is reported to the Budget Holder on a monthly basis and that any reports are appropriately signed off before submission to Corporate Finance.

SCHEME OF VIREMENT (in-year approvals)

Why is this important?

- A.2.24 The scheme of virement is intended to enable Cabinet Members and SLT Officers to manage their budget allocations with a degree of flexibility within the overall policy framework approved by the County Council, and thereby optimise the use of resources.

General

- A.2.25 Virement is the transfer of budget approvals between different heads of expenditure or income (both capital and revenue); for the purposes of this scheme, a budget head is considered to be a 'service block' based on each SLT Officer's responsibility within the Operating Model, as agreed with the Council's Section 151 Officer or their delegated deputy or representative.
- A.2.26 The County Council's scheme of virement is administered by the Council's Section 151 Officer within guidelines set by County Council; however, there is

a presumption that virements will be approved where the effect is to maintain the level of service outputs which are in line with the approved policy framework. The Council itself must approve any variations to the scheme of virement.

- A.2.27 The County Council approves services' annual cash limited budget allocations. SLT Officers and the budget managers to whom the service allocation is delegated are authorised to incur expenditure within those limits providing that this is in accordance with the County Council's approved policy framework.
- A.2.28 When taking decisions, SLT Officers are expected to manage their budgets in a responsible and prudent manner. They must avoid supporting recurring expenditure from one-off monies, or creating future commitments for which they have not identified and obtained appropriate resources in subsequent years; SLT Officers must plan to fund such commitments from within their approved cash-limited budgets. The approval of The Cabinet Member is required to move funds that The Cabinet or County Council has approved to be used for specific policies.
- A.2.29 No virement relating to a specific financial year are permitted after the 31st December of that financial year.
- A.2.30 Where the County Council has approved a 'lump sum' budget intended for allocation during the year, its allocation to specific schemes within the overall approval will not be treated as a virement, provided that:
- The amount is used in accordance with the purposes for which it was approved; and
 - The Cabinet has approved the basis and the terms, including financial limits, on which it will be allocated. SLT Officers must, therefore, seek the Cabinet Member's approval to individual allocations in excess of those financial limits.
- A.2.31 Where The Cabinet has approved spending from earmarked reserves, and where that spending slips into subsequent years, the corresponding revenue budget approval may be moved to the following year, but must be reported to The Cabinet as part of the next budget monitoring report with an explanation of the reasons for the delay in spend

Where The Cabinet has approved capital spending, and where that spending slips into subsequent years, the slippage must be reported to The Cabinet as part of the next budget monitoring report with an explanation of the reasons for the delay in spend.

Responsibilities of the Council's Section 151 Officer

- A.2.32 To propose guidelines to The Cabinet on the scheme of virement and to administer the approved scheme; in particular, to identify jointly with the

Cabinet Member/SLT Officer and report to The Cabinet any virement in excess of the permitted limits but which is in line with the Council's approved policy framework, and those virement of a material nature and which are on-going (see Appendix A to *Financial Regulations* for limits).

Responsibilities of SLT Officers

A.2.33 To exercise virement within his or her cash-limited budget allocation, subject to:

- The virement being in accordance with the Council's approved policy framework, i.e. the proposal does not involve a new, or a change of an existing, policy;
- The virement, if on-going, does not involve an increasing overall financial commitment in future years (for example taking into account the full year effect of staff transfers);
- The aggregated virement between service blocks for any activity does not exceed:
 - For revenue virements, £50,000
 - For capital virements, £50,000
 - Or is below that level and which has a material effect on the approved level of service delivery or performance; and, if appropriate
- Prior consultation with, and the agreement of, the relevant SLT Officer where the virement impacts, or is likely to impact, on that SLT Officer's level of service activity or performance.
-

A.2.34 To seek approval from the relevant Cabinet Member and in consultation with the Council's Section 151 Officer for a virement in excess of the limits shown in para A.2.28 above.

- Virements between £50,000 and £250,000 requires approval from the relevant Cabinet Member(s) in consultation with relevant officers and the Finance & Performance Director unless they are purely technical or structural in nature where there would be no financial limit.
- Virements above £250,000 requires approval by Cabinet Member for Resources in consultation with the relevant Cabinet Member responsible for the service.
- A report must go initially to the Senior Leadership Team for consideration and onwards to The Cabinet for determination/confirmation. (The report to the Cabinet Member or

The Cabinet must provide details of the proposed expenditure and the source of funding, and also explain the financial and service delivery implications in both the current and, if ongoing, future financial years, including, if appropriate, the impact or likely impact on any other SLT Officer's level of service activity or performance. There is a presumption of approval if the virement is in line with the Council's approved policy framework; this allows the SLT Officer to proceed in the meantime.)

Responsibilities of All Officers and anyone acting on behalf of the County Council

- A.2.35 To ensure that the correct approval has been obtained prior to actioning any virement or committing any spend against it
- A.2.36 Once approval has been obtained, to ensure that SAP and the budget reports are updated accordingly

TREATMENT OF END OF YEAR BALANCES

Why is this important?

- A.2.37 The scheme for the carrying forward of any under- or over-spending of budget approvals within a service block between accounting years is part of the County Council's scheme of virement; it is also intended to enable budget holders to manage their budget allocations with a degree of flexibility and to optimise the use of their budget allocations.

General

- A.2.38 The scheme is administered by the Council's Section 151 Officer within guidelines set by County Council; the Council itself must approve any variations to the scheme. Services are required to offset any over-spending against under-spends elsewhere in their budgets. Any residual under-spends are presumed to be in Corporate 'ownership' until a business case for their carry forward is approved by The Cabinet. Uncontainable overspends may be written off to General Reserves following the consideration of a business case. Alternatively The Cabinet may direct that service overspends are managed within future year(s) budget allocations.

Key controls

- A.2.39 Appropriate accounting procedures are in operation
- To exercise proper budgetary control during the year so as to deliver service outcomes and to minimise unplanned budgetary variations and;

- To ensure that the totals of carry forward requests are correctly identified and that SLT Officers, prepare appropriate business cases for carry forward requests that examine the reasons for their occurrence, together with their impact on the level of planned service outputs.

Responsibilities of the Senior Leadership Team (SLT)

- A.2.40 SLT (and if appropriate the relevant Scrutiny Committee) is responsible for considering services' year end under and over-spends and the request to carry these forward or write them off. They then advise The Cabinet of the impact on service outputs; and seek the Cabinet's approval of the SLT Officers' proposals.

Responsibilities of the Council's Section 151 Officer

- A.2.41 To administer the scheme of 'carry forward' of budget approvals within the guidelines set by County Council.
- A.2.42 To report to the Senior Leadership Team, the extent and reasons for services' over-spends and under-spends and scrutinise the business cases supporting requests for the carry forward of underspends and the write off of uncontrollable overspends to general reserves. The details will then be submitted to the Cabinet for approval (and if appropriate the relevant Scrutiny Committee) as part of the overall outturn performance for the year.

Responsibilities of SLT Officers

- A.2.43 To exercise proper budgetary control during the year so as to deliver service outcomes and minimise unplanned budgetary variations.
- A.2.44 To offset any service overspends against underspends elsewhere in their budgets.
- A.2.45 To provide the Council's Section 151 Officer with details of and business cases for any residual underspends for which carry forward requests are being made; ensuring that the business cases examine the reasons for their occurrence, together with their impact on the level of planned service outputs. This will enable the Council's Section 151 Officer to report initially to the Senior Leadership Team.
- A.2.46 To provide the Council's Section 151 Officer with details of and business cases for any uncontrollable overspend for which a write-off to general reserves is requested, thus enabling the council's Section 151 officer to report initially to the Senior Leadership Team
- A.2.47 To identify the level of surplus on trading units which could be made available for reinvestment in the business but may be earmarked for the benefit of the County Council as a whole if deemed appropriate by The Cabinet.

- A2.48 To identify the level of deficit on business units which cannot be managed within the following year or period for which there is a recovery plan in place.

Responsibilities of All Officers and anyone acting on behalf of the County Council

- A.2.49 To ensure that, at year end, any over or underspend is transferred to the correct balance sheet code and reported to Corporate Finance through the Outturn process
- A.2.50 To complete a business case for any carry forward request detailing why the money is needed, any links to the County Plan and what the positive outcomes will be from utilising the money.
- A.2.51 To ensure that no commitments are placed against the carry forward until it has been approved by the County Council
- A.2.52 To complete a business case for any write off request detailing why the overspend occurred and why it cannot be recovered in subsequent years

FINANCIAL MANAGEMENT

A.3 ACCOUNTING POLICIES

Why is this important?

- A.3.1 The Council's Section 151 Officer is responsible for the preparation of the County Council's statement of accounts, in the format required by the CIPFA IFRS Code of Practice on Local Authority Accounting in the United Kingdom, for each financial year ending 31 March. This ensures that the Statement of Accounts gives a true and fair view of the financial position of the County Council at the year end and also that the expenditure and income for that year and meets the requirements of the Service Reporting Code of Practice.
- A.3.2 Accounting policies underpin the preparation of the Statement of Accounts and are consistent with the basic accounting concepts of materiality, going concern, matching, consistency, prudence and substance over form.
- A.3.3 These policies are supported further by the CIPFA defined general principles for the allocation to services of overhead costs, wherever they originate, in order to identify the total cost of providing front-line services; these principles cover the completeness of recharging; the correctness of recipients; and the transparency/flexibility/reality/predictability/stability and materiality of the charges and the charging process.

Key controls

- A.3.4 The key controls for the satisfactory completion of the statement of accounts are that:
- Suitable accounting policies are determined by the Council's Section 151 Officer, communicated and their consistent application monitored;
 - All judgements made, and estimates of outstanding liabilities and income prepared, are consistent with the determined policy, are documented, and can be shown to be reasonable and prudent;
 - Statutory and other professional requirements are observed;
 - All reasonable steps are taken for the prevention and detection of fraud and other irregularities; and
 - The draft statement is available for examination and report by the external auditors in accordance with a previously agreed timetable.

Responsibilities of the Council's Section 151 Officer

- A.3.5 To select suitable accounting policies and to ensure that they are applied consistently.

- A.3.6 To disclose the accounting policies in the annual statement of accounts, the policies to cover the basis, or nature, of such items as:
- Including debtors and creditors in the accounts at the year-end;
 - Maintaining substantial provisions and reserves;
 - Recording fixed assets, investments and deferred charges in the balance sheet;
 - Making provisions for depreciation;
 - Making capital charges to services for the use of assets in the provision of services;
 - Valuing work in progress, and stocks and stores in hand at the year end;
 - Accounting for value added tax;
 - Accounting for government grants;
 - Charging for leasing costs;
 - Charging for pensions costs; and
 - Repayment of debt.

Responsibilities of SLT Officers

- A.3.7 To adhere to the accounting policies determined by the Council's Section 151 Officer.

Responsibilities of All Officers and anyone acting on behalf of the County Council

- A.3.8 To comply with all of the accounting policies issued by Corporate Finance, accounting for all expenditure and income as per agreed procedures
- A.3.9 To account for Grants as prescribed by Corporate Finance and in accordance with the grant conditions

FINANCIAL MANAGEMENT

A.4 ACCOUNTING RECORDS AND RETURNS

Why is this important?

- A.4.1 Maintaining proper accounting records is one of the ways in which the County Council discharges its responsibility for the stewardship of public resources. These records form the basis on which the County Council is able to satisfy its statutory responsibility to prepare and publish by the required date its annual statement of accounts; the statement must give a true and fair view of both its operations during the year and its position at the year end.
- A.4.2 The annual accounts are subject to the approval of external auditors; this arrangement provides assurance that the accounts are properly prepared in accordance with proper accounting practices and that satisfactory arrangements have been made for securing economy, efficiency and effectiveness in the use of the County Council's resources.

Key controls

- A.4.3 The key controls for the maintenance of accounting records and returns are to ensure that procedures are in place to:
- Monitor The Cabinet, SLT Officers and staff compliance, with the required Financial Regulations and Procedures of the County Council;
 - Record completely, accurately and promptly all the County Council's transactions, material commitments and contracts and other essential accounting information;
 - Perform on a timely basis balancing and reconciliation procedures to ensure that transactions are recorded completely and accurately; and
 - Reconstitute accounting records in the event of loss or failure of the underlying computer or other systems, etc.

Responsibilities of the Council's Section 151 Officer

- A.4.4 To determine the accounting procedures and format of the financial records for the County Council, and to ensure that these are followed and maintained in service departments.
- A.4.5 To compile all accounts and maintain accounting records in a complete, accurate and timely manner or to ensure that they are compiled under his/her direction to a similar standard.

- A.4.6 To ensure that SLT Officers have procedures in place, and that these are tested on a regular basis, to reconstitute accounting records in the event of failure of the underlying computer based or other systems.
- A.4.7 to compile all grant claims and external financial returns based on the accounts in a complete, accurate and timely manner or to ensure that they are compiled under his/her direction to a similar standard.
- A.4.8 To prepare and publish the audited accounts of the County Council for each financial year, in accordance with the statutory timetable, including the requirement for the County Council to approve the Statement of Accounts before 30th September of the following financial year (or any other date set in statute)
- A.4.9 To make proper arrangements for the audit of the County Council's accounts in accordance with the Accounts and Audit Regulations or other statutory requirements.
- A.4.10 To determine, having regard to relevant statutory and other guidance, and to communicate, the policy for the proper retention of financial and related documents, and to ensure that it is followed.

Responsibilities of SLT Officers

- A.4.11 To comply with the following principles when allocating accounting duties within his/her area of the operating model:
- The separation of the duties of providing information about sums due to or from the County Council and the calculating, checking and recording of these sums, from the duty of collecting or disbursing those sums; and
 - The separation of the duty of examining or checking the accounting entries for cash transactions from the duties shown immediately above.
- A.4.12 To consult and obtain the approval of the Council's Section 151 Officer before, within his or her service area, introducing any new or replacement processes or systems, or amending any currently approved processes or systems for the maintenance of financial records or records of assets.
- A.4.13 To compile all accounts and maintain all accounting records under his or her control in a complete, accurate and timely manner, and to make them available for inspection by the Council's Section 151 Officer, the external auditor, the internal auditor or any of their representatives.
- A.4.14 To maintain, or to ensure that his or her staff maintain, adequate supporting records to provide a complete trail for all transactions leading from the source of income/expenditure item through to the entries in the centralised accounting records.

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- A.4.15 To determine, and test on an annual basis, procedures to reconstitute accounting records under his or her control, in the event of failure of the underlying computer based or other systems.
 - A.4.16 To complete, or to ensure that his or her staff complete, all grant claims or external financial returns based on the accounts for his or her service area in an accurate and timely manner as requested by the awarding body.
 - A.4.17 To supply, or to ensure that his or her staff supply, information in respect of his or her service area to the Council's Section 151 Officer in accordance with his or her guidance and in a complete, accurate, consistent and timely manner to enable the Council's Section 151 Officer to complete the County Council's annual statement of accounts, any summarised grant claim or any other summarised external financial return.
 - A.4.18 To provide, or to ensure that his or her staff provide, information or explanations to the external auditor in a complete, accurate, consistent and timely manner to ensure that he or she is able to complete the audit of the County Council's statement of accounts in accordance with his or her timetable.
 - A.4.19 To provide, or to ensure that his or her staff provide, information or explanations to the internal auditor in a complete, accurate, consistent and timely manner to ensure that he or she is able to complete their audit in accordance with his or her timetable.
 - A.4.20 To comply, or to ensure that his or her staff comply, with the policy for the retention of financial and related documents.

Responsibilities of All Officers and anyone acting on behalf of the County Council

- A.4.21 To meet with internal and/or external auditors as required and to provide all the information necessary to them to complete their audit(s)
- A.4.22 To ensure that primary records are kept to provide an audit trail in line with the retention policy. This can be electronically with the prior agreement of the section 151 officer or his or her delegated representative.
- A.4.23 To keep records of expenditure, progress reports and annual statements and ensure these are up to date.

FINANCIAL MANAGEMENT

A.5 THE ANNUAL STATEMENT OF ACCOUNTS

Why is this important?

A.5.1 The County Council has a statutory duty to prepare accounts that give a true and fair view of its operations during the year and its financial position at the year end. The Audit Committee has delegated power to approve the Statement of Accounts on behalf of the County Council.

General

A.5.2 CIPFA sets out how the accounts should be presented to enable comparisons to be made. Service expenditure areas are closely defined, as is the treatment of various items of expenditure and income; advice on the allocation of overheads to services is also provided. Detailed requirements are shown in the Code of Practice on Local Authority Accounting in the United Kingdom, (the 'IFRS Code of Practice') and in the Service Reporting Code of Practice (SRCop). The Chief Accountant can provide advice on any aspect of the code.

A.5.3 The format of the County Council's internal reporting arrangements are based on the Code; the format of the budget determines the level at which financial control and management is exercised, including the operation of service cash-limited budgets; the scheme of virement; and the scheme for the carrying forward of over- and under-spending of budget approvals.

Key controls

A.5.4 The key controls for the preparation of the statement of accounts are that it:

- Complies with all legal requirements;
- Complies with the CIPFA IFRS Code of Practice on Local Authority Accounting in the United Kingdom;
- Complies with the CIPFA Service Reporting Code of Practice; and
- Is undertaken by the Council's Section 151 Officer as part of his or her duties for the proper administration of the County Council's financial affairs.

Responsibilities of the Council's Section 151 Officer

A.5.5 To comply with all statutory and other requirements for the completion of the annual statement of accounts; this to include the signing and dating of the statement of accounts to the effect that it gives a true and fair view of the

financial position of the County Council at the year end and of its income and expenditure for the year concerned.

- A.5.6 To determine the detailed timetable for the preparation and completion of the final accounts so as to meet the statutory deadlines, and to communicate their respective responsibilities to SLT Officers and to the external auditors.

Responsibilities of SLT Officers

- A.5.7 To comply with the accounting guidance provided by the Council's Section 151 Officer and to supply him or her with the required information when required.

Responsibilities of All Officers and anyone acting on behalf of the County Council

- A.5.8 To comply with all accountancy guidance issued by the Chief Accountant

FINANCIAL PROCEDURES - B:

FINANCIAL PLANNING

- 1 [Policy framework - performance plans](#)

- 2 [Budgeting:](#)
 - [Format of the annual revenue budget](#)
 - [Medium term financial planning and preparing revenue budgets](#)
 - [Capital strategy and capital programme](#)
 - [Resource allocation](#)

- 3 [Maintenance of reserves](#)

FINANCIAL PLANNING

B.1 POLICY FRAMEWORK

Why is this important?

- B.1.1 The County Council has a statutory responsibility to approve and publish various plans, crime reduction strategies, community care plans etc. Key plans such as the County Plan are important elements in the Council's programme of engagement with the public and form part of the Council's Policy Framework agreed by Full Council. All other Council policy is the responsibility of the Council Leader and is approved under appropriate delegations by The Cabinet.

FINANCIAL PLANNING

B.2 BUDGETING

FORMAT OF THE ANNUAL REVENUE BUDGET

Why is this important?

- B.2.1 The format of the annual revenue budget determines the level of detail at which financial management and control is exercised, in particular the operation of cash limits and the scheme of virement.

Key controls

- B.2.2 The key controls for the format of the budget are to have processes in place which ensure that they:
- (a) Reflect the local accountabilities of service delivery;
 - (b) Have regard to the requirements of CIPFA's Service Reporting Code of Practice;
 - (c) Have regard to all other statutory or legal requirements; and
 - (d) Allow corporate review and assessment of the budget, completely, accurately and consistently and in a timely manner both in terms of objective analysis (by service) and subjective analysis (by spend type).

Responsibilities of Council's Section 151 Officer

- B.2.3 To advise SLT Officers of the statutory, legal or other requirements for the format of budget to be applied, and to monitor its application.

Responsibilities of SLT Officers

- B.2.4 To comply with the accounting guidance issued by the Council's Section 151 Officer and the professional advice of the Strategic Managers, Finance and Performance in following appropriate accounting standards as they apply to local government accounts.

Responsibilities of All Officers and anyone acting on behalf of the County Council

- B.2.5 To ensure that the correct level of approval is obtained before moving any budgets either between subjective or objective headings and that the budget reports produced are in the prescribed format.

MEDIUM TERM FINANCIAL PLANNING AND PREPARING REVENUE BUDGETS

Why is this important?

- B.2.6 The County Council is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems and processes to enable scarce resources to be allocated in accordance with carefully weighed priorities.
- B.2.7 Medium term financial planning covering a 3 year period, is an ongoing process and is subject to continuous review; as each year passes, the initial year of the Medium Term Financial Plan (MTFP) becomes the basis of the annual revenue budget or the Capital Programme, and another future year is added to the plan.
- B.2.8 Medium term financial planning encompasses the assessment of spending (both revenue and capital) which is likely to emerge during the period to meet:
- Members' agreed political objectives and targets;
 - New legislation or government requirements;
 - New or increased risk;
 - Demographic changes;
 - Central government plans and targets;;
 - Services' planned levels of outcomes and outputs; and
 - New service developments or commitments

And compares these with the resources likely to be available; the MTFP therefore ensures that the County Council is always preparing for events in advance.

- B.2.9 The annual revenue budget is the financial expression of the County Council's plans and policies for one year. The Capital Programme is the financial expression of the medium term investment plans for the next three years. The MTFP is a combination of both.
- B.2.10 The revenue budget must be constructed so as to ensure that resource allocation to services properly reflects the spending plans and priorities of the County Council within the available resources. Budgets (spending plans), are needed so that the County Council can plan, authorise, monitor and control the way money is allocated and spent to achieve individual service performance targets which meet the Council's approved desired outcomes/outputs – the construction of these budgets will need to reflect national policy at the time.

Key controls

- B.2.11 The key controls for medium term financial planning and annual budget preparation are to ensure that procedures are in place to ensure that members:
- (a) Agree their desired outcomes/outputs for the period;
 - (b) Consider and prioritise these in the light of projected resources including fees and charges and approved levels of Council Tax;
 - (c) Determine the allocation of resources to services;
 - (d) Set service performance targets to reflect those agreed outputs/outcomes;
 - (e) Set the annual revenue budget and set indicative service budgets for years two and three of the MTFP;
 - (f) Budget managers accept, within the delegations set by the County Council, accountability for their budgets and the level of service to be delivered; and
 - (g) A monitoring process is in place to review regularly the effectiveness and operation of the medium term financial planning and annual revenue budget setting process, so that any corrective action is taken.

Responsibilities of the Council's Section 151 Officer

- B.2.12 To provide guidance to SLT Officers on the Medium Term Financial Planning and Annual Revenue Budget and Capital Programme setting process.
- B.2.13 To prepare and submit reports on the MTFP initially for consideration by the Senior Leadership Team, and where appropriate with the input of the relevant Scrutiny Committee, and The Cabinet before submission for approval to the County Council.
- B.2.14 To incorporate in that report details of SLT Officers' assessments of need and proposed savings during the period, together with an assessment of the resource constraints, including:
- (a) Inflationary trends, demographic and legislative changes;
 - (b) Various options for financing capital;
 - (c) Government revenue grants and other central resources
 - (d) Anticipated capping levels and the local impact (in terms of Council Tax, etc).

- (e) Likely levels of retained national non-domestic rates and any associated top-up; and
- (f) Review and setting of fees and charges.

To also include in that report details of the allocation of the options for alternative tax levels, the nature and level of contingency funds and reserves and the requirement to set the Prudential Code limits, in particular the statutory borrowing limit under the Local Government Act 2003.

- B.2.15 To ensure that SLT Officers set an annual revenue budget within the spending limits set and in the detailed form required and to issue savings targets to SLT Officers to deliver a balanced budget over the medium term.
- B.2.16 To encourage best use of resources and value for money by working with SLT Officers to identify opportunities to improve economy, efficiency and effectiveness in the delivery of their services, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.
- B.2.17 To advise County Council, directly if appropriate, or the Leader, of any Council, Cabinet or Cabinet Member proposal, in accordance with his or her responsibilities under Section 114 of the Local Government Finance Act 1988, if there is the likelihood of unlawful expenditure or the setting of an unbalanced budget.

Responsibilities of SLT Officers

- B.2.18 To provide information to the Council's Section 151 Officer for incorporation in the MTFP which identifies their service needs and the impact on their current level of service outputs/outcomes; in particular details of:
 - (a) The cost of existing services for the next 3-5 years, indicating any planned or required savings with full details of the likely impacts of any savings and consultations either carried out or needed;
 - (b) Proposed fees and charges, calculated in line with the Service Cost Recovery policy;
 - (c) Their capital investment proposals, together with the consequential impact on the revenue budget for ongoing running costs; and
 - (d) Their assessment of the impact of new service development or contraction or commitments arising directly from performance review reports, from members' political objectives, from statutory requirements, or from central government plans or targets.
- B.2.19 To prepare detailed annual revenue estimates of expenditure and income within the resources allocated, in line with the approved level of service

outputs/outcomes, in the format required and within the appropriate timescales, outlining any expected outcomes.

- B.2.20 To provide information to the Leader/Cabinet/Cabinet Members where in their opinion the service plan does not meet statutory or central government requirements.
- B.2.21 To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.
- B.2.22 To consult with the relevant Cabinet Member and relevant SLT Officer(s), where it appears that a MTFP proposal is likely to impact on another service or level of service activity.

Responsibilities of All Officers and anyone acting on behalf of the County Council

- B.2.23 To prepare MTFP documentation as required, providing all information requested and providing a range of options for Members to consider
- B.2.24 To undertake Impact Assessments for any MTFP proposal, whether a bid for new resources or a saving proposal.
- B.2.25 To ensure that all service planning takes into account the level of resource available
- B.2.26 To ensure that the forward budget on the Financial Information System agrees with the final agreed County Council budget

CAPITAL STRATEGY AND CAPITAL PROGRAMME

Why are these important?

- B.2.27 Capital expenditure involves the acquisition by outright purchase or leasing, or the enhancement of assets which have a long-term value, such as land, buildings, roads and major items of plant and equipment or vehicles.
- B.2.28 It normally creates financial commitments for the future in the form of financing costs and revenue running costs.
- B.2.29 The government provides a self-regulatory framework for the management of the Council's financing capacity. The Council is responsible for reviewing its revenue position and determining its financing capacity within this and subsequently ensuring that it stays within these plans. This means that the capacity for new investment is constrained so investment must be prioritised in line with the Capital Strategy to maximise the benefits of these scarce resources.

General

- B.2.30 The County Council uses capital assets directly in the way in which it delivers some of its services; the Council also enables other bodies under partnership etc. arrangements to deliver its services and this sometimes avoids the need for the Council itself to hold the relevant assets.
- B.2.31 The Council's Capital Strategy sets the principles to be followed in making new capital investment which will, together with the active management of the existing assets, ensure that all assets are managed effectively in order to meet its policy priorities and to enhance its service performance; the over-riding aim of the Capital Strategy is, therefore, to ensure that all assets are effectively managed to meet policy priorities and enhance performance, and are optimised in terms of service benefit and social, cultural and economic use.
- B.2.32 The Capital Strategy (CS) and the supporting service asset management plans principally cover those assets held by the Council, but also include those assets used by external bodies in partnership with the Council.
- B.2.33 The Asset Strategy Group pulls together asset management plans and service plans which are used collectively to determine the Capital Programme (CP); the CP prioritises the County Council's capital investment requirements in recognition of the limited resources that are available to fund both the initial expenditure and the on-going financing and running costs.
- B.2.34 The CP normally covers a 3 year period, but may be for a longer period as otherwise specified by the County Council; however, it is subject to review and revision on a continuous basis throughout that period.

Key controls

- B.2.35 The key controls for the Capital Strategy (CS) and the Capital Investment Programme (CIP) are:
- (a) Their specific approval by the County Council, following consideration by SLT, the relevant Scrutiny Committee, and The Cabinet (such approval to schemes within the CIP may be the allocation of specific sums to a project or of block sums which are to be allocated as and when specified conditions are met); but as a first priority investment is made to safeguard current service delivery through the existing asset base and to maintain health and safety;
 - (b) That, each capital project is subject to a financial appraisal, which includes an assessment of the associated revenue expenditure for the whole of the life of the asset, including any decommissioning costs, prior to its inclusion in a CIP;
 - (c) That expenditure is incurred only on those schemes included in the approved CIP;

- (d) That where Council has given provisional approval to a scheme or to a block sum, SLT Officers are only able to proceed once the conditions specified in the provisional or block approval are met;
- (e) That SLT Officers plan the progress of schemes to allow them to proceed in due time by, where appropriate, briefing professional advisers, carrying out design work, or acquiring land in advance of any construction work; and
- (f) That guidelines are determined for the transfer of approvals between schemes included in the CP.

Responsibilities of Council's Section 151 Officer

- B.2.36 To determine a process for the preparation, consideration and approval by Members of the Capital Strategy (CS) and the Capital Programme (CP); such a process to specify the requirement that prior to the inclusion of a proposal in a CP, that each proposal is prioritised against the Council's policies and objectives, and that with the relevant SLT officer, completes a full financial appraisal including whole life costing .
- B.2.37 To prepare and review at least every three years the CS for consideration initially by the Senior Leadership Team, and then The Cabinet prior to its submission for approval by the County Council.
- B.2.38 To issue guidance to SLT Officers on capital, planning, budgeting, monitoring and accounting.
- B.2.39 To prepare on an annual basis, and continuously review, the draft 3 year CIP in conjunction with the Asset Management Group (who are responsible for strategic asset management planning) and jointly with relevant SLT Officers.
- B.2.40 To include in the CIP details of how schemes contribute to safeguarding current service delivery through the existing asset base and to meeting the Council's approved policy and objectives, highlighting those which reflect a thematic or multi-agency approach.
- B.2.41 To include in the report details of any material resource constraints for example:
 - The cash resources (useable capital receipts; earmarked reserves, grants or contributions; and the direct use of revenue budgets) likely to be available for capital financing;
 - The ability to sustain and afford credit arrangements in line with the Prudential Code arrangements and political will;
 - The availability of 'off balance sheet' funding mechanisms (e.g. PFI);

- The on-going revenue resources available to fund the financing and running costs; and
- The physical constraints of land availability, planning, permissions, professional design, staffing resources and the ability to deliver a scheme within a realistic time-frame.

B.2.42 To distinguish within the report between those schemes which are to be funded from 'Specific Capital Resources' or 'General Capital Resources', i.e.:

- Schemes which attract either their own capital resources or which have no impact on the availability of such resources for other schemes will be in the 'Specific' category:
 - Partner and developer contributions ;
 - service revenue contributions;
 - Ring fenced government grants and contributions; and
 - In exceptional circumstances, operating leases.
- Other schemes will be financed from 'General Capital Resources' that include borrowing (where approved), capital receipts and the capital fund.

B.2.43 To determine, seek approval from County Council, and communicate to SLT Officers guidelines for the transfer of approvals (virements) of schemes included in the CP.

B.2.44 To prepare and submit through SLT to The Cabinet, both on a regular basis and on out-turn at the year end, reports which provide details of the progress of spending on approved projects, virements of a material value within the limits set, virements in excess of those limits but which are to meet an overspending on an approved CP scheme, and of total projected payments and resources.

Responsibilities of SLT Officers

B.2.45 To comply with guidance issued by the Council's Section 151 Officer concerning the preparation of the Capital Programme (CP).

B.2.46 To identify, prior to submission to the Council's Section 151 Officer for inclusion in a draft CP, how their proposals for capital investment meet the Council's approved policies, objectives and targets in terms of service delivery, and the relative priority of each proposal and how they help deliver the County Plan; briefing the relevant Cabinet member accordingly

B.2.47 To prepare, prior to the submission of a scheme to the Council's Section 151 Officer for inclusion in a draft CP, a financial appraisal including Whole Life Costing;.

- B.2.48 To proceed with individually identified projects, including those under credit arrangements, and other leasing arrangements, only once they have been approved within a CP.
- B.2.49 To proceed with projects approved on a provisional basis or as part of a block sum, only once the conditions of that approval have been met.
- B.2.50 To ensure that Contract Standing Orders are followed in the procurement of the project
- B.2.51 To ensure that adequate records are maintained in respect of all spending on capital projects.
- B.2.52 To monitor the progress on all approved schemes on a regular basis and to supply such information to the Council's Section 151 Officer as is required to enable him or her to report through SLT to The Cabinet.
- B.2.53 To exercise virement between approved schemes in consultation with the Council's Section 151 Officer Where the transfer exceeds 5% of the un-required approval for any of the schemes from which it is being transferred, there is a presumption that the virement will be confirmed if it is to meet an over-spend on a scheme in the Council's approved CP; this allows the SLT Officer to proceed in the meantime.
- B.2.54 To identify projected over-spends on approved schemes which cannot be met by virement, and to prepare jointly with the Council's Section 151 Officer to SLT and The Cabinet for the consideration of additional approvals.

(over-spends on approved schemes which can be financed from additional external sources of finance do not require further formal approval from County Council unless by taking the finance the proposed project will be different to that which was approved)

- B.2.55 To identify under-spends on approved schemes not vired under delegated approval to meet over-spends on other schemes, and to provide such details to the Council's Section 151 Officer as is required to allow him or her to report to The Cabinet for it to recommend to Council the reallocation, where appropriate, of the resources no longer required.
- B.2.56 To consult with the Council's Section 151 Officer and to seek through him or her, the County Council's approval prior to the submission to a government department, of a bid for additional borrowing approvals to support expenditure which has not been included in the approved CP.

Responsibilities of All Officers and anyone acting on behalf of the County Council

- B.2.57 To complete the necessary documentation to submit a capital proposal, including undertaking Whole Life Costing and a full impact assessment.

- B.2.58 To ensure that Contract Standing Orders are followed in the procurement of any project, which includes not proceeding with any procurement until the project has been formally approved
- B.2.59 To provide to Finance all the information required to enable corporate reporting to be undertaken, including a profile of the spend and explanations for any project slippage
- B.2.60 To ensure that payment is only made to contractors upon receipt of the required supply or service; that the payment is approved within the County Council's Scheme of Delegation and that VAT is accounted for correctly
- B.2.61 To keep all relevant paperwork in line with the County Council's retention policy
- B.2.62 To ensure that any virement is appropriately approved before being actioned

ALLOCATION OF RESOURCES

Why is this important?

- B.2.63 A mismatch often exists between available and required resources. In these times of austerity resources are often insufficient to meet services' needs or desires. It is therefore imperative that resource allocation is carefully prioritised and that resources are fairly allocated, in order to fulfil all legal responsibilities. Resources may include staff, money, equipment, goods and materials.

Key controls

- B.2.64 The key controls for resource allocation are designed to ensure that procedures are in place so that budget managers:
 - (a) Obtain appropriate resources for the required level of service delivery;
 - (b) Acquire resources using an approved authorisation process;
 - (c) Use resources only for the purpose intended by the County Council, so as to meet the approved policies and objectives, and to ensure that they are properly accounted for;
 - (d) Have resources available for use when required; and
 - (e) Use resources to maximise their effectiveness and efficiency so as to minimise the level of waste, inefficiency or loss for other reasons.

Responsibilities of the Council's Section 151 Officer

- B.2.65 To determine a process for the consideration and approval by members for, and to advise on, the timely allocation of resources to services in line with approved policies and objectives.
- B.2.66 To advise on the methods, their limitations and the means of optimising their usage, which are available for the funding of overall spending requirements. This advice would cover council tax and anticipated capping levels; central government grants and their conditions of use; retained national non-domestic rates and any top up payments; borrowing and other means of financing capital expenditure; and the use of reserves.
- B.2.67 To determine a process to monitor the use of resources in line with approvals and to report progress to members on a regular basis.

Responsibilities of SLT Officers

- B.2.68 To use the approved processes to seek and to ensure that resources are available at the appropriate time for him or her to provide services in line with the approved policies and objectives.
- B.2.69 To manage the delivery of their service within the cash limited resources allocated and to utilise those resources in the most efficient, effective and economic way.
- B.2.70 To identify opportunities to minimise or eliminate resource requirement or consumption without a detrimental effect on service delivery.
- B.2.71 To provide information on a timely basis to the Council's Section 151 Officer to enable him or her to report to members on the progress of the use of resources in line with the approved purposes for which they were intended.

Responsibilities of All Officers and anyone acting on behalf of the County Council

- B.2.72 To ensure that the Financial Information System (SAP) reflects the approved allocation of resources
- B.2.73 To manage budgets within the resources provided, reporting immediately where it is apparent that the budget allocation is insufficient for the level of service required
- B.2.74 To ensure that value for money is obtained in relation to all spend

FINANCIAL PLANNING

B.3 MAINTENANCE OF RESERVES

Why is this important?

B.3.1 The County Council must determine the level of general reserves before it can set the level of council tax. Reserves are maintained as a matter of prudence to provide working balances; to meet unforeseen items of expenditure and to meet specifically approved policy objectives of either a capital or revenue nature.

Key controls

B.3.2 The key controls for the maintenance of reserves are:

- To ensure that reserves are held at a prudent level and in accordance with the guidance in the CIPFA Prudential Code (Local Government 2003 and associated regulations);
- The purpose, usage and basis of transaction are clearly identified; and
- To ensure that reserves earmarked for specific policy objectives are applied for the purpose intended;
- To ensure that no new reserves are established without following the reserves protocol and in particular without the express approval of the Cabinet Member for Resources in consultation with the Council's Section 151 Officer.
- All reserves created must comply with the reserves protocol set by the Council's Section 151 Officer and approved by the relevant Cabinet Member;
- All spending from reserves must be approved by the Leader of the Council, the Cabinet or the Cabinet Member-Resources.

Responsibilities of Council's Section 151 Officer

B.3.3 To advise County Council on the prudent level of reserves to be held for the specified purposes, having regard to relevant external guidance.

B.3.4 To advise SLT Officers of the basis of operation of reserves.

Responsibilities of SLT Officers

B.3.5 To ensure that allocations from the earmarked reserves are used only for the purposes for which they were intended, and to comply with any other conditions of the allocation.

- B.3.6 To ensure that no new reserves are established without following the reserves protocol and in particular without express approval of the relevant Cabinet Member.

Responsibilities of All Officers and anyone acting on behalf of the County Council

- B.3.7 To complete a business case for the creation of a new reserve, and on an annual basis for the continuation of an existing reserve.
- B.3.8 To ensure that the reserve is used only for the purposes that it was set up to achieve

FINANCIAL PROCEDURES - C:**RISK MANAGEMENT AND CONTROL OF RESOURCES**

- 1 [Risk Management](#)
- 2 [Internal controls](#)
- 3 [Requirements for Audit:](#)
 - [Internal Audit](#)
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- 4 [Prevention of fraud and corruption](#)
- 5 [Assets:](#)
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 - [Disposal](#)
- 6 [Treasury management, banking, imprests and trust funds](#)
- 7 [Staffing](#)

RISK MANAGEMENT AND CONTROL OF RESOURCES

C.1 RISK MANAGEMENT

Why is this important?

- C.1.1 The County Council, in common with all other organisations, whether they are in the private or public sectors, faces risks to people, property and service delivery. Risk is defined as the chance or possibility of loss, damage, injury, or failure to achieve an objective which is caused by an unwanted or uncertain action or event.
- C.1.2 Risk Management is the planned and systematic approach to the identification, evaluation and control of risk. It therefore contributes to the achievement of the Council's objectives by through the protection of the Council's overall operational, financial and organisational well-being as well as its assets. The process systematically evaluates the adequacy of the measures in place to manage identified risks and identifies appropriate action to improve further the identification and control of risk. .
- C.1.3 Insurance, where applicable and appropriate, has been a traditional means of protecting against loss but, by reducing, or even preventing, the incidence of losses (whether they result from accident or crime) the Council can benefit both from the reduced costs of providing insurance cover and from the continuity of service provision.
- C.1.4 The Cabinet, on the recommendation of the Senior Leadership Team, has the overall responsibility to approve the County Council's risk management strategy and policy statement, and to promote a culture of risk management awareness throughout the County Council.

Key controls

- C.1.5 The key controls for risk management are to ensure that procedures are in place:
- (a) To determine a risk management policy statement;
 - (b) To review annually the effectiveness of the risk management strategy and policy statement, and to seek approval to any required amendments;
 - (c) To identify, assess, prevent or contain material known risks promptly, completely and accurately and to ensure that these procedures are operating effectively;
 - (d) To determine completely and promptly an acceptable level of risk and to seek insurance cover where appropriate;

- (e) To promote the procedures throughout the organisation so that SLT Officers are aware of their responsibilities and have the appropriate information to enable them to manage their risks;
- (f) To make provision to safeguard against losses that might result from the risks that remain;
- (g) To identify potential insurance claims promptly, accurately and completely and notify the insurance section;
- (h) To investigate incidents resulting in insurance claims accurately, completely and within required timescales; and
- (i) To determine contingency arrangements for the continuation of service provision arising from a major incident which results in a significant loss or damage to any of its resources.

Responsibilities of Council's Section 151 Officer

- C.1.6 To prepare, seek approval for, and promote the County Council's risk management policy statement. [Link]
- C.1.7 To review on a continuing basis the effectiveness of the risk management policy statement, and to seek approval to any required amendments.
- C.1.8 To provide risk management advice for SLT Officers and other risk owners.
- C.1.9 To determine the need for, and, where required, to effect the most appropriate insurance cover, whether by external or internal arrangements.
- C.1.10 To set premiums for insurance cover provided by SCC's insurance programme to be charged to all services (acknowledging that some services may take additional or specialised insurance through other providers).
- C.1.11 To negotiate all claims in consultation with the relevant SLT Officer.
- C.1.12 To arrange a suitable fidelity guarantee insurance cover for appropriate County Council employees as necessary.
- C.1.13 To Chair the Strategic Risk Management Group (SRMG) to oversee the risk management process. [Link]
- C.1.14 To report regularly to Audit Committee on the management of risk across the County Council.

Responsibilities of SLT Officers

- C.1.15 To ensure that there are regular reviews of risk, and the potential for risk, within their service area, and that the outcome of those reviews, and the

steps taken, are documented in JCADCORE, the council's risk management system.

- C.1.16 To apply and develop the approved risk management procedures and controls, having regard to advice from the Council's Section 151 Officer and other specialist officers (e.g., Strategic Risk Officer, Insurance Manager and members of the Strategic Risk Management Group (SRMG)), and to take all reasonable action to minimise risks.
- C.1.17 To ensure that mitigating actions against risks are identified, recorded in JCADCORE with a risk owner, monitored and delivered in accordance with their timetable, and that the impact of these actions are considered in the review of risks.
- C.1.18 To consult with the Council's Section 151 Officer and the Head of Legal Services (County Solicitor) on the terms of any indemnity which the County Council may be requested to give before such an indemnity is given.
- C.1.19 To ensure that any member of his or her staff or any other person acting on his or her behalf and who is covered by the County Council's insurances, do not admit liability or make any offer to pay compensation which may prejudice the assessment of a liability in respect of any insurance claim, or potential claim.
- C.1.20 To ensure that any member of his or her staff using their own motor vehicle on official County Council business complies with the insurance arrangements laid down by the Council's Section 151 Officer.

Responsibilities of All Officers and anyone acting on behalf of the County Council

- C.1.21 To be familiar with and adhere to all County Council policies and standards that are applicable to their role.
- C.1.22 To notify the Council's Section 151 Officer immediately of all new or anticipated insurance risks, including additional properties, vehicles, plant or equipment which require insurance, and of any reductions in risk or other alterations which may affect existing insurances.
- C.1.23 To notify the Council's Section 151 Officer immediately of any event or anticipated event of loss, liability or damage which may lead to a claim against the County Council, and to provide any information or explanation relating to that incident which is required by the Council's Section 151 Officer or the County Council's insurers.
- C.1.24 To be mindful of the risks of loss, damage or injury within their role, and to report excessive or unmitigated risks to their line manager.

- C.1.25 To report any incidents that could lead to an insurance claim against the County Council and to secure photographic and other evidence to support the repudiation of any claim.
- C.1.26 To consult with the Insurance Team when they are considering deriving income from the provision of professional advice to any outside organisation, to ensure that suitable professional indemnity insurance cover is put in place.

RISK MANAGEMENT AND CONTROL OF RESOURCES

C.2 INTERNAL CONTROLS

Why are these important?

- C.2.1 The County Council is a complex organisation and its activities are beyond the direct control of a limited number of individuals. It therefore requires a range of internal controls to manage and monitor progress towards achieving its strategic objectives.
- C.2.2 The Council has statutory obligations to meet, and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.
- C.2.3 The Council faces a wide range of financial, operational, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to identify, evaluate and manage these risks.
- C.2.4 The County Council therefore needs to establish a system of internal controls in order to provide measurable occurrence of:
- Efficient and effective operations;
 - Reliable financial and operational information and reporting;
 - Compliance with corporate and statutory requirements, and other regulations;
 - Risk management; and of
 - Safeguarding assets.

Key controls

- C.2.5 The key controls for a system of internal control are to ensure that there are:
- (a) Managerial control systems in place which define policies, set objectives and plans, monitor financial and other performance and provide for the appropriate anticipatory and remedial action to be taken; the key objective of these systems is to promote ownership of the control environment throughout the organisation by defining the roles and responsibilities of individual members of staff;
 - (b) Financial and operational control systems and procedures are in place, which include provision for supervisory checks over the actions of staff, the physical safeguarding of assets, the segregation of duties, the determination of authorisation and approval procedures, and the availability of appropriate information systems;
 - (c) An effective internal audit function is provided;

- (d) Regular reviews of the internal control systems to ensure that they remain appropriate, and to revise them as necessary; and
- (e) The Audit Committee considers an annual report from the Council's Section 151 Officer on the effectiveness of the systems of internal control.

Responsibilities of the Council's Section 151 Officer

- C.2.6 To advise the County Council through the Cabinet of the need, and to seek approval for an appropriate control environment and effective internal control measures which need to be in place and which provide reasonable assurance of the effective and efficient delivery of services, financial stewardship, probity, and compliance with statutory requirements and regulations.
- C.2.7 To ensure that SLT Officers put in place appropriate measures to achieve the effective internal financial controls required including the provision of codified guidance; the operation of budgetary systems; the exercise of supervisory roles, management review and monitoring of processes and staff; the physical safeguarding of property and staff; the segregation of duties; the application of accounting procedures; the maintenance of information systems; and adherence to authorisation and approval processes.
- C.2.8 To seek approval to the revision of internal control measures in the light of changing circumstances.
- C.2.9 As a part of the Annual Governance Statement, to report annually to the Audit Committee on the effectiveness of the system of internal control.

Responsibilities of SLT Officers

- C.2.10 To apply established control measures within their area, to monitor their application to ensure they are being adhered to, and to evaluate their effectiveness, in order to be confident that all resources under their control are used economically, effectively and efficiently in meeting their approved service policies and objectives, and that all risks are minimised.
- C.2.11 To ensure all staff within their service area have a clear understanding of the requirements of the internal control measures and the consequences of not applying them.
- C.2.12 To advise the Council's Section 151 Officer, of the need to consider the updating of existing controls in the light of changing circumstances whether arising from proposed changes to, or the introduction of new, operational systems, procedures or processes, and to implement the resultant approved revised arrangements.

RISK MANAGEMENT AND CONTROL OF RESOURCES

C.3 REQUIREMENTS FOR AUDIT

INTERNAL AUDIT

Why is this important?

- C.3.1 The Accounts & Audit Regulations (currently 2011) require the County Council to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.
- C.3.2 The County Council has delegated an overseeing role to the Audit Committee; however, the day to day responsibility for providing and managing the internal audit function is with the Council's Section 151 Officer; this forms part of his or her statutory responsibility for the overall financial administration of the County Council's affairs under Section 151 of the Local Government Act, 1972.
- C.3.3 Internal auditing 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.
- C.3.4 The County Council's internal audit function is provided by the South West Audit Partnership, a publically owned company, limited by guarantee.

Key controls

- C.3.5 The key controls for the provision of an internal audit function are that:
- (a) Its Charter is agreed between the Council's appointed Head of Internal Audit and the Council's Section 151 Officer, and formally approved by the Audit Committee;
 - (b) It remains independent in its planning and operation and does not therefore carry out any executive function;
 - (c) It is objective in its planning, operation and reporting;
 - (d) Its activities are in accordance with an approved Annual Audit Plan; taking into account not only the statutory requirement but also the need to seek added value, effective use of resources, and improved performance;
 - (e) The Council's appointed Head of Internal Audit, as the person to whom the Council's Section 151 Officer has delegated responsibility for internal audit, has direct access to the Chief Executive, the County

Council, the Leader of the Council, the Cabinet, Cabinet Members, the Audit Committee and all other County Council's committees as he or she sees fit;

- (f) The internal auditor conforms to the International Standards for the Professional Practice of Internal Auditing further guided by the interpretation provided by the Public Sector Internal Auditing Standards; and
- (g) The internal audit function service is externally assessed for conformance to the Standards and its performance is independently reviewed and reported to the Audit Committee annually.
- (h) The internal auditor's annual opinion is presented to the Audit Committee.

Responsibilities of Council's Section 151 Officer

C.3.6 To maintain on the Council's behalf under their delegated approval an adequate and effective system of internal audit.

C.3.7 Through the Audit Charter, approved annually by the Audit Committee, ensure that internal auditors, or other representatives acting on his or her behalf, have the authority to:

- Access any County Council premises or land at all reasonable times, but where such premises or land are in the control of a contractor or partner, that access shall be in accordance with the provisions of the contract;
- Access all assets, records, documents, correspondence and control systems relating to any financial or other activity of the Council which they consider relevant to audit;
- Take such copies of any records, documents, and correspondence as they consider necessary for the conduct of their work;
- Require and receive any information and explanation considered necessary concerning any matter under examination;
- Require any employee of the Council, elected member or a member of a governing body to produce or account for cash, stores or any other County Council property under his/her control;
- Access, when required, records belonging to third parties, including those of contractors/partners so long as that access shall be in accordance with the provisions of the contract/partnership agreement; and

- Report directly to the Chief Executive, the County Council, the Leader of the Council, the Cabinet, individual Cabinet Members, the Audit Committee or any other County Council's committees as appropriate.
- C.3.8 To prepare and maintain the Internal Audit Plan annually, taking account of the characteristics and relative risks of the services and activities undertaken by the County Council. In doing so, he or she should liaise with the Senior Leadership Team on the audit strategy and cover required, and consult as necessary, with the Audit Committee.
- C.3.9 Where a response to an audit report has not been made within a month, or such other reasonable period as may be determined, or where any other matter arising from internal audit work which remains unresolved after three months, to refer the matter to the Audit Committee.
- C.3.10 To respond promptly, by taking such steps as are considered appropriate, including the provision of advice or audit resources to SLT Officers, to enable them to undertake an investigation into any matter he or she becomes aware of which involves, or is thought to involve, fraud or irregularity concerning cash, stores, records or other property of the Council, or any suspected irregularity in the exercise of the functions of the authority.
- C.3.11 To ensure that the SLT Officer, in consultation with the Chief Executive considers the need for any legal proceedings or disciplinary action to be taken arising from the outcome of an investigation undertaken under C.3.10 above; and that he or she also reports the outcome to the relevant Cabinet Member, to the Audit Committee or the County Council as appropriate.
- C.3.12 To report to each Audit Committee (quarterly) on the overall performance and the main issues arising from the internal audit activity undertaken during the preceding period.

Responsibilities of SLT Officers

- C.3.13 To liaise with the Council's Section 151 Officer in determining the content of the annual Internal Audit Plan.
- C.3.14 To ensure that auditors, or other authorised representatives of the Council's Section 151 Officer are given access at all reasonable times, and, where appropriate are able to take copies of premises, land, cash, stores, other property, personnel records, documents and correspondence under their control and which they consider necessary for the purposes of their work.
- C.3.15 To ensure that auditors or other authorised representatives are provided with any information and explanations which they seek arising in the course of their work.
- C.3.16 To ensure that their managers carry out in a timely and efficient fashion any agreed actions arising from audit report recommendations.

- C.3.17 To notify the Council's Section 151 Officer, as soon as he or she becomes aware of it, of any matter within his or her area which involves, or is thought to involve fraud or irregularity concerning cash, stores, records or other property of the Council, or of any suspected irregularity in the exercise of the functions of the authority; pending investigation and the issue of a final report, to take all necessary steps to prevent further loss, and to secure relevant records and documentation against removal or alteration.
- C.3.18 In consultation with Internal Audit, to investigate any suspected cases of fraud, irregularity, or suspected fraud or irregularity.
- C.3.19 To consider, in consultation with the Chief Executive, the need for any legal proceedings or disciplinary action to be taken arising from the outcome of an investigation undertaken under C.3.18 above; and to report the outcome to the relevant Cabinet Member, to the Audit Committee or the County Council as appropriate.

Responsibilities of All Officers and anyone acting on behalf of the County Council

- C.3.20 Where services or activities for which they are responsible are selected for internal audit work:-
- To meet with the internal auditor to discuss the forthcoming audit, to formalise the Terms of Reference of the audit work, to assess the risks and the scope of the work.
 - To co-operate fully (and ensure that their staff do likewise) so that the auditors are given access at all reasonable times, and, where appropriate are able to take copies of premises, land, cash, stores, other property, personnel records, documents and correspondence under their control and which they consider necessary for the purposes of their work.
 - To take all reasonable steps to ensure that the audit work can be carried out within the timescale agreed.
 - To consider and respond to draft internal audit reports within two weeks of the final meeting, or such other reasonable period as may be determined.
 - To implement in a timely and efficient fashion all agreed actions arising from audit report recommendations.
 - To attend the Audit Committee should members decide that they wish to call-in an individual audit to review management responses.

EXTERNAL AUDIT

Why is this important?

- C.3.21 External audit is a statutory requirement, most recently under the Local Audit and Accountability Act 2014.

- C.3.22 In auditing the accounts the external local auditor must, by examination of the accounts and otherwise, be satisfied that:-
- (a) that the accounts comply with the requirements of the enactments that apply to them, .
 - (b) that proper practices have been observed in the preparation of the statement of accounts, and that the statement presents a “true and fair” view, and .
 - (c) that the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- C.3.23 Once the external auditor has completed his or her audit of the accounts they must enter on the statement of accounts:-
- (a) a certificate that the auditor has completed the audit in accordance with this Act, and
 - (b) the auditor’s opinion on the statement.
- C.3.24 The external auditor will also require further information from the County Council from time to time, (such as work in relation to financial resilience and fraud), and will provide further reports as to the County Council’s standing and activities.
- C.3.25 All of the findings from the external auditor are public information and will inform other governance reports about the County Council’s arrangements and performance. The external auditor is also required to ensure that the accounts are available for public inspection and to consider objections made by the public to the accounts.
- C.3.26 The current external auditor for the County Council, the Pension Fund and the Somerset Waste Partnership is Grant Thornton.
- C.3.27 The authority may also, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs who have statutory rights of access.

Key controls

- C.3.28 The key controls for the provision of external audit are:
- The external auditor is appointed independently under the prevailing statutory processes, and remain entirely independent in their roles throughout.
 - The external auditor follows all statutory requirements and “best practice” expectations in the carrying out of their work.

- That the County Council provides all relevant support to the external auditor and adheres to all statutory timescales and standards, such as in the Statement of Accounts.

Responsibilities of Council's Section 151 Officer

- C.3.29 To discuss with the external auditors and determine on an annual basis their overall audit plan, key deliverables and timescales having regard to the Council's own annual Internal Audit Plan.
- C.3.30 To ensure completion of the Statement of Accounts, Annual Governance Statement and all supporting information and evidence in a timely and professional manner.
- C.3.31 To ensure a continuous and effective liaison with the external auditors throughout the audit process, and to advise the County Council, the Leader of the Council, the Cabinet, Cabinet Members, the Audit Committee, and SLT on their responsibilities in relation to external audit, and specifically their obligations with regard to the final accounts audit process
- C.3.32 To ensure that SLT Officers provide external auditors (and other inspectors with statutory permission) with the same rights of access to all records, documents, and correspondence relating to any financial or other activity of the Council, allow them to take copies of such records, documents and correspondence as they see fit, and also to provide such explanations as are required for the purposes of their work in the same way as they are required to provide to or allow the internal auditors – see paragraph C.3.7 above.
- C.3.33 To consider, in conjunction with SLT and Officers when necessary, and respond as appropriate, to reports and management letters issued by the external auditor.
- C.3.34 To ensure that all the external auditor's reports and management letters are submitted for consideration, and approval where appropriate, to the Audit Committee, the Cabinet, Cabinet Members, all members, or to the County Council.
- C.3.35 To ensure that the correct processes are followed for the appointment of the external auditor at the times set down in the relevant legislation.

Responsibilities of SLT Officers

- C.3.36 To provide the external auditors with the same rights of access and explanations as are necessary for the purposes of their work and as are available to internal auditors – see paragraph C.3.7 above.
- C.3.37 To ensure that all financial systems, records, documents, and correspondence are complete and up to date, and available for inspection by

the external auditors (and other inspectors with statutory permission) as and when required.

- C.3.38 To consider and respond directly, or through the Council's Section 151 Officer, as necessary, to reports and management letters issued by the external auditors.
- C.3.39 To ensure the provision of timely and detailed information (as determined by best practice and directed by the Chief Internal Auditor) for the services that they lead for the external auditor's work on governance and Value For Money.

Responsibilities of All Officers and anyone acting on behalf of the County Council

- C.3.40 Where services or activities for which they are responsible are required to assist the external auditors, to respond in a timely, professional manner.

RISK MANAGEMENT AND CONTROL OF RESOURCES

C.4 PREVENTION OF FRAUD AND CORRUPTION

Why is it this important?

- C.4.1 The County Council as a local authority is accountable to the public for the actions of all its members, employees and others acting on its behalf, and needs to safeguard against the misuse of the assets and resources held on the public's behalf. The County Council controls millions of pounds of public money and substantial assets and takes very seriously its stewardship of this money.
- C.4.2 The County Council's expectation of propriety and accountability is that members and staff at all levels will undertake their duties with honesty and integrity and will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- C.4.3 The County Council also expects that individuals and organisations (e.g. suppliers, contractors, service providers, and partners) that it comes into contact with will act towards the County Council with similar honesty and integrity and without any thought of acting in a fraudulent or corrupt manner.
- C.4.4 The County Council has a zero tolerance policy to fraud and corruption, in line with best practice such as Protecting the Public Purse, and will rigorously pursue any fraud perpetrated against it. With budgetary resources limited, the County Council cannot afford losses to criminal activity.
- C.4.5 The County Council is responsible for ensuring that it provides "best value" in all its activities, and needs to guard against the risk of corruption, for example in contracts that it lets.
- C.4.6 The County Council must also ensure that it suffers no adverse reputational damage as a result of fraudulent or corrupt activity.

Key controls

- C.4.7 The key controls regarding the prevention of fraud or financial irregularities must:
- ensure prevention
 - facilitate detection, and
 - identify a clear pathway for investigation and remedial action.

The County Council therefore has the following key controls:

- (a) Policies and procedures are determined, approved and operated effectively throughout the County Council, to set out the standards of conduct to be followed by members, staff and service providers; such policies and procedures to include:

- Anti-Fraud and Corruption Policy [Link]
 - Whistleblowing Policy
 - Money Laundering Policy
 - Bribery Policy
 - Gifts and Hospitality Policy
 - Risk Management Strategy
 - The Members' Code of Conduct
 - Standards of Conduct required of Officers
- (b) Policies and procedures are communicated to, understood and applied by all members, staff and service providers;
- (c) Financial systems are designed to include controls to prevent and detect fraud;
- (d) Procedures and practices are reviewed on a regular basis to identify any or suspected weaknesses, and that the procedures and practices are revised as necessary;
- (e) A register of interests and a register of any hospitality or gifts offered to or received by members or staff are maintained; and
- (f) Identified or suspected frauds or financial irregularities are examined swiftly and offenders are dealt with firmly and appropriately.
- (g) The annual Internal Audit Plan allocates sufficient resource to test controls, procedures and practices, and to investigate potential frauds should they arise.

Responsibilities of Council's Section 151 Officer

- C.4.8 To determine suitable policies and procedures to minimise the risk of fraud or financial irregularities occurring.
- C.4.9 To advise members of their responsibilities under these policies and procedures.
- C.4.10 To advise SLT Officers of their responsibilities under these policies and procedures and to require them to communicate the requirements to their staff.
- C.4.11 To ensure that anti-fraud and corruption policies are published on the Council's website and that the zero tolerance policy is strictly adhered to.
- C.4.12 To ensure that financial systems include adequate controls to prevent and detect fraud.
- C.4.13 To provide an internal audit function with sufficient resources allocated to review the effectiveness and appropriateness of the anti-fraud policies and

procedures, and to advise on, or assist in, the examination of any actual or suspected occurrence of a fraud or financial irregularity.

- C.4.14 To report to the Audit Committee on an annual basis on the effectiveness of the Council's arrangements to counter fraud and its adherence to best practice.
- C.4.15 To ensure that the County Council is an active participant in national anti-fraud measures such as the National Fraud Initiative.

Responsibilities of SLT Officers

- C.4.16 To apply, and ensure that all staff under his or her direction are regularly reminded about and apply approved policies and procedures concerning the prevention or minimisation of fraud or financial irregularities.
- C.4.17 To notify the Council's Head of Internal Audit or the Council's Section 151 Officer or their representative of any actual or suspected fraud or irregularity.
- C.4.18 To take immediate action to minimise the risk of any or a further loss arising from any actual or suspected fraud or financial irregularity.
- C.4.19 To undertake, if appropriate, and in consultation with internal audit and other officers, an investigation into the occurrence of an actual or suspected incident of fraudulent, corrupt or irregular behaviour.
- C.4.20 To instigate the County Council's disciplinary procedures against a member of his or her staff where the outcome of an investigation indicates improper behaviour and to advise the Director of HR & OD accordingly.
- C.4.21 To ensure that where financial impropriety is discovered, and sufficient evidence exists to believe that a criminal offence may have been committed, that they provide details to the police for them to determine whether there is the possibility of a criminal prosecution.
- C.4.22 To maintain a register of interests and a register recording details of any gifts or hospitality offered to any member of his or her staff; to monitor the reasonableness of the frequency and level of amounts received by an individual and, if deemed unreasonable, to take action to avoid a further recurrence.
- C.4.23 To consider on a case-by-case basis any request to see a particular individual's gift and hospitality records, in accordance with any relevant Council policies and the Freedom of Information and Data Protection Acts as appropriate.

Responsibility of the Monitoring Officer – (Strategic Manager – Governance & Risk)

- C.4.24 To maintain a register of interests and a register of any gifts or hospitality offered to any member, and to make such record available for public inspection at all reasonable hours.

Responsibilities of All Officers and anyone acting on behalf of the County Council

- C.4.25 To undertake their duties with honesty and integrity and lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- C.4.26 To ensure that they and their staff do not implement any financial systems or procedures without the express permission of the section 151 officer, in accordance with Financial Regulations, so that the County Council's financial controls are not compromised.
- C.4.27 To ensure that they and their staff adhere to the County Council's Recruitment and Selection procedure in that references should always be taken up when recruiting posts externally. This is intended, amongst other reasons, to prevent people with a history of dishonest behaviour being employed by the Council in positions of trust.
- C.4.28 To report immediately any concerns they may have regarding fraud and corruption, whether it relates to dishonest behaviour by Council employees, Members, contractors or by others in accordance with the Anti-Fraud and Corruption Policy. (Such actions will be free from recrimination, treated in confidence and will be properly investigated).
- C.4.29 To ensuring that any gift or hospitality, or offer of a gift or hospitality, worth £25 or more is recorded in their Service Gifts and Hospitality Register as soon as reasonably practicable and in any event within 28 days of the offer of the gift or hospitality.

RISK MANAGEMENT AND CONTROL OF RESOURCES

C.5 ASSETS

SECURITY

Why is this important?

- C.5.1 The County Council holds public assets in the form of roads, bridges, land, buildings, vehicles, equipment, plant, machinery, furniture and other capital items with a replacement cost in excess of £6.5 billion. In addition, it holds significant stocks of various materials for use in service delivery, and staff hold cash for operational purposes.
- C.5.2 The Council holds a vast array of personal data relating to Employees, Social Services Clients, pupils, Customers and Clients. The statutory responsibilities for the protection and appropriate sharing of this data are detailed in the Data Protection Act 1998 and allied legislation.
- C.5.2 All such assets should be safeguarded against loss, damage, fraud, misuse or any other unnecessary diminution in value so that they continue to be available to provide Council services. Similarly, information and electronic data must also be safeguarded so that service delivery can continue.
- C.5.3 Accurate asset information and appropriate steps for asset security are essential for the County Council to ensure that it has the correct levels of insurance in place.
- C.5.4 Any failure on behalf of the County Council to adequately secure its information and electronic data relating to personal data could result in it being fined by the Information Commissioner's Office (ICO) of up to £500,000.
- C.5.5 In addition, for capital assets, up to date details are required for purposes of both fixed asset accounting and sound asset management.

Key controls

- C.5.6 The key controls for the security of resources such as land, buildings, vehicles, equipment, plant, machinery, and other assets are that procedures are in place to ensure that:
- (a) They are used only for the purposes of the delivery of County Council services and are properly accounted for;
 - (b) They are available for official and approved use only, as and when required by services and service users;
 - (c) When the assets have been assessed as no longer of use to the Authority, they are disposed of in an appropriate manner so as to

maximise the sale proceeds, unless there has been prior member approval to allow the item(s) to be donated or transferred to a charity, voluntary organisation or similar body;

- (d) Details of all assets are recorded at the time of purchase in an asset register, or other appropriate record, and that the details of its location, value and condition are maintained up to date; and
- (e) All staff are made aware of their responsibilities with regard to the safeguarding of the authority's assets.

C.5.7 With regard to the safeguarding of computer software and information, staff must be made aware of their responsibilities in accordance with the requirements of the Data Protection Act and software copyright legislation; besides maintaining restricted access to information held on computer systems, staff must observe fully the Council's Information Governance policies.

C.5.8 The key controls for the control of intellectual property are shown at paragraphs C.5.42 – C.5.47 below.

Responsibilities of Council's Section 151 Officer

C.5.9 To ensure that an asset register is maintained in accordance with best practice for all fixed assets that have a material value, as determined by him or her.

C.5.10 To ensure that each SLT Officer maintains and provides all asset information that is required for accounting, costing and financial records.

C.5.11 To ensure that relevant assets are valued on a regular basis for fixed asset accounting purposes, and in accordance with all provisions of the Code of Practice on Local Authority Accounting.

C.5.12 To maintain in an approved form, details of all assets of a material value currently owned or used by the County Council, including all land, buildings, vehicles, equipment, plant, machinery, and other assets; in addition, where such an item is not used in service delivery directly but by others on the County Council's behalf, to ensure that details are held of the terms, responsibilities and duration of use or occupation of that asset by those other bodies.

C.5.13 To maintain adequate and effective insurance arrangements for all the County Council's assets.

C.5.14 To ensure that intended lessees and other prospective occupiers of County Council land or buildings are not allowed to take possession or enter into the land or buildings until a lease or agreement, in a form approved by the County Solicitor, in consultation with the Business Development Director has been concluded as appropriate.

Responsibility of SLT Officers

- C.5.15 To ensure the proper security of all land, buildings, vehicles, plant, equipment, furniture, stock, stores and other assets under his or her control to protect against loss, damage, fraud or misuse by ensuring that their location is recorded, they are identified and appropriately security marked as belonging to the County Council, and that insurance cover arrangements have been made in consultation with the Council's Section 151 Officer, as he or she considers appropriate. (See also C.1 re Risk Management; and Assets: Materials, Stocks and Stores below.)
- C.5.16 To ensure that all title deeds for land or buildings in their use including documents relating to the adoption of roads are passed to and held securely by the County Solicitor.
- C.5.17 To maintain a record of vehicles, plant, equipment, furniture, and other moveable items in accordance with arrangements defined by the Council's Section 151 Officer (see also Inventories for Equipment below).
- C.5.18 To ensure that no County Council asset is subject to personal use by an employee without proper prior approval and adequate insurance arrangements being in place.
- C.5.19 To identify land and building assets which become surplus to service requirements and to notify Property Services, who will arrange for their disposal in accordance with approved policies and procedures (see also Assets: Disposal).
- C.5.20 To ensure cash holdings on premises are kept to a minimum in line with normal operational service requirements (see also C.6 re Treasury Management and related items).
- C.5.21 To ensure that all staff are aware of their general responsibility for taking reasonable action to provide for the security of the assets under their control so as to ensure that the use of those resources is legal, is properly authorised and provides value for money.
- C.5.22 To ensure that staff take all due care over the custody of keys to safes and similar security facilities for which they are responsible, to take steps to minimise any potential loss which may arise from the loss of such keys, and to notify the s151 Officer promptly of any such loss.
- C.5.23 To ensure that all members of staff are aware that they have a personal responsibility with regard to the protection and confidentiality of information they access or use in the course of their work, whether held in manual or computerised records. Such information may be sensitive or privileged, or may possess some intrinsic value such that its disclosure or loss could be detrimental to the Council in some way (see also Assets: Intellectual Property).

- C.5.24 To ensure that all members of staff are aware that they have a personal statutory responsibility under the Data Protection Act (Sec 55) with regard to the protection and confidentiality of personal information they access or use in the course of their work, whether held in manual or computerised records. Such information is sensitive such that its disclosure or loss could be detrimental to the Council in some way.

INVENTORIES FOR EQUIPMENT

Responsibilities of SLT Officers

- C.5.25 To maintain up to date and accurate records of all items of equipment, plant, furniture, fittings, machinery and other items under their control.
- C.5.26 To ensure that all items of equipment, plant, furniture, fittings, machinery and other items, and in particular those which are attractive and portable, such as computers, cameras and video recorders, are identified with security markings as belonging to the County Council.
- C.5.27 To ensure that such equipment is used only in the course of the County Council's business unless specifically authorised otherwise, and with adequate insurance arranged, where appropriate.
- C.5.28 To ensure that appropriate records are maintained of those items of equipment, etc which are in the control of specific members of staff and/or used for approved personal use and by other bodies or organisations delivering services on behalf of Somerset County Council.
- C.5.29 To carry out a check at least annually of the existence and continued suitability for use of all items recorded in the inventory, and to take appropriate action in respect of any discrepancies or items no longer suitable for use, annotating the inventory accordingly.

MATERIALS, STOCKS AND STORES

Responsibilities of SLT Officers

- C.5.30 To make arrangements for the safe care and custody of materials, stocks and stores under their control.
- C.5.31 To ensure that quantities of stocks are maintained only at reasonable levels for normal operational requirements unless there are sound financial or other reasons for doing otherwise and in such cases to notify the Council's Section 151 Officer.
- C.5.32 To maintain suitable and reliable records of items in store in a form agreed by the Council's Section 151 Officer, where the total value of the stock held in one or more store under his or her control is in excess of £20,000.

- C.5.33 To ensure that for all stocks meeting the criteria in C.5.31 above there is an independent and adequate periodic comparison of physical stock against the records, to investigate any discrepancies arising, and to take appropriate action.
- C.5.34 To write-off physical stock discrepancies, or obtain the approval of the Council's Section 151 Officer, if the value of the discrepancy exceeds £1,000.
- C.5.35 To make every effort to dispose of surplus or redundant materials, stocks and stores by competitive tender or by public auction, and in all cases where the estimated value of the proceeds is more than £1,000, or at a level as otherwise determined by the Council's Section 151 Officer, in consultation, as appropriate, with the Cabinet Member.
- C.5.36 To ensure that any disposal of surplus or redundant materials, stocks and stores to members of staff be under the same arrangements as to any other party.
- C.5.37 To maintain a record of all disposals, including details of the proceeds and the purchasers.
- C.5.38 To write-off surplus or redundant stocks not otherwise disposed of, or to seek the approval of the Council's Section 151 Officer to such write-off where the value of the stock item exceeds £1,000.
- C.5.39 To provide to the Council's Section 151 Officer such information concerning materials, stores or other assets as is required for financial accounting purposes, and to allow him or her to report the level of any write-offs to the Leader of the Council, The Cabinet and Cabinet Members on a regular basis.

PERSONAL DATA

Why is it important?

- C.5.40 Personal Data is a generic term that includes all data pertaining to living individuals that the Council collects, processes, stores, transmits and shares with partners in the course of providing services.
- C.5.41 The Data Protection Act 1998 details the 8 Principles which must be followed to protect personal data and allow it to be shared appropriately. These principle are supported by guidance and assistance from the ICO and can be obtained from their website.

Key controls

- C.5.42 The key controls are to ensure that procedures are in place, and are adhered to, which protect against the inappropriate disclosure, loss, theft, and damage to personal data during their normal course of their work; and to

ensure personal data can be shared securely with partners to support services.

Responsibilities of Council's Senior Information Risk Owner (SIRO)

- C.5.43 To develop and seek approval by the County Council of policies and procedures which safeguard the Council's interest in personal data.
- C.5.44 To advise SLT Officers of the requirements of the policies and procedures, to monitor their adherence, and to report any instances of staff failing to comply with the requirements to the Scrutiny Committee.

Responsibilities of SLT Officers

- C.5.45 To implement the Council's approved Information Governance policies and procedures on the safeguarding of personal data.
- C.5.46 To ensure, as part of applying the policy, that there are no conflicts concerning staff carrying out their duties that might result in the inappropriate disclosure, loss or destruction of personal data.
- C.5.47 To report any instances of staff failing to comply with the requirements of the policies or procedures to the Council's Information Governance Manger (Data Protection Officer).

INTELLECTUAL PROPERTY

Why is this important?

- C.5.48 Intellectual property is a generic term that includes inventions and written works; certain creations, particularly computer software, may have a commercial value and be marketable outside the County Council.
- C.5.49 As a general rule, items of intellectual property which are created by an employee during the normal course of his or her employment is the property of the employer, not the employee.
- C.5.50 Various Acts of Parliament detail the treatment of different types of intellectual property and provide for the patenting of the development work to safeguard it against exploitation.

Key controls

- C.5.51 The key controls are to ensure that procedures are in place, and are adhered to, which protect against the external exploitation of intellectual property vested in the County Council and developed by staff during their normal course of their work.

Responsibilities of Council's Section 151 Officer

- C.5.52 To develop and seek approval by the County Council of policies and procedures which safeguard the Council's interest in intellectual property.
- C.5.53 To advise SLT Officers of the requirements of the policies and procedures, to monitor their adherence, and to report any instances of staff failing to comply with the requirements to the Audit Committee.

Responsibilities of SLT Officers

- C.5.54 To implement the Council's approved policies and procedures on the safeguarding of intellectual property.
- C.5.55 To ensure, as part of applying the policy, that there are no conflicts concerning staff conducting private work in County Council time, or of using information obtained during the course of their work for personal gain.
- C.5.56 To report any instances of staff failing to comply with the requirements of the policies or procedures to the Council's Section 151 Officer.

DISPOSAL**Why is this important?**

- C.5.57 It is not cost-effective for the Council to tie up cash resources or to incur maintenance or other costs by continuing to hold physical assets which are no longer required or fit for use in service delivery. Any obsolete, non-repairable or surplus assets must be disposed of in a suitable manner at the appropriate time, and having regard to legal and other requirements so as to ensure that the maximum sale proceeds are obtained.

Key controls

- C.5.58 The key controls for the disposal of assets are to ensure that processes are in place which ensures that:
- (a) Surplus or redundant assets are identified promptly for disposal as appropriate;
 - (b) Assets are disposed of at the most appropriate time and only when it is in the best interests of the County Council to do so;
 - (c) Disposal is by means of private treaty, competitive tender or public auction as appropriate (by approval of the Business Development Director;
 - (d) The maximum sale proceeds are obtained, unless there has been prior member approval to allow the item(s) to be made available at a lesser

value to a charity, voluntary organisation or similar body, or the asset is the County Council's contribution to a joint working arrangement; and

(e) Staff are protected from any accusations of personal gain.

C.5.59 The policy for the Appraisal of Surplus Land or Property for Alternative Use or Disposal sets out the process which is administered by the Business Development Director in conjunction with SLT Officers and Members.

Responsibilities of SLT Officers

C.5.60 To follow, or to ensure that staff follow, best practice on the disposal of surplus or obsolete vehicles, plant, furniture, materials, stores or other equipment (see also C.5.34 re disposal of materials, stocks and stores).

C.5.61 To ensure that surplus or obsolete assets are identified promptly.

C.5.62 To ensure that disposal is timely and by the appropriate means.

C.5.63 To make every effort to dispose of surplus or obsolete assets by competitive tender or by public auction, and in all cases where the estimated value of the proceeds is more than £1000 or at a level as otherwise determined by the Council's Section 151 Officer, in consultation, as appropriate, with the Cabinet Member.

C.5.64 To maintain a record of all disposals, including details of the proceeds of sale and the purchasers.

C.5.65 To ensure that sale proceeds are banked and accounted for promptly.

Responsibilities of All Officers and anyone acting on behalf of the County Council

C.5.66 To take all reasonable care for the safeguarding of County Council assets that are entrusted into their care.

C.5.67 To be aware of their responsibilities in accordance with the requirements of the Data Protection Act and similar legislation. To maintain suitable security arrangements for all data that they are required to access in their roles and in accordance with the Council's Information Governance Policies.

C.5.68 To report any actions, procedures or incidents that occur which have or could lead to damage or loss of the County Council's assets.

RISK MANAGEMENT AND CONTROL OF RESOURCES

C.6 TREASURY MANAGEMENT and related items

Why is this important?

C.6.1 Each year the County Council processes a high volume of both high and low value cash transactions through its accounts; it is essential that Council manages properly both the raising of loans by the most appropriate means so as to minimise the cost of borrowing, and the investment of cash which is not temporarily required to meet payments so as to balance risk of loss with the investment return to be gained. The Council is able to achieve an assurance that its cash is being managed efficiently by ensuring that statutory requirements and national codes of practice are applied.

CIPFA clauses for appropriate control and review of Treasury Management

C.6.2 In the Revised CIPFA code on Treasury Management in the public service they provide four clauses that they recommend are the foundation for successful treasury management. The four clauses as recommended by CIPFA and adopted by the Council are:-

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 The Cabinet, and for the execution and administration of treasury management decisions to the Council's Section 151 Officer, 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 the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Key controls

- C.6.3 The key controls for treasury management, banking arrangements, and the management of trust funds and other funds held for third parties are to ensure that procedures are in place to ensure that:
- (a) All borrowings and investments are made in line with an approved Treasury Policy Statement which has regard to the relevant statute and guidance e.g. The Local Government Act 2003, CLG Guidance on Local Authority Investments and the CIPFA Code of Practice for Treasury Management in the Public Services (2009);
 - (b) Bank accounts are operated in accordance with approved policies and procedures; and
 - (c) Trust funds and other funds held for third parties are operated in accordance with approved arrangements.

Responsibilities of Council's Section 151 Officer

Treasury management - borrowings and investments

- C.6.4 To prepare on an annual basis, and to seek the approval of The Cabinet and County Council of a Treasury Policy Statement which has regard to CIPFA's Code of Practice on Treasury Management as stated in clause 2 of the adopted CIPFA clauses listed above in section C.6.3.
- C.6.5 To identify, in conjunction with SLT Officers, the projected cash-flow position of the County Council, and, in the light of this, to arrange the borrowings and investments for the County Council in accordance with the approved Treasury Policy Statement so as to ensure that the borrowings and investments are valid, complete, accurate and properly accounted for.
- C.6.6 To ensure that all borrowings are made in the name of the County Council.
- C.6.7 To act when and if appropriate as the County Council's registrar of stocks, bonds, mortgages.
- C.6.8 Acting as the officer designated for the purposes of a section 151 of the local Government Act 1972, to ensure all money in the hands of the County Council are monitored and controlled by him/her.

- C.6.9 To ensure that investments of money under its control are made in the name of the County Council, or in the name of nominees approved by County Council.
- C.6.10 To ensure that all securities which are the property of, or in the name of the County Council, are held securely.
- C.6.11 To advise SLT Officers of their responsibilities under the Treasury Policy Statement, in particular that they must neither borrow nor invest without his or her prior approval.
- C.6.12 To report at least annually to the Audit Committee and the County Council on treasury management activities.

Banking

- C.6.13 To determine, or approve, arrangements for the operation of such banking facilities as he or she considers appropriate having regard to all statutory and corporate requirements.
- C.6.14 To approve the opening or closing of bank accounts, except where such approval for imprest accounts has been delegated to SLT Officers and other specified individuals.
- C.6.15 To ensure SLT Officers are aware of, and comply with, their responsibilities for accounts operated under their control.

Imprest accounts

- C.6.16 To determine, and periodically review, arrangements for the provision and operation of cash and/or bank imprest accounts to allow employees of the County Council to meet minor expenditure on behalf of the Council - the arrangements to include requirements for the recording of all advances made, the security of cash holdings, the regular reimbursement of payments made and the reconciliation of activity on the account.
- C.6.17 To issue guidance to SLT Officers on the arrangements for the provision and operation of imprest accounts.
- C.6.18 To ensure that SLT Officers and their staff comply with such arrangements.

Trust funds and funds held for third parties.

- C.6.19 To liaise with and advise SLT Officers on the implementation of appropriate arrangements for the operation of trust funds or other funds held on behalf third parties.

Responsibilities of SLT Officers*Treasury management - borrowings and investments*

- C.6.20 To adhere to the requirements of the approved Treasury Policy Statement, and in particular neither to arrange for any borrowing, nor to make any investment or advance any loan to a third party without the prior approval of the Council's Section 151 Officer.
- C.6.21 To provide for his or her service area details of projected cash flow requirements to the Council's Section 151 Officer to enable him or her to arrange appropriate borrowings or investments on behalf of the County Council.

Banking

- C.6.22 To comply with the arrangements determined by the Council's Section 151 Officer for the operation of such banking facilities as he or she shall have considered appropriate.
- C.6.23 To approve the opening or closing of imprest or other bank accounts, where such authority has been delegated by the Council's Section 151 Officer.

Imprest accounts

- C.6.24 To operate, or to ensure that his or her staff operate, imprest accounts in accordance with the procedures and guidance notes issued by the Council's Section 151 Officer, and in particular:
- (a) To maintain a record of all employees operating an account, together with details of all authorised signatories to that account;
 - (b) To operate the account only for the payment and reimbursement of minor expenditure on behalf of the County Council and under no circumstances to use the account to cash personal cheques or to make a personal loan;
 - (c) To maintain the nominal value of the account at an appropriate level having regard to the value of minor payments normally incurred in a two monthly period, or at some other temporary level as agreed with the Council's Section 151 Officer;
 - (d) To record all transactions completely, accurately and promptly;

- (e) To obtain and retain vouchers to support each payment from the imprest account, including, where appropriate, an official receipted VAT invoice;
- (f) To process on a monthly basis, or as otherwise agreed with the Council's Section 151 Officer, a reimbursement for payments made;
- (g) To balance and reconcile the account on a monthly basis, or as otherwise agreed with the Council's Section 151 Officer, and at the year end, the reconciliation to be approved wherever practicable by a person other than the imprest holder;
- (h) To provide at 31 March each year a certificate to the value of the account held to support the entry in the Council's final accounts;
- (i) To produce upon demand to the external auditor, the internal auditor or any other representative authorised by the Council's Section 151 Officer, cash and all vouchers to the total value of the imprest amount;
- (j) To make appropriate and adequate arrangements for the safe custody of the account and supporting vouchers; and
- (k) On leaving the County Council's employment or otherwise ceasing to be entitled to hold an imprest advance, such an employee shall account fully for the total of the amount advanced to him or her.

Trust funds and funds held for third parties.

- C.6.25 To ensure that trust funds are operated in accordance with all statutory and corporate requirements, and the specific requirements for each trust.
- C.6.26 To arrange that all trust funds are, wherever possible, established in the name of the County Council.
- C.6.27 To determine, in consultation, with the Council's Section 151 Officer, appropriate arrangements, including the maintenance of up to date, complete and accurate records, for the safe custody of all securities and other assets, etc relating to the trust.
- C.6.28 To ensure that any officer who is responsible for any property (including monetary assets) not belonging to the Council:
- Takes all reasonable steps to prevent or mitigate loss or damage to that property, and
 - Where any such loss, damage or other reduction in value occurs, notifies his or her SLT Officer accordingly without delay, who shall in turn notify the Council's Section 151 Officer.

- C.6.29 To account completely, accurately and promptly for all transactions relating to the trust fund or other funds held on behalf of third parties.
- C.6.30 To allow the Council's Section 151 Officer or his or her authorised representative, the same rights of access to assets, financial and accounting records, etc. held or maintained on behalf of third parties as are detailed in paragraph C.3.7 above.

Responsibilities of All Officers and anyone acting on behalf of the County Council

Income

- C.6.31 The Investments team require full details of all expected income to enable them to produce accurate cash flow forecasts. This is critical in maximising the income from the Treasury Management Function. As a result the Investments section must be informed of the following as soon as possible:
- Precept receipts due from district councils (annually in advance of financial year)
 - All grant income (irrespective of source)
 - Any one-off income item that is not standard business and greater than £500,000
 - Any income that is expected to be received by CHAPS.

In the event that either the exact amount or timing is unknown then a best estimate should be provided initially and then refined as better information becomes available.

Emergency payments

- C.6.32 An emergency payment is defined as a payment made via the bank's web portal and which bypasses the accounts payable processes on SAP. It is the requestor's responsibility to ensure the payment is removed from the SAP accounts payable system so that duplicate payments are not made.
- C.6.33 All emergency payments are at the discretion of the Investments team. Any request for payment to be paid same working day must be received by the investments team by 11.00am for guaranteed payment, any receipt later than this will be done on a best efforts basis. Requests for payment received after 3.30pm cannot be processed by CHAPs under any circumstances.

Request for an emergency payment should be supported by a printed e-pty (or other proof of coding and bank details) and a copy of the invoice. Requests should be signed by the appropriate budget holder and a member of the relevant finance support team.

Any request for a payment for more than £100,000 or for CHAPs of any value must be countersigned by either the appropriate finance support team service manager, or a finance strategic manager or a SLT member. Other

signing arrangements can be pre-agreed for particular types of payment (e.g. property purchases) and must be approved by the section 151 officer.

Large and / or unusual payments

- C.6.34 The Investment Team will make request details of expected or scheduled large payments for the forthcoming period in order to maximise the income from the Treasury Management Function. Services (usually through their financial support staff), are obliged to complete such returns promptly and as accurately as possible (e.g. monthly contractor payments).
- C.6.35 When officers become aware of the need for additional large payments (in excess of £500,000) that are not part of standard business, it is incumbent on them to inform the Investment Team as soon as this need arises. In the event that either the exact amount or timing is unknown then a best estimate should be provided initially and then refined as better information becomes available.

RISK MANAGEMENT AND CONTROL OF RESOURCES

C.7 STAFFING

Why is this important?

C.7.1 In order to provide the highest level of service, it is crucial that the County Council is able to recruit and retain a diverse well-motivated workforce containing the right people with the right technical skills, the right behaviours, and appropriate experience for working in a changing organisation in an uncertain future.

C.7.2 As payments for directly employed staff account for more than 50% of the County Council's gross annual spending the Council requires the following Key Controls to be in place.

Key controls

C.7.3 The key controls ensure that:

- (a) Managers employ staff in compliance with the approved County Council HR policies, procedures and protocols;
- (b) Managers forecast staffing requirements and cost and ensure that budget allocations are obtained and available at the appropriate time;
- (c) Managers monitor staffing expenditure against budget approvals; and
- (d) Managers ensure that staff time is used efficiently and effectively for the benefit of the County Council.

Responsibilities of Council's Section 151 Officer

C.7.4 To ensure that procedures are in place to enable SLT Officers to seek and obtain appropriate budget provision for all existing and new employees.

C.7.5 To ensure that SLT Officers have access to advice on areas such as liabilities for Taxation, National Insurance, pension contributions, etc as appropriate.

C.7.6 To ensure an adequate Client Function is in place to monitor and scrutinise the appropriate deployment of the workforce seconded to South West One in compliance with the Staffing Agreement and other contractual obligations.

Responsibilities of SLT Officers

C.7.7 To employ staff in accordance with the approved policy framework and protocols.

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- C.7.8 To ensure that an adequate budget provision is obtained at the appropriate time to support the existing and proposed staffing levels to meet the required level of service provision.
 - C.7.9 To seek the prior approval of the Cabinet to any adjustment to existing staffing levels in order to meet changing operational needs where the on-going impact cannot be wholly met from on-going additional external income, and/or where the staffing implications are significant.
 - C7.10 To ensure that the Southwest One payroll service is provided promptly with accurate information about any changes to pay and conditions of staff in services for which they are responsible.
 - C.7.11 To manage spending on staff costs within the approved budget; such monitoring to include controlling such costs as sickness, overtime, training and the employment of temporary staff.
 - C.7.12 To ensure that adequate budget funding is available for all staff, before any decisions are taken to employ them. This includes the responsibility to ensure that all permanent staff are funded from on-going resources. If on-going resources cannot be found then staff must only be appointed on fixed term contracts, commensurate with the funding available, (although it must be borne in mind that temporary staff have statutory entitlements and acquire permanent rights within a short timescale).
 - C.7.13 To ensure that permanent staff are not transferred to another area internally unless suitable on-going budgetary provision can be found and vired.
 - C.7.14 To ensure that all staff appointed are checked to ensure that they are appropriately qualified, experienced and trustworthy.

FINANCIAL PROCEDURES - D:**SYSTEMS AND PROCEDURES**

- 1 [General](#)
- 2 [Expenditure and income:](#)
 - [Payments to employees, former employees and members](#)
 - [Ordering and paying for work, goods and services](#)
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- 3 [Taxation](#)
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SYSTEMS AND PROCEDURES

D.1 GENERAL

Why is this important?

D.1.1 SLT Officers require financial and other service performance information which is complete, accurate, appropriate, up to date and timely in managing and controlling the provision of their services. Service areas operate many systems and procedures to provide this information; most of these are computer based, and are either of a corporate or service specific nature. It is essential that the systems and procedures are sound and well administered; also that appropriate controls are in place to ensure that transactions are processed completely, accurately and promptly such that any errors are identified and corrected quickly.

D.1.2 As part of his or her statutory responsibility to ensure the proper administration of the Council's financial affairs, the Council's Section 151 Officer must ensure that the County Council's financial systems are sound and operate efficiently. There is therefore a presumption that the corporate finance system for which the Council's Section 151 Officer is responsible is the one that all service areas should use unless an SLT Officer has actively sought the Council's Section 151 Officer's approval to do otherwise. Likewise SLT Officers must advise him or her of any new developments or changes to existing practices which may impact on the existing corporate or service based financial systems or procedures prior to their introduction.

Key controls

D.1.3 The key controls in the provision of financial systems and procedures are to ensure that:

- Operating systems and procedures are secure;
- Financial data is available on an accurate, complete and timely basis to support SLT Officers in determining for approval Council's objectives, targets, plans and budgets;
- Financial management information is provided in a timely manner to enable SLT Officers to monitor performance against approvals and plans, and, when relevant, to take appropriate corrective action; and
- Financial Regulations and Procedures are reviewed on a regular basis (annually unless agreed by the Council's Section 151 Officer).

Responsibilities of Council's Section 151 Officer

- D.1.4 To make arrangements for the proper administration of the County Council's financial affairs, including:
- (a) Determining the accounting systems, form of accounts, supporting financial records and procedures to be maintained or prepared;
 - (b) Providing SLT Officers with advice and guidance in implementing and applying the accounting systems, form of accounts, supporting financial records and procedures;
 - (c) Considering the impact on, and amending as necessary, the accounting systems, form of accounts, supporting financial records and procedures for new developments or changes in working practices deriving from external or internal factors;
 - (d) To ensure that corporate systems and processes are documented, and that staff are trained in their operation;
 - (e) Determining arrangements for the audit of the County Council's financial affairs; and
 - (f) Reviewing, on a regular basis and in consultation with SLT Officers, the Financial Regulations to ensure that they remain appropriate and applicable; and, where this is not the case, seeking approval to their amendment.
 - (g) To ensure that the contract with SWOne is kept up to date in terms of the provision of the finance services that SWOne provide i.e. that SWOne keep up to speed in technical and professional developments.
 - (h) Ensuring that all systems comply with financial security measures such as segregation of duties

Responsibilities of SLT Officers

- D.1.5 To apply the requirements of the Council's Section 151 Officer in the maintenance, preparation and operation of accounting systems, form of accounts, supporting financial records and procedures.
- D.1.6 To determine and document a scheme of delegation to his or her staff to apply these requirements, that these are implemented in the Council's financial system and that they comply with the County Council's Scheme of Delegation.
- D.1.7 To ensure that relevant accounting records are properly maintained and held secure.
- D.1.8 to ensure that systems and processes are documented and that staff are trained in their operation.

- D.1.9 To ensure that the organisational structure and system access permissions provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other financial irregularity.
- D.1.10 To determine, document, apply and maintain a scheme of delegation which identifies those members of staff authorised to act upon his or her behalf in respect of placing orders, making payments, or collecting income and showing the limits of each individual's authority.
- D.1.11 To supply to, and update as necessary, the Council's Section 151 Officer with up to date details of members of his or her staff authorised to act on his or her behalf, including the purpose and limits of their authority together with their specimen signatures. Delegations and substitutes should be maintained in the Council's Financial System.
- D.1.12 To incorporate, apply and monitor the effectiveness of appropriate controls within service procedures to ensure that, where relevant:
- (a) All input to the accounting records is genuine, complete, accurate, timely and has not been previously processed;
 - (b) All processing is carried out in a complete, accurate and timely manner; and
 - (c) Output from the system is complete, accurate and timely;
 - (d) All staff receive appropriate financial training.
- D.1.13 To ensure that a complete management trail is maintained which allows financial transactions to be traced from the original document to the accounting records, and vice versa.
- D.1.14 To ensure that accounting records, vouchers and other supporting financial documents are retained in accordance with the approved policy on document retention.
- D.1.15 To discuss and seek permission from the Council's Section 151 Officer, who, if appropriate will seek the approval initially of SLT and subsequently of The Cabinet for the introduction or implementation of any proposals for the provision of new or replacement processes or systems, or the amendment of currently approved processes or systems for maintaining financial records, or records of assets.
- D.1.16 To ensure that effective contingency arrangements, including back-up procedures, exist for all financial and accounting systems and procedures, particularly those which are computer based.
- D.1.17 To ensure that computer back-up information is taken on a regular basis and wherever possible, is securely retained in a fireproof facility, preferably off-site, or in an alternative location
- D.1.18 To ensure that computer equipment and software are safeguarded against loss, damage or other misuse through theft, vandalism etc.

- D.1.19 To comply with relevant copyright, designs and patents legislation and, in particular, to ensure that:
- (a) Only software meeting the Council's IT standards, and which is legally acquired and properly licensed for the County Council's work is installed and is used only on its computers;
 - (b) Staff are aware and comply with relevant legislative provisions and locally approved guidance measures; and
 - (c) In developing systems, due regard is given to the protection or issue of intellectual property rights.
- D.1.20 To ensure that, where appropriate, computer based and other operational systems containing relevant information are registered in accordance with the Data Protection and related legislation, and that staff are aware of their responsibilities under legislation and the Council's Information Governance Policy.
- D.1.21 To ensure there is a documented and tested disaster recovery plan available which, in the event of a major failure or unavailability of the primary financial and accounting systems, will provide for the continuity of service provision and the prompt resumption of financial and accounting input into those primary records, including the input of arrears of information.
- D.1.22 To ensure that the disaster recovery plan is collated and tested in conjunction with the Southwest One Finance and Property business continuity plan and that these plans are mutually compatible.
- D.1.23 To consult with the Council's Section 151 Officer on the need to seek approval to the temporary waiver of a Financial Regulation or the permanent amendment of a Regulation where, in his or her opinion, the requirements are not appropriate in the particular circumstance, or generally no longer applicable or appropriate.

Responsibilities of All Officers and anyone acting on behalf of the County Council

- D.1.24 To comply with all corporate guidance issued including the documentation stored on SAP Nav
- D.1.25 Not to attempt to access any system or software that you do not have authorised access to
- D.1.26 To comply with the County Council's Scheme of Delegation at all times; completing a Decision Report for sign off by a relevant Officer or Member for any member of staff who needs to approve expenditure outside of the standard Scheme of Delegations.

- D.1.27 To comply with all relevant legislation and to prepare for any changes to legislation
- D.1.28 To ensure that data is stored securely and backed up where required
- D.1.29 To familiarise themselves with the Data Protection Act and all the requirements thereof, ensuring that they comply at all time. It must be remembered that individuals are each personally liable under this act.

SYSTEMS AND PROCEDURES

D.2 EXPENDITURE AND INCOME

PAYMENTS TO EMPLOYEES, FORMER EMPLOYEES AND MEMBERS

Why is this important?

D.2.1 Staff costs are the largest item of expenditure for most of the Council's services. It is therefore important that payments to staff, former employees and other pensioners are made completely, accurately, on the due date and in accordance with the individual's conditions of service only where they are due for services to the County Council, and that payments to members are in accordance with the scheme approved by the Council. Also, it is necessary to account for these transactions completely, accurately and promptly, and to ensure that all statutory and other corporate requirements are complied with.

Key controls

D.2.2 The key controls for payments to employees, former employees, other pensioners and members are to ensure that procedures and processes are in place which ensure that:

- (a) Payments are made at the appropriate time under secure, sound and reliable arrangements;
- (b) Payment arrangements provide for the appropriate segregation of duties and authorisation procedures;
- (c) Payments are in accordance with all statutory requirements as well as regulations and directions of the Council;
- (d) Payments are accounted for completely, accurately and promptly;
- (e) Payments are monitored regularly against approved budgets; and
- (f) All appropriate payroll records and supporting documentation are retained for the defined period in accordance with the approved statement on the 'Accounting Records and Returns - Retention of Documents'.

Responsibilities of the Director of HR & OD

D.2.3 To determine and control arrangements for the secure, accurate and complete payment of salaries, wages, benefits, reimbursements of travel, subsistence and other expenses, redundancy, compensation or other emoluments to existing and former employees and other pensioners in accordance with procedures prescribed by him or her, on the due date.

- D.2.4 To account for those transactions completely, accurately and promptly.
- D.2.5 To record and control completely and accurately statutory and voluntary deductions from employee's payments, and both to make payments and to account completely and accurately to those bodies at the appropriate time in accordance with statutory and other requirements.
- D.2.7 To ensure that there are adequate and appropriate arrangements for administering the Local Government Pension Scheme matters on a day to day basis, specifically to include the payment of all pension benefits. This includes the responsibility to enrol new staff onto the scheme under the terms of auto-enrolment.
- D.2.8 To ensure that schemes of remuneration to employees, and any changes there to, are approved by The Cabinet and the County Council prior to their implementation.

The Section 151 Officer is responsible for the payment of allowances to members and all associated processes.

Responsibilities of SLT Officers, Strategic and Service Managers

- D.2.9 To ensure appointments are made only in accordance with the approved policies and procedures of the County Council, in particular in respect of grading and rates of pay, and that adequate budget provision is available. Permanent appointments must be backed by permanent budget provision.
- D.2.10 To notify HR Admin and Payroll of all appointments, terminations, or variations to the employment of staff which may affect the pay or pension of an employee or former employee, in the form and within the timescale set by the Employee Services Unit.
- D.2.11 To ensure that adequate and effective systems and procedures are operated within his or her department for personnel and payroll processes, so that:
- Payments are only authorised to bona fide employees, former employees or other pensioners;
 - Payments are only made where there is a valid entitlement;
 - Conditions and contracts of employment are correctly applied;
 - There is an effective system of checking and certifying payroll forms and other notifications sent to HR Admin and Payroll; and
 - Details of employees' names listed on the payroll and currently in payment are checked promptly at regular intervals to verify their accuracy and completeness, and that any irregularities identified are examined promptly and the appropriate action taken without delay.

- D.2.12 To certify, and to submit to HR Admin and Payroll, using SAP where applicable, travel and subsistence claims and requests for other allowances. Certification is taken to mean that journeys had been authorised prior to being undertaken, that expenses had been properly and necessarily incurred, and that the allowances are properly payable by the County Council, whilst ensuring that the most cost-effective use of travel arrangements is achieved. The SLT Officer must give due consideration to the tax implications of such payments including relocation payments and home to duty mileage and must seek advice from HR Admin and Payroll for any such payments.
- D.2.13 To ensure the correct determination of the employment status of individuals having regard to Her Majesty's Revenue and Customs and other relevant guidance, particularly in respect of those who may seek to be employed on a 'self-employed or sub-contract' basis; and should there be any cause for doubt, to seek appropriate advice from HR Admin and Payroll.
- D.2.14 To ensure that transactions are processed through either the payroll or vendor payment systems as appropriate, having regard to advice provided by HR Admin and Payroll.
- D.2.15 To maintain an up-to-date list of the names of officers authorised to sign payroll notification forms and other related records on his or her behalf and to send it, together with specimen signatories, and changes thereto, to HR Admin and Payroll, ensuring that all the signatories are made fully aware of their authorisation responsibilities, and that this scheme of delegation is correctly reflected in the Council's Financial systems.
- D.2.16 To notify HR Admin and Payroll of any information that could result in an overpayment to employees or former employees arising from the inaccurate or delayed submission of information to HR Admin and Payroll to enable recovery to be made with regard to the tax and national insurance implications.
- D.2.17 To ensure that the details of any employee benefits in kind are notified accurately, completely and within the appropriate timescales to HR Admin and Payroll to enable them to complete the statutory returns for Expenses and Benefits.
- D.2.18 To ensure that all appropriate payroll documents and supporting documentation are retained for the defined period in accordance with the approved statement on the 'Accounting Records and Returns - Retention of Documents'.
- D.2.19 To ensure the submission to HR Admin and Payroll of employee claims for temporary variations such as overtime, additional hours and travel and expenses on a regular (monthly) basis.

Responsibilities of All Officers and anyone acting on behalf of the County Council

- D.2.20 To check any payment received and ensure it is correct, including any payment for overtime, additional hours, travel and expenses
- D.2.21 To ensure that claims for overtime, additional hours, travel and expenses etc are made on a regular and timely basis and that they comply with the current policies and procedures: reimbursement for the purchase of goods and services cannot be made via payroll; all such purchases should be made using SAP or a p-card
- D.2.22 To ensure that the tax code used is correct and that all tax, national insurance and other deductions have been made correctly; notifying HR Admin and Payroll immediately if anything is incorrect.
- D.2.23 To notify HR Admin and Payroll of any changes that could affect their pay, including tax, national insurance.
- D.2.24 To ensure that HR Admin and Payroll have the correct bank account details and address details
- D.2.25 To use Click Travel for the booking and payment of all rail journeys, flights and hotel bookings unless it can be proved that it is significantly cheaper elsewhere (and in these circumstances Commercial and Procurement must be contacted before the order is placed) or it is an emergency situation (or where the service is exempt from complying)

Responsibilities of members

- D.2.26 To submit to the Community Governance Team claims for members' travel and subsistence allowances on a monthly or quarterly basis (where it is agreed that the member is a 'low claimer') subject to all claims being submitted within one month of the year-end. The Community Governance Team are responsible for submitting members' claims to HR Admin and Payroll on a monthly basis. Claims older than three months will not be reimbursed.

ORDERING AND PAYING FOR WORK, GOODS AND SERVICES

Why is this important?

- D.2.27 Public money must be spent with demonstrable probity and wholly in accordance with the County Council's policies so as to deliver the approved service outcomes. All local authorities have a duty to achieve best value in the delivery of their services, in part through economy and efficiency. The County Council's procedures should help to ensure that services can receive value for money in their purchasing arrangements. The following requirements should be read in conjunction with the County Council's Contract Standing Orders.

General

- D.2.28 In accordance with the relevant codes of practice, every officer and member of the County Council who is involved in contractual or purchasing decisions on behalf of the Council has a responsibility to declare any links or personal interests which they may have with purchasers or suppliers and/or contractors.
- D.2.29 Official orders for the purchase of goods or services must be in a form prescribed by the Council's Section 151 Officer, and must be issued for all purchases deemed to require a Purchase order. Purchase Orders must be raised on SAP unless the supply is exempt. There is a list of services and suppliers (e.g. utility supplies) which are exempt from the requirement to provide a purchase order and this is maintained by the Strategic Manager, Finance Controls and Standards.
- D.2.30 Each order must conform with the directions of the County Council on the use of negotiated purchasing arrangements and other standardisation of goods or services; standard terms and conditions must not be varied without the **prior** approval of the Head of Commercial and Procurement.
- D.2.31 Official orders must not be raised for any personal or private purchases, nor should personal or private use be made of County Council contracts unless, under exceptional circumstances, this has been specifically and previously authorised by the Council's Section 151 Officer in writing and appropriate accounting arrangements made. This also applies to purchases made by County Council procurement cards.

- D.2.32 Apart from payments from petty cash, imprest accounts or schools' own local bank accounts, the normal method of payment due from the County Council shall be by BACS or other instrument or approved method, drawn on the County Council's bank account by the Council's Section 151 Officer. Payment of suppliers by cheque can be made but this is not the preferred option on cost effectiveness grounds. The use of direct debit arrangements shall require the prior agreement of the Council's Section 151 Officer.
- D.2.33 The use of e-business, e-commerce, credit/debit or purchasing cards, or other electronic means of purchasing goods or services is to be encouraged where appropriate but must be in accordance with the arrangements approved by the Council's Section 151 Officer. However, the use of such electronic payment methods should not be used as a means to bypass the requirements for services to provide Official Orders. The Council's policy on the use of purchase cards is available as a separate document and the policy must be followed at all times
- D.2.34 For small value purchases a process has been agreed and this is available [HERE](#) (put in hyperlink)

Key controls

- D.2.35 The key controls for ordering and paying for the purchase of work, goods and services are to ensure that procedures are in place which ensure that:
- (a) All goods and services are ordered only by staff authorised to do so and that the details of each order are completely, accurately and promptly recorded in an appropriate form. Only Certified Procurement Officers are able to procure contracts
 - (b) All goods and services shall be ordered in accordance with the County Council's Standing Orders for the Regulation of Contracts, and, in the case of internal services, the current policy of the County Council. A guide to Contract Standing Orders is available as a separate document;
 - (c) Goods and services received are checked to ensure they are in accordance with the order as recorded, by a person, wherever this is practicable, other than the one who had placed the order; and that goods receipting of supplies and services received are promptly reflected on the Council's procurement systems;
 - (d) Invoices are not authorised for payment, or payment otherwise authorised, unless the goods or services have been received to the correct price, quantity and quality standard (Prompt Goods Receipting on SAP will facilitate a three way match so further approval is unnecessary if that route has been taken)
 - (e) All payments are made to the correct person, for the correct amount, on the due date, are properly recorded and are accurately accounted for,

irrespective of the method of payment, and with any errors being promptly identified and corrected;

- (f) All appropriate payment records and supporting documentation are retained for the defined period in accordance with the approved statement on the 'Accounting Records and Returns - Retention of Documents';
- (g) All statutory and corporate requirements are met; and
- (h) The progressive impact on existing systems and procedures of the effect of e-business, e-commerce and electronic purchasing arrangements is monitored to ensure that the security and integrity of data is maintained.

Responsibilities of Council's Section 151 Officer

- D.2.36 To ensure that all of the County Council's financial systems and procedures for the ordering, purchasing and payment of suppliers for goods and services are sound and properly administered.
- D.2.37 To ensure that SLT Officers do not operate a local system for the ordering, purchasing or payment of suppliers for goods and services, without his or her prior approval in writing.
- D.2.38 To approve any changes to existing relevant financial systems and procedures before they are introduced.
- D.2.39 To approve the form of official orders, and associated terms and conditions.
- D.2.40 Other than in respect of minor payments made from petty cash or imprest accounts, or payments by schools made from local bank accounts, to make payments from the County Council's funds on the SLT Officer's authorisation.
- D.2.41 To make payments on SLT Officers' behalf, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order, and, where appropriate and in conjunction with the SLT Officer, to report to the The Cabinet to seek an additional budgetary allocation.
- D.2.42 To make payments to contractors on the certificate of the appropriate Officer which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- D.2.43 To provide advice and encouragement to suppliers and Officers on making payments by the most economical means.
- D.2.44 To advise Officers on the availability and suitability of commitment recording facilities within the central financial accounting system, so as to maximise the usefulness of management information enquiries or reports available to them

to assist them in monitoring and controlling spending against their budget allocations.

Responsibilities of SLT Officers

- D.2.45 To operate the corporate system for the ordering, purchasing or payment of suppliers for goods or services unless prior approval has been given by the Council's Section 151 Officer to do otherwise.
- D.2.46 To discuss and agree with the Council's Section 151 Officer prior to their introduction or implementation, any proposals for the provision of new or replacement processes or systems for the ordering, purchasing or payment of suppliers for goods or services, or the amendment of currently approved processes or systems.
- D.2.47 To ensure that computer generated orders which are uniquely numbered are used to obtain all goods and services for his or her department. SAP must be used unless it is an exempt supply.
- D.2.48 To ensure that orders are used only for the supply of goods and services for the department, or for appropriate partnership bodies; on no account must the SLT Officer allow members of staff to use official orders to obtain goods or services for their private use.
- D.2.49 To ensure that only those staff authorised by him/her raise or approve orders and that this is within the Officers Scheme of Delegation; a Decision Report **must** be completed to enable an officer to approve items outside of the Scheme of Delegations.
- D.2.50 To maintain an up-to-date record of such authorised staff, including specimen signatures and identifying in each case the limit of their authority; and to make the record available upon request to the Council's Section 151 Officer, and that these limits are reflected in SAP and the Officers' Scheme of Delegation.
- D.2.51 To ensure that, prior to placing an order, their staff satisfy themselves that the goods or services ordered are appropriate and needed, that the volume is not excessive having regard to the normal rate of usage, that there is adequate budgetary provision, that quotations or tenders have been obtained if necessary (in line with Contract Standing Orders), and that value for money has been taken into consideration.
- D.2.52 To ensure that best value for money is obtained from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, whilst having followed the Contract Standing Orders and other directions, guidelines and using wherever they exist purchasing agreements, negotiated on behalf of the Council.
- D.2.53 To ensure that his or her staff do not place orders or make payments for any loans, or enter into **any** leasing or rental arrangements without the prior

agreement of the Council's Section 151 Officer, who has to consider the potential impact on the County Council's borrowing powers, and thereby protect the County Council from entering into unapproved credit arrangements and ensure that value for money is being obtained.

- D.2.54 To ensure that a budgetary control system is maintained within his or her department, using SAP where appropriate, which enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that managers can take them into account in monitoring and controlling spending against their budget allocations.
- D.2.55 To ensure that goods or services are checked on receipt, and that this check is evidenced, to ensure they are in accordance with the order as recorded by, wherever this is practicable, a person other than the one who had authorised the order; and on receipt, to ensure that appropriate entries are made in the relevant asset registers, computer systems, inventories or stores records. A SAP generated Purchase Order must be "Goods Received" promptly at this stage.
- D.2.56 To ensure that an invoice containing VAT is neither paid nor submitted to the Council's Section 151 Officer for payment unless a proper VAT invoice has been received.
- D.2.57 To ensure that no invoice is submitted for payment until it has been checked, coded and certified for payment, such certification confirming:
- The receipt of the goods or services;
 - That the invoice has not previously been paid;
 - That expenditure has been properly incurred and is within budget provision;
 - That prices and arithmetic are correct and, where relevant, accord with quotations, tenders, contracts or catalogue prices;
 - Discounts have been taken where available;
 - The invoice is correctly coded;
 - The correct accounting treatment of Value Added Tax and Construction Industry Tax; and
 - That appropriate entries will be made in the County Council's main accounting records.
 - Three way matching on SAP means that once the goods receipting has been actioned the invoice will be paid without further approval being necessary. Southwest One will check that the invoice is correct and matches the goods receipted Purchase order.
- D.2.58 To provide for the separation of duties by ensuring that at least two members of staff are involved in the ordering, receiving and payment process and that this separation of duties is reflected in the Council's Procurement systems.
- D.2.59 The majority of invoices are now approved electronically and the Council's financial systems reflect the appropriate scheme of delegation for the Council. However, exceptionally there are some invoices and Payment

Requests which are certified and approved manually and as such there is a requirement to ensure that an up to date list of staff approved to certify and authorise invoices and credit notes is maintained, and to provide details of those authorising officers, together with their specimen signatures and the limits of their authority, to the Council's Section 151 Officer or Group Manager Finance.

- D.2.60 To ensure that payments, or requests for payment, are made only on an original invoice and not made on a photocopied or faxed invoice, statement, reminder or other document, unless with the agreement of the Council's Section 151 Officer.
- D.2.61 To ensure that payments or requests for payment are made so that the supplier is paid on the due date as determined by the Council's procurement policy. Approval for early release of invoices for payment can only be made by Strategic and Service managers within Finance.
- D.2.62 To encourage suppliers of goods and services to receive payment by the most economical means for the County Council, but not to offer suppliers the facility of payment by direct debit without the prior approval of the Council's Section 151 Officer.
- D.2.63 To ensure that their members of staff are aware of their responsibilities under the local standards of conduct for employees, particularly with regard to declaring any links or personal interests which they have with regard to purchasers, suppliers and or contractors.
- D.2.64 To maintain, in a suitable form, a record of the details of those members of their staff who declare any links or personal interests which they have with regard to purchasers, suppliers and or contractors.
- D.2.65 To identify as soon as possible after the 31st March, outstanding liabilities for goods or services received but not paid in respect of the previous or earlier years, and to make an accrual to that year's final accounts in accordance with the requirements of the Council's Section 151 Officer's timetable for the closure of the accounts.
- D.2.66 With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the Council's Section 151 Officer and the relevant SLT Officer, the systems and procedures to be adopted in relation to the financial aspects of such contracts, including the financial vetting of prospective contractors, the certification of interim and final payments, the checking, recording and authorising of payments, the system for monitoring and controlling capital schemes, and the procedures for the validation of sub-contractors' tax status.
- D.2.67 To notify the Council's Section 151 Officer immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision, and in conjunction with him or her, to report to The Cabinet to seek an additional budgetary allocation.

- D.2.68 To ensure that all appropriate payment records and supporting documentation are retained for the defined period in accordance with the approved statement on the 'Accounting Records and Returns - Retention of Documents'.
- D.2.69 To make, with the approval of the County Solicitor, ex-gratia payments up to a maximum value of £1,000 to any one payee in any one year for damage to, or loss of, property, or for personal injury where such a payment is adjudged to facilitate, or is conducive or incidental to the discharge of any functions of the Council; to maintain a record detailing the payee, the amount and the reason for making the payment and to submit a report for information to The Cabinet on an annual basis.

Responsibilities of All Officers and anyone acting on behalf of the County Council

- D.2.70 Goods and services should only be ordered if they are for the use or benefit of Somerset County Council; on no account should official orders be used for private purchases
- D.2.71 Only order or approve goods and services if you are authorised so to do; complying with the Officer Scheme of Delegation
- D.2.72 To ensure that goods ordered are appropriate, needed, the correct quantity, that there is adequate budget and that ordering is done in line with Contract Standard Orders
- D.2.73 To use SAP to order goods and services unless it is listed on the Exemption list (maintained by the Strategic Manager, Finance Controls and Standards). This **must** be done at point of order and not retrospectively. Regular reports of retrospective ordering are generated and action will be taken against repeat offenders. Approval of the order by the budget holder is accepted as final approval for the spend. Once a PO has been raised then a commitment is made to that budget and an order sent to the supplier.
- D.2.74 At the beginning of the year, raise Limit Orders for contracts where regular invoices are expected throughout the year eg contract cleaning and waste collection
- D.2.75 Not to enter in to any loan or leasing agreement without the express prior permission of the Section 151 officer.
- D.2.76 To purchase using SAP suppliers where available; where there are no suitable suppliers visible then Strategic Procurement should be contacted. Where no suitable supplier is found then for items below £1,000 the Low Value Procurement policy should be followed; for any value over £1,000 Contract Standing Orders must be followed.

- D.2.77 To check goods or services upon receipt (preferably by someone other than the requisitioner) and that the Purchase Order is Goods Received (GRN) on SAP, ensuring amounts received are correct and in accordance with the order.
- D.2.78 To obtain valid VAT invoices/receipts for all purchases which must include all of the following unless the invoice is less than £250
- ✓ Identifying number
 - ✓ Date of supply (eg tax point))
 - ✓ Name, address and registration number of the supplier
 - ✓ Name and address of the person to whom the goods or services are supplied (eg Somerset County Council)
 - ✓ Description sufficient to identify the goods or services supplied
 - ✓ Unit price of the goods or services supplied
 - ✓ Quantity of goods or extent of services, rate of tax and amount payable
 - ✓ Gross amount payable excluding tax
 - ✓ Rate of cash discount, if offered
 - ✓ Total amount of tax (in sterling)

If the amount is less than £250 the following information is needed:

- ✓ Name, address and registration number of the supplier
 - ✓ Date of supply
 - ✓ Description of the goods or services which indicates that input VAT has been incurred
 - ✓ Total amount payable including tax
- D.2.79 To ensure all invoices are sent directly by the supplier to the PO Box for scanning (unless there is an overwhelming reason why the invoice needs to be sent to the officer first). If a three way match is made then no further approval for the invoice is necessary. For “code and approve” invoices the approver will receive a Workcycle and when approving this confirms that:
- ✓ The goods or service has been received
 - ✓ The invoice has not previously been paid
 - ✓ The expenditure has been properly incurred and is within budget provision
 - ✓ Prices and arithmetic are correct and, where relevant, accord with quotations etc
 - ✓ Discounts have been taken where available
 - ✓ It is correctly coded

It should be noted that payment terms only become active once the invoice is received in scanning eg the invoice will normally not be paid until 30 days after it has been received in scanning, regardless of invoice date. Earlier release of payment can only be approved by the relevant Finance Strategic

or Service Manager. Late payment of invoices can mean SCC incurring a financial penalty which must be covered by the service.

D.2.80 Where a procurement card is held and used the Somerset County Council Procurement Card policy **must** be followed which includes the following

- ✓ Cards are for sole use and should only be used by the named holder
- ✓ Cards should not be used to by-pass procurement rules
- ✓ A VAT receipt must be obtained for each VATable purchase
- ✓ Card holders must reconcile and clear their holding codes on a monthly basis, obtaining appropriate authorisation
- ✓ Cards must not be used for making EBAY purchases
- ✓ Cards should not normally be used to pay for hotels or travel, this should usually be procured through CLICK travel; p-cards should only be used in exceptional circumstances
- ✓ Any loss of card or suspected fraudulent activity must be reported to the p-card co-ordinators immediately at pcardenquiries@somerset.gov.uk

D.2.81 To accrue, at year end, for any goods and services received but where the goods receipt was not actioned (or for code and approve invoices where the invoice was not paid) provided the amount is above the de-minimus level as advised by the Chief Accountant.

D.2.82 To keep all appropriate payment records and supporting documentation in accordance with “Accounting Records and Returns – Retention of Documents”.

D.2.83 The requisitioner of the goods and services must monitor the open POs and the GR/IR account to ensure that POs are closed as appropriate and that they are correctly matched. Items incorrectly closed and matched can have a detrimental impact on the revenue budget.

INCOME

Why is this important?

D.2.83 Income is derived both from the provision of services to clients, and from contributions, grants, taxes and other revenues to finance services generally. The Council needs effective income collection systems to ensure that income due is identified, collected, receipted, banked and accounted for in a complete, accurate and timely manner. The Council encourages the collection of income in advance or at the time of supplying goods or services since this both improves its cash-flow, and also avoids the time and cost of administering debts.

Key controls

D.2.84 The key control for the collection and processing of income and other amounts due is to ensure that policies and procedures are in place which ensure that:

- All income and other amounts due to the County Council are identified and charged in accordance with an approved charging policy which is regularly reviewed, at least on an annual basis;
- All income and other amounts due are collected from the appropriate person completely, accurately and preferably at the point of delivery but in any case within 7 days of delivery of goods or services provided, using the appropriate procedures and the relevant stationery;
- All monies received by an employee on behalf of the County Council are banked promptly into an account specified by the Council's Section 151 Officer, and completely, accurately and promptly accounted for;
- To meet the requirements of the County Council's Anti-Money Laundering Policy, cash income of more than £5,000 must not be taken from any one source;
- Effective action is taken to pursue non-payment of debts within defined timescales;
- Debts and other losses on collection are written-off only in accordance with approvals, within defined timescales and properly accounted for;
- All appropriate income records and supporting documentation are retained for the defined period in accordance with the approved statement on the 'Accounting Records and Returns - Retention of Documents';
- The segregation of duties, wherever practicable, so as to ensure that no one member of staff is involved in more than one of the processes for the identification of amounts due, the collection of the debt, the reconciliation of the amount due to that received, and the reconciliation of cash received and banked to the relevant bank account, this includes not only Somerset County Council employees but also staff within the Finance Service of Southwest One;
- There is segregation of duties between the raising of invoices and credit notes. Each directorate to keep a list of who is authorised to raise invoices and credit notes. All credit notes over £1,000 to be authorised by the Section 151 Officer.
- All statutory and corporate guidelines are met.
- The County Council's Income Code of Practice MUST be followed

Responsibilities of Council's Section 151 Officer

- D.2.85 To determine, issue, monitor its application and to review on a regular basis a Code of Practice on Income.
- D.2.86 To determine, or agree SLT Officers' proposals for, the arrangements for the collection of all income and other amounts due to the County Council and to determine or approve the procedures, systems and documentation for its collection and banking.
- D.2.87 To provide, or where appropriate agree SLT Officers' proposals for the format, ordering, receipt and use of all income stationery, including invoices, receipts, tickets, etc. or their computer produced equivalents, and to satisfy him or herself regarding the arrangements for their safe custody and control.
- D.2.88 To ensure that SLT Officers follow the approved procedure for the write-off of uncollected debts or losses on collection, and report their action accordingly.

Responsibilities of SLT Officers

- D.2.89 To determine, in agreement with the Council's Section 151 Officer, the arrangements for the prompt and complete collection of all income or other amounts due to the County Council for his or her services, and the procedures, systems and documentation for its collection.
- D.2.90 To ensure that these arrangements are communicated, understood and applied by the staff involved in the income process.
- D.2.91 To notify the Council's Section 151 Officer of new sources of income and to seek his or her approval to proposed changes to established procedures or systems for the collection of this and other income prior to making such changes.
- D.2.92 To establish, seek approval as appropriate, and review on a regular basis, all within corporate policies, a charging policy for the supply of goods or services, including the appropriate charge for VAT.
- D.2.93 To segregate duties, wherever practicable, so as to ensure that no one member of staff is involved in more than one of the processes for the identification of amounts due, the receipt of cash in settlement of the debt, the reconciliation of the amount due to that received, the reconciliation of cash received and banked to the relevant bank account and the raising of credit notes against invoices .To seek the approval of the section 151 officer for all credit notes raised over £1000 in value.
- D.2.94 To ensure, wherever practicable, that at least two employees, or secondees or directly employed staff of Southwest One are present when post is opened so that money received by post is identified and recorded on a complete and accurate basis.

- D.2.95 To monitor on a regular basis the risk and any short-comings arising where it is impractical to achieve the segregation of duties required under D.2.93/94 above, and, if the need arises, to take appropriate action to rectify the short-coming.
- D.2.96 To maintain complete and accurate records of all monies receivable and received by his or her department.
- D.2.97 To ensure that monies collected are banked promptly into an account specified by the Council's Section 151 Officer, and completely, accurately and promptly accounted for in order to maintain a complete transaction trail from the initial receipt to the primary accounting record, and vice versa.
- D.2.98 To make arrangements for the safe custody of cash pending its banking so as to minimise its loss or theft.
- D.2.99 To ensure that no deductions are made from any income received/receivable without the specific approval of the Council's Section 151 Officer.
- D.2.100 To ensure that no personal cheques are cashed from Council monies.
- D.2.101 To keep a record of every transfer of official money between employees of the County Council. The receiving officer must sign for the transfer and the transferor must retain a copy.
- D.2.102 To ensure that money collected and banked is reconciled to the bank account promptly and on a regular basis within two days wherever possible.
- D.2.103 Subject to the appropriate segregation of duties on initiating and authorising, to issue credit notes, or to make other adjustments, to reduce or cancel a debt only to correct a factual inaccuracy or an administrative error in the assessment of the liability or the preparation of the original invoice, and, if appropriate, to issue a replacement invoice.
- D.2.104 To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts or other amounts due which are not paid within the defined timescales.
- D.2.105 To approve the write-off of any debts due from, or losses on collection in respect of, a single debtor up to a total of £1,000 in any financial year, after having established the Council's indebtedness both to and from the relevant debtor, and after, where relevant, having received advice from the Debt Recovery Officer.
- D.2.106 To seek the approval of the Council's Section 151 Officer or the relevant Strategic Manager in Finance, to the write-off of debts or losses on collection in excess of £1,000 due from a single debtor in any financial year.
- D.2.107 To ensure that appropriate accounting adjustments are made following write-off action.

- D.2.108 To maintain a record of all debts written-off which shows details of the attempted recovery action and the justification for the non-recovery, and to report details to the Council's Section 151 Officer to allow him or her to report such details on a regular basis to The Cabinet for information.
- D.2.109 To agree with the Council's Section 151 Officer proposals for the format, ordering, receipt and use of all income stationery, including invoices, receipts, etc. or their computer produced equivalents.
- D.2.110 To ensure there are secure arrangements for the safe custody of both unused and used income stationery and supporting documentation, and that they are retained for the defined period in accordance with the approved statement on the 'Accounting Records and Returns - Retention of Documents'.
- D.2.111 To identify as soon as possible after the 31st March outstanding income or receipts in advance in respect of the previous financial year and to make an accrual to that year's final accounts in accordance with the requirements of the Council's Section 151 Officer's timetable for the closure of the accounts.
- D.2.112 To ensure that their staff comply fully with the Income Code of Practice

Responsibility of the Strategic Managers (Finance)

- D.2.113 To make adequate provision for bad debts for their service areas in line with the guidance and policies issued by The Chief Accountant.

Responsibilities of All Officers and anyone acting on behalf of the County Council

- D.2.114 To follow the Income Code of Practice at all times. (INSERT LINK)
- D.2.115 To obtain the permission of the relevant Strategic Manager (Finance) **before** setting up any on-line or electronic method of receiving income e.g. Worldpay

D.3 GRANTS

GRANTS FROM EXTERNAL FUNDERS

Why is this important?

- D.3.1 External funding is potentially a significant source of income, but grant funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the County Council, and any financial impacts are manageable.
- D.3.2 As is the case with all local authorities, the County Council is encouraged expected to provide 'seamless' service delivery through working closely with other agencies and private service providers. Funds from external agencies,

such as government bodies, the Local Enterprise Partnership and European grants provide additional resources to enable the council to deliver services or major projects to the community.

- D.3.3 However, grant funding is often ring-fenced or linked to specific outcomes and specifications and may not be sufficiently flexible to link into the council's overall Medium Term Financial Plans.

Key controls

- D.3.4 The key controls for the use of external funding are:-

- (a) To ensure that any match-funding requirements are given due consideration prior to entering into any long term arrangements, and the necessary County Council funding is secured and approved before entering into any binding agreement;
- (b) To ensure that the impact of any reducing external contributions, or other liabilities such as on-going maintenance are understood and adequately planned for, and a fully funded exit strategy is in place before entering into any binding agreement;
- (c) To ensure that grants are reflected at the appropriate time in the Council's Medium Term Financial Plan, such as in the Capital Improvement Programme;
- (d) To ensure that grant funds are only acquired to meet the priorities that have been approved in the Council's policy framework; and
- (e) To ensure that key conditions of funding and any statutory requirements are complied with, and that the responsibilities of the accountable body are clearly understood and provided for, where such a role falls to the County Council.

Responsibilities of Council's Section 151 Officer

- D.3.5 To provide specific guidance to SLT Officers over and above that detailed elsewhere in the Financial Regulations to enable them to account correctly for income received from external funding.
- D.3.6 To ensure that the financial audit requirements of the external body are met.
- D.3.7 To approve the acceptance of all grant terms and conditions in accordance with Financial Regulations and in a timely manner, or to delegate such acceptance to one of his or her Strategic Managers where appropriate.

Responsibilities of SLT Officers

- D.3.8 To ensure that the arrangements for dealing with income from external funding agencies, together with the relevant general requirements of the Financial

Regulations, are communicated to, understood, and applied by staff involved in the process.

- D.3.9 To ensure that grant funds are acquired only to meet the priorities that have been approved in the Council's policy framework.
- D.3.10 To ensure that any match-funding requirements are given due consideration prior to entering into any long term arrangements and that the impact of any reducing external contributions or other liabilities are reflected at the appropriate time in the Council's Medium Term Financial Plan.
- D.3.11 To ensure that the project progresses in accordance with the agreed project plan and timetable, and that all expenditure is properly incurred and accounted for on an accurate, complete and timely basis.
- D.3.12 To ensure that all claims for funds due from external funding bodies are sent completely, accurately and in accordance with the grant timetable.
- D.3.13 To ensure that all funding notified by external funding bodies is received and properly recorded in the Council's accounts.
- D.3.14 To notify the Strategic Manager - Financial Governance, of all new claims which require sign off by internal audit as soon as the funding is agreed to ensure that recording of the expenditure and evidence requirements meet the requirements of the funding agency and to enable the chief internal auditor to plan for and resource the audit work.
- D.3.15 To ensure that any procurement undertaken as a consequence of receiving grant funding are carried out in line with Contract Standing Orders, standard procurement practice within Somerset County Council and within all public procurement statutory requirements.

Responsibilities of All Officers and anyone acting on behalf of the County Council

- D.3.16 Where officers or their staff are involved in the winning or delivery of grants, to ensure, ahead of entering into any binding, agreement that:-
- (a) They are fully conversant and can comply with the requirements of the grant, and can demonstrate that it is deliverable within confirmed resources;
 - (b) They have made and recorded correctly any Decision papers necessary to accept the grant and meet all match funding and on-going requirements from pre-approved resources;
 - (c) That they are aware of, and have appropriately planned for, all procurement activity that might be required to spend the grant funding;
 - (d) They have approval to accept the grant's terms and conditions from the section 151 officer or his nominated officer;
 - (e) They can demonstrate a robust plan for the delivery of the grant's objectives within the timescale imposed on the County Council;

- (f) That they have adequate processes in place, including audit, to meet the reporting requirements of the grant, both during and after the implementation period;

GRANTS AWARDED BY SOMERSET COUNTY COUNCIL

Why is this important?

- D.3.17 Somerset County Council will often have a responsibility for the distribution of grants, either from central government or under statute, or it will offers grants from its own or partnership resources to encourage participation by businesses and residents. It may be that another organisation or person is better placed to deliver the outcomes required by the County Council.
- D.3.18 Because the County Council is spending public money, it must demonstrate utmost equality, transparency, fairness and value for money in its award of grants.
- D.3.19 There are also requirements to meet under the new Local Government Transparency Code in terms of grants awarded by the County Council.

Key controls

- D.3.20 The key controls for Somerset County Council's award of grants to external parties are:-
- (a) Prior financial approval is in place for the disbursement of all grants to be awarded;
 - (b) Criteria for the award of grant is clearly set out, publicised appropriately, and any applications required for an award are accessible; and
 - (c) Appropriate financial and operational records are maintained for accounts and audit purposes.

Responsibilities of Council's Section 151 Officer

- D.3.21 To provide specific guidance to SLT Officers over and above that detailed elsewhere in the Financial Regulations to enable them to account correctly for income received for disbursement and payments made.
- D.3.22 To ensure that the financial audit requirements of any external body are met in cases where Somerset County Council are distributing grant on behalf of another organisation.

Responsibilities of SLT Officers

D.3.23 To ensure that their staff follow all internal and external controls in relation to grant distribution.

Responsibilities of All Officers and anyone acting on behalf of the County Council

D.3.24 To ensure that where they are responsible for the award or distribution of grant funding, that they:-

- Have the correct prior approval for the funds involved and distribution method envisaged.
- Keep transparent finance and operational records of the amounts involved, evidence of application for grants, and the services provided as a result.
- Retain sufficient information to meet the requirements of the new Local Government Transparency Code in terms of summarising the purpose of each grant.
- Where appropriate given the nature of the grant, the grant holder must retain sufficient information to allow for a review of the performance and effectiveness of the grants awarded, and to produce any relevant Performance Indicators.

SYSTEMS AND PROCEDURES

D.4 TAXATION

Why is this important?

D.4.1 Like all organisations, the County Council is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe; all officers must therefore be aware of their roles and responsibilities.

Key controls

- D.4.2 The key controls on taxation are that procedures are in place which ensure that:
- (a) Budget (cost centre) managers are provided with relevant and up-to-date information on tax issues;
 - (b) Budget managers are instructed on the detailed processes to be followed and records to be maintained;
 - (c) All taxable transactions are identified, the tax liability properly assessed, and accounted for within specified timescales;
 - (d) All statutory and other returns are made to the appropriate authorities within the specified timescales; and
 - (e) All other statutory requirements are met.

Responsibilities of Council's Section 151 Officer

- D.4.3 To maintain and provide relevant and up-to-date guidance for County Council employees on taxation issues.
- D.4.4 To provide guidance on detailed processes to be followed, the detailed records to be maintained, and to monitor their adherence.
- D.4.5 To complete all Her Majesty's Revenues and Customs (HMRC) returns in respect of PAYE or Income Tax in accordance with the relevant timescales and requirements.
- D.4.6 To complete all HMRC returns in respect of Construction Industry Scheme tax deductions in accordance with the relevant timescales and requirements.
- D.4.7 To complete all HM Customs & Excise returns in respect of input and output tax in accordance with the relevant timescales and requirements.
- D.4.8 To complete all other statutory and other returns in accordance with the relevant timescales and requirements.

Responsibilities of SLT Officers

- D.4.9 To ensure that guidance on taxation issues, processes to be followed and records to be maintained are communicated to, understood and applied by all relevant staff, in particular that:
- (a) Details of all persons employed by the authority, other than those who are bona fide self-employed or are agency staff, are maintained on the County Payroll system in accordance with the Financial Regulation 'Payments to Employees, Former Employees and Members', so that their tax liabilities are accurately and properly accounted for;
 - (b) The correct VAT liability is identified and promptly accounted for in respect of all income and expenditure transactions, and specifically in respect of output tax on all income due or received by the Council and in respect of input tax, whether recoverable or not, on all payments by the authority; and
 - (c) The Council's Section 151 Officer is provided with the relevant information in respect of payments due to sub-contractors involved in construction and maintenance works so that the appropriate liabilities in respect of the Construction Industry Scheme can properly be assessed and accounted for.

SYSTEMS AND PROCEDURES

D.5 TRADING UNITS

Why is this important?

- D.5.1 Trading accounts and business units have become more important as local authorities have developed a commercial culture. We are required to disclose the results of significant trading operations in our Statement of Accounts. The nature of the trading units business is also a required disclosure.

Responsibilities of Council's Section 151 Officer

- D.5.2 To advise on the establishment and operation of suitable accounting records and supporting procedures for trading accounts and business units.
- D.5.3 To advise the Cabinet Member for Resources on the suitability of business cases for new trading accounts and activities.
- D.5.4 To identify the level of surplus on trading units which could be made available for reinvestment in the business but may be earmarked for the benefit of the County Council as a whole if deemed appropriate by The Cabinet.
- D.5.6 To identify the level of deficit on business units which cannot be managed within the following year or period for which there is a recovery plan in place.

Responsibilities of SLT Officers

- D.5.7 To ensure that the same accounting principles are applied in relation to trading accounts or business units as for all other services of the County Council.
- D.5.8 To ensure that each business unit for which he or she is responsible prepares an annual business plan.
- D.5.9 To observe all statutory requirements in relation to business units, including, where appropriate, the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged, and to produce an annual report in support of the final accounts.
- D.5.10 To consult with the Council's Section 151 Officer where a service wishes to enter into a contract with a third party where the contract expiry date exceeds the remaining life of the contract with the County Council or secured funding. In general, such a contract should not be entered into unless it is capable of being terminated without penalty within the main contract period.
- D.5.11 To ensure that all charges made by the traded unit reflect the full cost of providing the service, including a fair allocation of overheads.

Responsibilities of All Officers and anyone acting on behalf of the County Council

- D.5.12 To calculate costs based on full cost recovery including a fair allocation of overheads.
- D.5.13 To account for the income and expenditure of the traded unit as instructed by the Chief Accountant

SYSTEMS AND PROCEDURES

D.6 PENSIONS

Why is this important?

- D.6.1 Under the Local Government Superannuation Act 1972 as updated by the Pension Scheme Regulations 2013, the County Council is responsible for the administrative arrangements for the Local Government Pension Scheme; it has delegated the day to day arrangements to the Council's Section 151 Officer. The Pension Fund is maintained for all the County Council's relevant employees (i.e. other than teachers who have their own scheme) and those of more than 100 other appropriate bodies within its area; some of those bodies have a right to be included in the Scheme, whilst others are able to participate only by agreement.
- D.6.2 The Local Government Scheme has some 20,000 contributing members; over 13,000 pensioners already in receipt of benefits, and a further 20,000 whose benefits will become payable at some future date.
- D.6.3 The Fund is financed by contributions from employees and employers together with interest and other income earned from the investment of surplus funds; the Fund has investment and other assets of over £1.5 billion.
- D.6.4 Teachers Pension Agency acting on behalf of the Department for Education and Skills administers the pension arrangements for the Council's teaching staff.

Key controls

- D.6.5 The key controls for the operation of the pension scheme is to ensure that there are procedures in place which ensure that:
- (a) All statutory and corporate requirements are met;
 - (b) All contributions from employees and employers are collected completely, accurately and promptly;
 - (c) All inter-fund and other transfer payments or receipts are made completely, accurately and promptly;
 - (d) All pension benefit payments made are valid, accurate and paid on the due date;
 - (e) All pensions transactions are accounted for completely, accurately and promptly; and, in addition, that in respect of the Local Government Scheme, all surplus funds are invested in line with an approved statement of investment principles which has regard to proper advice;
 - (f) It is subjected to a triennial external actuarial valuation to determine the overall solvency of the Fund;

- (g) The Fund's Statement of Accounts are made available for inspection by the External Auditor; and
- (h) Regular reports on the operation of the Fund are taken to the County Council, the Pensions Committee, the Pensions Board, or meetings of the Employing Authorities, as appropriate.

Responsibilities of Council's Section 151 Officer

- D.6.6 To determine arrangements for the proper administration of the Local Government Pension Scheme, to include the maintenance of proper and up-to-date records, and the taking of reasonable steps for the prevention and detection of fraud and irregularities.
- D.6.7 To manage the Fund's affairs so as to secure the economic, and effective use of its assets and to safeguard those assets.
- D.6.8 To prepare, and seek the approval of, the Pensions for a statement of investment principles.
- D.6.9 To manage the investment of the Fund's surplus monies in line with the approved statement of investment principles.
- D.6.10 To prepare the accounts of the Fund in compliance with the requirements of the CIPFA Code of Practice on Local Authority Accounting in Great Britain – A Statement of Recommended Practice and other relevant accounting standards, by specifically having selected suitable accounting policies and then applied them consistently, and having made judgements and estimates that are both reasonable and prudent.
- D.6.11 To determine arrangements with the external auditor to enable them to satisfy themselves that the Fund's annual Statement of Accounts 'presents fairly' the financial position of the Fund at the accounting date and its income and expenditure for the year in question, and complies in all respects with the legal requirements.
- D.6.12 To report on a regular basis on the operation of the Fund to County Council, the Pensions Committee, the Pensions Board, or meetings of the Employing Authorities, as appropriate.
- D.6.13 Pensions benefits administration is undertaken by Peninsula Pensions, a partnership between Somerset County Council and Devon County Council. This does not include the management of the Investment Fund.

Responsibilities of SLT Officers

- D.6.13 To provide the Council's Section 151 Officer at the appropriate time, with information in respect of relevant staff regarding their participation in, liability to contribute to, and entitlement to benefits from the respective schemes.

FINANCIAL PROCEDURES - E:

EXTERNAL ARRANGEMENTS

1 [Partnerships](#)

2 [Work for third parties](#)

EXTERNAL ARRANGEMENTS

E.1 PARTNERSHIPS

What is partnership working at Somerset County Council?

- E.1.1 Partnership working is a 'joint working arrangement between partners' who are:
- Otherwise independent bodies;
 - Agree to co-operate to achieve a common goal;
 - Create a new organisational structure or process to achieve this goal, Separate from their own organisations;
 - Plan and implement a jointly agreed programme, often with joint staff or resources;
 - Share relevant information; and
 - Pool risks and rewards.
- E.1.2 To provide clarity the County Council divides the overall definition into two categories; Significant Partnerships and Joint Working Arrangements. The Council outlines expectations of the arrangements that should be in place in respect of these categories of partnership working in its Partnership Framework.
- E.1.3 The County Council works in partnership with many other organisations - other local authorities, public agencies, private companies, community groups and voluntary organisations to deliver an increasingly wide range of outcomes for service users, and it also provides a distinctive leadership role in bringing together the contributions of various partners and stakeholders. The participants therefore need to have a shared vision of services' requirements based on users' wishes and needs.
- E.1.4 The County Council may take a leading role in mobilising investment, bidding for funds, championing the needs for its area and harnessing the energies and efforts of local people and the community organisations in order to achieve and deliver this shared vision.

Why does the Council work in Partnership?

- E.1.5 The main reasons for entering into a partnership are:
- (a) To provide a new, co-ordinated, effective and more efficient means of delivering a service;
 - (b) To meet a statutory requirement;
 - (c) The ability to access new resources; and
 - (d) The desire to find new ways to share risk.

Who is a partner and how may they participate?

E.1.6 A partner is defined as either:

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

E.1.7 Partners may participate by:

- (a) Acting as a deliverer or sponsor, solely or in concert with others;
- (b) Acting as a funder or part funder; or
- (c) Being the beneficiary group of the activity undertaken in a partnership.

E.1.8 Partners have common responsibilities:

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

Key controls for County Council Partnerships

E.1.9 The key controls for County Council partnerships include:

- (a) Gaining approval of the Council's participation in all new significant partnerships by The Cabinet in accordance with the Council's Constitution;
- (b) Entering the details of significant partnerships on the Council's partnership register, including budgetary information;

- (c) If appropriate, being aware of their responsibilities under the County Council's Financial Regulations, Schemes of Delegation, Contract Standing Orders and other relevant County Council protocols or, if not the lead partner, the appropriate regulations of the lead partner;
- (d) Ensuring risk management processes are in place to identify and assess all known and reasonably foreseeable risks, and taking appropriate measures to manage those risks;
- (e) Ensuring (where appropriate) that project or option appraisal processes are in place to assess the viability of projects in terms of resources, staffing and expertise or changes to the way services are delivered;
- (f) Agreeing the roles and responsibilities of each of the partners involved in the partnership before the partnership commences, such agreement to include an appropriate exit strategy to be followed in the event of a planned or unplanned termination of the arrangement;
- (g) Communicating regularly with other partners throughout the duration of the partnership so that problems can be identified and shared promptly so as to achieve their successful resolution and thus maintain the aims of the partnership.
- (h) Providing appropriate information to the Section 151 Officer to enable them to include relevant details in the County Council's Statement of Accounts and other financial statements and returns;
- (i) Ensuring that the body or person maintaining the accounting and auditing arrangements do so to a standard acceptable to the Section 151 Officer in those cases where, under the approved arrangements, the County Council is not the lead authority but the County Council's participation is of a material nature;
- (j) Having an annual review framework in place in respect of the partnership to ensure risks and liabilities continue to be managed and financial accountability of the partnerships' work.

Responsibilities of the Section 151 Officer

- E.1.10 To advise on effective controls which will ensure that resources are used effectively and efficiently so as to achieve best value in the provision of services under partnership arrangements.
- E.1.11 To advise on the key elements of the funding and other financial and related arrangements for the operation of a partnership arrangement; these include:
 - (a) The preparation of an appraisal of the financial viability of the partnership for each of the financial years throughout the duration of the partnership;

- (b) The preparation of a risk appraisal and the management of the issues identified;
- (c) Its resourcing, including any relevant taxation issues;
- (d) Arrangements for the carry forward at the financial year end of partners' under- or over-spent contributions;
- (e) The audit, security and control requirements; and
- (f) As part of the exit strategy, arrangements for dealing with any liabilities or assets which remain at the end of the partnership.

E.1.12 To ensure that the accounting and reporting arrangements are satisfactory and meet all statutory and, where relevant, corporate County Council requirements as detailed elsewhere in Financial Regulations, Financial Procedures and elsewhere.

Responsibilities of SLT Officers

E.1.13 To identify opportunities for participating in partnership/joint working arrangements for the effective and efficient provision of shared objectives.

E.1.14 To undertake or determine, in consultation with the Section 151 Officer and the Head of Commercial and Procurement as part of the preliminary considerations for the possible formation of a partnership:

- (a) A financial appraisal of the viability of the proposed arrangement throughout its duration;
- (b) A risk appraisal for the scheme;
- (c) The nature, level and timing of the County Council's contribution and commitment;
- (d) The responsibility for undertaking, and the detail of, the partnership's accounting and financial reporting arrangements;
- (e) The arrangements for the treatment of under- or over-spent year end balances on partners' contributions;
- (f) The arrangements for accommodating the inability of any of the proposed partners to meet their financial or other obligations under the arrangements;
- (g) The arrangements for dealing with any remaining assets or liabilities at the end of the arrangement;
- (h) The audit, risk, performance management, security and other control arrangements which should all generally be in line with the requirements of

the Council's own detailed Financial Regulations and agreed policy/approaches; and

- (i) That the arrangements will not impact adversely on the services provided by the County Council.
- (j) An assessment of the best form of structure for the resultant entity eg mutual, not for profit company, trust etc; ensuring the chosen structure does not increase the risk to the County Council

- E.1.15 To ensure that the approval of The Cabinet is obtained before any negotiations are concluded on entering into partnership arrangements.
- E.1.16 To ensure that all agreements and arrangements are properly documented.
- E.1.17 To participate in the partnership in accordance with the terms of the agreement and to monitor its progress so as to meet the stated aims and objectives.
- E.1.18 To provide, or to ensure that appropriate information is provided at the relevant time to the Section 151 Officer, to enable him or her to include the appropriate details in the County Council's statement of accounts.

EXTERNAL ARRANGEMENTS

E.2 WORK FOR THIRD PARTIES

Why is this important?

- E.2.1 Current legislation enables the County Council to provide a range of services to other bodies. Such work may enable a service unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work is minimised, and that such work is intra vires.

Key controls

- E.2.2 The key controls for working with third parties or external bodies are to ensure that:
- (a) Guidance is available with regard to the financial aspects of the contracts or other arrangements, and that it is adhered to;
 - (b) A risk appraisal is prepared prior to entering into any arrangements and that the risks are managed effectively;
 - (c) Proposals are properly costed and achieve full cost recovery; and
 - (d) Contracts or other arrangements are drawn up using the guidance provided and that the terms are adhered to.
 - (e) Income is collected either before or at the time of delivery of service.

Responsibilities of the Council's Section 151 Officer

- E.2.3 To issue specific guidance to SLT Officers which provides details of the financial aspects of the arrangements for providing services to third parties over and above that detailed elsewhere in these Financial Regulations, and to monitor that it is adhered to.

Responsibilities of SLT Officers

- E.2.4 To communicate the guidance issued by the Council's Section 151 Officer to members of his or her staff, to ensure that it is understood and adhered to, and in particular that:
- (a) Risks are identified, evaluated and appropriate arrangements made to manage those risks before any arrangements are concluded;
 - (b) Appropriate approvals are obtained before the arrangements with the third party are concluded;

- (c) The arrangements are properly documented, progress monitored and, where necessary, appropriate action taken;
- (d) Provision of the service to the third party does not adversely impact on the services provided for the County Council; and
- (e) Appropriate information is made available to the Council's Section 151 Officer at the relevant time to enable him or her to include appropriate details in the County Council's statement of accounts;
- (f) To ensure income is collected either before or at the time of delivery of service.

Glossary of Terms

This section explains complicated terms that we have used throughout this document and also those in common usage within the Finance community.

Over the years local government has developed its own set of terms and phrases. This glossary helps to identify them.

Academy

State funded schools that are directly funded by the Department for Education and independent of direct control by the local authority.

Academies are self-governing and are non-profit charitable trusts. They may receive additional support from personal or corporate sponsors, either financially or in kind. They must meet the same National Curriculum core subject requirements as other state schools and are still subject to inspection by Ofsted.

Accounts Payable

This covers the process and payment to our suppliers of monies owed to them through SAP.

Accounts Receivable

Is the process and payment by clients/customers to SCC of monies owed to us.

Accrual

This allows income and expenditure to be recognised when they occur. For example at year end if you have received goods or services but have not paid the invoice you need to process an accrual so that the expense appears when it is due ie in the correct financial year. For income if you have issued an invoice for services that have been provided but the invoice has not been paid you need to process an accrual so that the income appears in the correct financial year,

Cabinet

The Cabinet, as appointed by the Leader of the Council, is the main decision making body of the Council and is responsible for the majority of the Council's functions. Each Cabinet member (8 in total) has extensive delegated decision making responsibilities for specific service areas allocated to them by the Leader. The Cabinet meets collectively on a monthly cycle to take more strategic or cross cutting decisions and recommend key policies and the budget to Council for approval.

Capital

Expenditure on the acquisition or creation of new assets, or improvement of existing ones. Capital funds cannot be used to fund revenue costs.

Capital charges

Charges we make to services for using fixed assets when providing the service.

Capital receipts

The proceeds from selling assets such as buildings if greater than £10,000.

Carry-forwards

Unspent revenue budgets which services with cabinet approval can use in future years.

Cash-limited budgets

Fixed amounts of money, given to departments to run their services. All spending should be met from these budgets. This also involves flexibility in carrying forward underspending and overspending.

Central government grants

There are two types of grant:

- Revenue Support Grant - the main government grant to support local-authority services.
- Specific service grants - payments from the Government to cover local-authority spending on a particular service or project (either revenue or capital), for example, Dedicated Schools Grant or Public Health Grant (revenue), grants for highways schemes (capital).

CIPFA

The Chartered Institute of Public Finance and Accountancy. This is the professional institute governing how public money is used and how it has to be reported.

Click Travel

This is the on-line way of booking all rail and air travel and all hotel accommodation.

Code and Approve

This is for invoices that are PO exempt. Once they have been received in scanning they are Work cycled to the named contact that checks and agrees the coding; this then gets Auto-Work cycled to the appropriate approver for final Approval and subsequent payment.

Constitution

The Constitution sets out arrangements and rules that enable the Council to deliver services effectively to the people of Somerset and deliver the Council's 'vision' of a good quality of life for all Somerset's residents. It sets out how the Council operates, how decisions are made, and the procedures followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are a legal requirement, while others are a matter of local choice by the Council.

Construction Industry Scheme (CIS)

The Construction Industry Scheme (CIS) sets out the rules for how payments to subcontractors for construction work must be handled by contractors in the construction industry. The scheme applies mainly to contractors and subcontractors in mainstream construction work, however businesses or organisations whose core activity isn't construction but have a high annual spend on construction may also count as contractors and fall under the scheme.

Contract Standing Orders

Contract Standing Orders are made under Section 135 of the Local Government Act 1972 and apply to all contracts for the procurement of all goods, services and works by the Council, including, ad hoc, one-off requirements, and they will be applied by any

employee or agent of Somerset County Council undertaking any procurement activity on behalf of the Council. They give the rules concerning procurement.

Cost Centre

An area showing budgets and expenditure for specific budget areas eg teams

Council Tax

A tax raised by Local Authorities to part fund their activities: the amounts are set by each authority (but any excessive annual rises would need a referendum). The tax is based on property values (as at 1991) with each property being placed in a band A-H. A band A property gets charged 6/9 of the amount of a band D and a band H gets charged 18/9 of a band D.

Creditors

People we owe money to for work, goods or services we have received but which we have not paid for.

Debtors

People who owe us money that we are due to receive but where we have not received payment yet.

Deficit

There are two types of deficits. A fund is said to be in deficit when its liabilities are higher than its assets. An in-year deficit is achieved when spending is higher than income.

Depreciation

The reduction in the value of assets, for example, through wear and tear.

Earmarked Reserve

This is money which is put aside for specific purposes as approved by the County Council

E-business

This is the conduct of business over the internet.

E-commerce

This is the trading of goods and services using the internet

Embedded lease

An agreement which conveys the right to use property, plant or equipment usually for a stated period of time, that does not take the legal form of a lease.

Ex-Gratia Payment

A payment made without the giver recognising any liability or legal obligation.

Finance leases

Leases where we treat the organisation paying the lease (the lessee) as if they own the asset as they receive all the risks and rewards of ownership. When a lease of this type is identified the lessee will recognise an asset and matching liability for the minimum lease payments in their accounts. This is a form of borrowing.

Financial Regulations

These provide the framework for managing the County Council's financial affairs. They apply to every Member and Officer of the County Council and anyone acting on behalf of the County Council. Contravention is a serious matter and could lead to disciplinary action being taken.

Free School

Free Schools are all-ability state-funded schools set up in response to parental demand. They can be set up by a wide range of proposers, including charities, universities, businesses, educational groups, teachers and groups of parents. Like Academies they are funded directly from the Department of Education and are outside of the control of the Local Authority

General reserves

The amounts we have built up this year, and over earlier years, that we have not set aside for specific purposes.

Income

The amount which we receive, or expect to receive, from any source. Service revenue income includes grants, sales, rents, fees and charges.

International Financial Reporting Standards (IFRS)

A single set of high quality, understandable, enforceable and globally accepted International Financial Reporting Standards (IFRS) based upon clearly articulated principles.

Leader

The Leader of the Council ("the Leader") is the prime decision-maker within the Council with ultimate responsibility for the executive decision-making arrangements concerning the day-to-day running of the Council. The Leader appoints the Cabinet and delegates a range of executive decision-making functions as detailed in the Cabinet Scheme of Delegation. The Council appoints the Leader of Council for a period of four years although the Council may remove the Leader from office at any time during that period.

Non-current Assets

Assets purchased, not for resale, but for use within a business in the generation of profits over more than one accounting period eg property, plant and equipment.

Officer Scheme of Delegation

The Scheme of Delegation is the framework within which officer's exercise delegated decision making powers. Any officer taking decisions must comply with the Scheme and failure to do so should result in appropriate management action. The Scheme deals with **non-key** officer decisions.

Operating leases

Under this type of lease, the risks and rewards of ownership of the leased goods stay with the company leasing out the goods.

Operating Model

The current structure of SCC which separates commissioning from operations

Procurement

The overarching function that describes the activities and processes to acquire goods and services. Importantly, and distinct from “purchasing”, procurement includes the activities involved in establishing fundamental requirements, sourcing activities such as market research and vendor evaluation and negotiation of contracts.

Provisions

This is money we keep to pay for known, future costs.

Prudential Code

The Prudential Code was introduced by the regulations supporting the Local Government Act 2003. Local authorities can borrow money to pay for capital spending in a similar way as people can get a mortgage to buy a house. Each local authority is responsible for deciding how much it can afford to borrow. Under the regulations, when we are making this decision we must keep within the Prudential Code, which sets out the principles that local authorities must follow. These include the following:

- Affordability – can we afford to make the repayments?
- Prudence – are we planning to borrow sensibly?
- Value for money – will the loan pay for something that is good value for money?
- Service delivery – will the loan help us to deliver our service aims?

Remuneration

Includes taxable salary payments to employees less employees’ pension contributions, together with non-taxable payments when employment ends (including redundancy, pension enhancement payments, and pay in lieu of notice), taxable expense allowances and any other taxable benefits.

Reserves

Sums set aside to finance future spending for purposes falling outside the definition of a provision. Reserves set aside for stated purposes are known as earmarked reserves. The remainder are unallocated reserves.

Revenue Expenditure

This is money used for the day to day running costs of the County Council eg salaries and general supplies and services.

Revenue expenditure funded from capital under statute (REFCUS)

These charges are made up of our contributions over time towards paying for capital spending at voluntary-aided and foundation schools (which we do not own). It also includes capital grants to outside organisations. We write them off over a period which reflects when we actually benefit from these assets.

SAP

This is the County Council's Financial Information System. It is used for procurement (purchase ordering), Accounts Payable, Accounts Receivable, Budgets and HR including Payroll.

SAPNav

This is the area on the intranet with guidance on how to use SAP, it also contains the most up to date forms and templates.

Section 151 Officer

Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs and requires one officer to be nominated to take responsibility for the administration of those affairs. The Section 151 officer is usually the local authority's Chief Finance Officer and must be a qualified accountant belonging to one of the recognised chartered accountancy bodies. The Section 151 officer has a number of statutory duties, including the duty to report any unlawful financial activity involving the authority (past, present or proposed) or failure to set or keep to a balanced budget. The Section 151 officer also has a number of statutory powers in order to allow this role to be carried out, such as the right to insist that the local authority makes sufficient financial provision for the cost of internal audit

Segregation of duties

Where individual tasks involved with important financial procedures, for example, buying goods, making payments or receiving income are separated out among different employees. This makes sure that no one person is too involved in these procedures. This helps to prevent us suffering losses in areas of high risk.

Senior Leadership Team (SLT)

The Senior Officers' body which brings together the Chief Executive and directors responsible for:

- Commissioning
- Support and customer services
- Operations

SeRCOP

SeRCOP (Service Reporting Code of Practice) establishes proper practices with regard to consistent financial reporting for services. It is an official CIPFA statement – all local authorities in the United Kingdom are expected to adopt its mandatory requirements and detailed recommendations. It is also expected that CIPFA members will comply with all the discretionary requirements of SeRCOP as it defines best practice in terms of financial reporting.

Service Cost Recovery

This is the principle that where services are traded (ie charged for) the charge made must cover the full cost of the service, including a fair allocation of overhead costs.

SORP

A statement of recommended practice issued by the Accounting Standards Board or by one of the accountancy institutes (such as CIPFA). SORPs are developed in the public

interest and set out current best accounting practice. They are produced for subjects for which it is not considered appropriate to issue a financial reporting standard. Our accounts keep to the relevant SORPs (unless we say otherwise), particularly to the Code of Practice on Local Authority Accounting in Great Britain, and the Service Reporting Code of Practice.

Southwest One (SWOne)

This is a partnership between SCC, Taunton Deane Borough Council, Avon and Somerset Police and IBM. The entity provides some services to SCC in particular Accounts Payable, Accounts Receivable, Master Data maintenance, Payroll, Recruitment, ICT support, Customer Contact and some property services.

Statement of Accounts

Financial Statements present the financial results and financial position of the authority for a given year in a prescribed way as to make them comparable with other Local Authorities. They comprise the Movement in Reserves Statement, Balance Sheet (what we own and what we owe), Comprehensive Income & Expenditure Statement (income we have received in the year and how we have spent it), Cashflow Statement (how we have managed our cash) and notes to the accounts which show more detail and help explain the primary statements.

Statutory

Required by law

Surplus

There are two types of surplus. A fund is said to be in surplus when its assets are higher than its liabilities. We achieve an in-year surplus when our income is higher than our spending.

Tax Point

The tax point, or time of supply, is the date when a sale is considered to take place for VAT purposes. There are rules that tell you if this is the date of the actual supply, the date of the invoice or some other date, depending on the circumstances. It's important the right date for the time of supply is on the invoice to make sure the VAT on the invoice is accounted for on the right VAT Return.

Three Way Match

Where a Purchase Order is raised correctly in SAP and then the Goods Receipting is done upon receipt of the Goods or Service then providing the invoice, order and goods receipt match (or are within certain tolerances) then the invoice will be paid without further approval needed

Trading Unit

An area of the Council that trades either with other sections of the Council or externally. They must cover all overheads and expenses from their income and have no cash limited budget allocated to them,

Trust funds

Money that we do not own but that we manage for the owners of the money. The most significant trust fund we manage is the Somerset Pension Fund.

Value Added Tax (VAT)

VAT is a tax that's charged on most goods and services that VAT-registered businesses provide in the UK. It's also charged on goods and some services that are imported from countries outside the European Union (EU), and brought into the UK from other EU countries. It is charged when a VAT-registered business sells to either another business or to a non-business customer. When VAT-registered businesses buy goods or services they can generally reclaim the VAT they've paid.

There are three rates of VAT, depending on the goods or services the business provides. The rates are:

- Standard - 20 per cent
- Reduced - 5 per cent
- Zero - 0 per cent

There are also some goods and services that are:

- Exempt from VAT
- Outside the UK VAT system altogether

Virement

This is a technical term used to define the act of transferring resources from one Budget Head to another.

Whole Life Costing

Whole-life cost analysis is often used for option evaluation when procuring new assets. It includes costs which occur after an asset has been constructed or acquired, such as maintenance, operation, disposal to ensure that the most cost effective solution is acquired. It is important to look at the whole life as something which may be relatively low cost to acquire may have significant maintenance or disposal costs.

Workcycle

The system by which invoices are sent through SAP for approval.

Work-in-progress

The value of work on an uncompleted project at the end of the year which we have yet to recover from the client.

Write-off

To reduce the value of an asset to nothing in a set of accounts.

Other relevant documents can be found on the Council's Intranet at:
These documents include:

- Financial Regulations
- Contract Standing Orders

Both contained within the Constitution pages here:

<http://www.somerset.gov.uk/organisation/key-documents/the-councils-constitution/>

- Anti-Fraud and Corruption Policy
- Anti-Money Laundering Policy
- Anti-Bribery Policy

<http://enterprise.somerset.gov.uk/somerset/resources/legal/communitygovernance/corporategovernance/financialgovernance/index.cfm>

- Income Code of Practice

<http://enterprise.somerset.gov.uk/somerset/resources/finance2011/SCCFinanceVirtualLibrary.cfm>

- SAPNav
- Imprest
- Unofficial Funds
- Schools Financial Management Scheme

Useful Contacts

Strategic Manager, Finance Controls and Standards (Sharon Campbell, ext 5482, sacampbell@somerset.gov.uk)

- Financial regulations and procedures
- Contract Standing Orders
- SAP development, compliance and performance
- SCC Client for AP and AR
- System development
- Children's Services Finance
- Schools Funding and Finance

Strategic Manager, Financial Governance (Martin Gerrish, Ext 5303, mgerrish@somerset.gov.uk)

- Financial governance
- Audit
- Fraud and corruption
- Insurance
- Environment and Community Infrastructure Finance

Strategic Manager, Finance Strategy (Martin Young, Ext 5212, myoung@somerset.gov.uk)

- MTFP/Financial Planning
- Capital Planning
- Budget prioritisation
- Adults and Health Finance

Strategic Manager, Finance Technical (Stephen Morton, Ext.....)

- Financial Accounting (e.g. Statement of Accounts, corporate budget monitoring)
- VAT
- Pensions
- Treasury Management
- Banking and Bank liaison
- Support Services Finance

Specific Service Contacts

Service	Contact	Telephone	e-mail
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Contract Standing Orders	Sharon Campbell	01823 355482	sacampbell@somerset.gov.uk
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Advisory Finance Contacts

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