

# Buckinghamshire and Milton Keynes Fire Authority

## FINANCIAL INSTRUCTIONS

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## **INTRODUCTION AND RESPONSIBILITY**

These instructions are part of the financial control framework, which exists both to ensure the proper application and control of public money and to safeguard the officers involved in financial processes. The framework includes the Authority's Standing Orders as to Contracts, Financial Regulations, these Instructions and any manuals of guidance or financial policy statements issued by the Authority. The Treasurer, in consultation with the Chief Fire Officer, issues these Instructions.

References to 'officer' include all employees of the Authority.

Finance staff are happy to provide assistance in all areas relating to financial management and financial control. In particular, you must seek advice if you are intending to create a new financial procedure, or amend an existing one.

The Treasurer welcomes feedback on the operation of Financial Instructions to ensure they remain relevant and effective. The Treasurer should be contacted if you have comments on the application or operation of particular instructions.

# 1. ANNUAL GOVERNANCE STATEMENT

## Preamble

The Annual Governance Statement (formerly the Statement on Internal Control) is a statutory requirement and is published with the Annual Statement of Accounts. It is signed by the Chief Fire Officer and the Chairman of the Authority. In order for the Statement to be signed, the Chief Fire Officer and the Chairman of the Authority must first be satisfied that they have enough evidence from the organisation to give them assurance that statements made reflect the whole internal control environment. The Authority is required to put in place processes which “provide assurance” that its key risks are being managed and that its controls are working effectively by providing appropriate levels of evidence.

## Instructions

- 1.1 On an annual basis, the Senior Management Team (SMT) shall approve the mechanisms by which assurance will be gathered to support the Annual Governance Statement. This is likely to involve a self assessment against set criteria by:
  - Brigade Managers
  - Designated Corporate Process Owners
  - Designated Corporate Project Owners
- 1.2 All self assessments shall be completed in a pre-defined manner and signed by the appropriate owner who is accountable for that return.
- 1.3 Any areas of risk or internal control weakness identified within the self assessment process must be supported by a risk mitigation action plan. This should be monitored during the year.
- 1.4 Each self assessment return shall be supported by a file of evidence retained by the owner but available for inspection upon demand.
- 1.5 The Chief Fire Officer may require any relevant owner to attend a meeting or forum to seek assurance that identified risks are being mitigated.
- 1.6 Any related material risks or control weaknesses identified during the year must be reported to the Treasurer.

Contact:

*Comment - this needs checking against actual process when that is agreed.*

## 2. ANTI-FRAUD AND CORRUPTION, ANTI-MONEY LAUNDERING

### Preamble

The Authority expects its members and employees and all individuals and organisations with which it comes into contact to act honestly and with integrity and to adhere to legal requirements, rules, regulations and agreed procedures and practices. The Authority will not tolerate any level of fraud or corruption. It requires members and employees to deal promptly and appropriately with those who defraud or attempt to defraud the Authority or who are corrupt. This Instruction should be read in conjunction with the Authority's Anti Fraud and Corruption Policy, Anti-Money Laundering Policy, Whistle Blowing Policy, Code of Conduct for Employees and Code of Conduct for Councillors and Co-opted Members.

### Instructions

- 2.1 The Treasurer will develop and maintain an anti-fraud and corruption policy.
- 2.2 The Treasurer will develop and maintain an anti-money laundering policy.
- 2.3 Brigade Managers and Area Managers are responsible for ensuring that all members of their staff are aware of and comply with these policies.
- 2.4 Brigade Managers and Area Managers are responsible for establishing and implementing effective controls to help prevent and/or detect incidents of fraud or corruption and for creating an environment where employees feel able to raise any concerns they may have.
- 2.5 The Deputy [Chief Fire Officer](#) is responsible for maintaining the Register of Interests and the Register of Gifts and Hospitality and for ensuring that all staff are aware of the arrangements for registering interests and offers of hospitality and/or gifts.
- 2.6 The Authority's disciplinary rules for its employees are such that fraud and corruption are considered to be potential gross misconduct I.
- 2.7 The Authority shall establish arrangements for co-operation and joint working with other bodies, including the police, external audit and other local authorities and shall fully participate in multi-agency initiatives aimed at fraud prevention.

Contact: Treasurer (ext 128)

### **3. BANKING**

#### **Preamble**

The Authority's corporate banking activities are controlled by a single contract which aims to provide a wide range of complex and specialist banking activities. A consistent and secure approach to banking activities is essential in order to achieve optimum performance from the Authority's bankers and the best possible value for money.

#### **Instructions**

- 3.1 All matters connected with the Authority's banking activities shall be undertaken through the banking contract approved by the Executive Committee and under arrangements approved by the Treasurer.
- 3.2 No employee other than the Treasurer shall open a bank account in connection with the Authority's banking activities.
- 3.3 The only cheques to be used are standard issue bank cheques for use on authorised imprest accounts. All other payments shall be made either by BACs or CHAPS payment arranged by the Treasurer. No direct debit payments may be arranged without the agreement of the Treasurer.
- 3.4 All bank accounts shall be reconciled and signed on at least a monthly basis. Any account which does not reconcile should be reported immediately to the Treasurer.
- 3.5 The Treasurer will ensure that the processes for the following will involve more than one officer, and are configured so that authorisation and access security actively prevent one officer from carrying out the whole process:
  - Making a cash, cheque, BACS or CHAPS payment;
  - Receiving income; and
  - Reconciling bank accounts
- 3.6 Staff banking Authority monies should use a branch of the Authority's bankers (currently HSBC).

Contact: Group Manager Exchequer (ext 123)

## **4. BUDGET MONITORING**

### **Preamble**

Effective budget management ensures that resources are used for their intended purposes and are properly accounted for. Budget monitoring is a continuous process, enabling the Authority to review and adjust its budget targets during the financial year. Cost Centre Managers are required to continuously identify and explain variances against budgetary targets throughout the year.

The Authority itself operates within an annual cash limit, approved when setting the overall budget. To ensure that the Authority in total does not overspend, each department is required to manage its own expenditure within the cash-limited budget allocated to it.

Further details are contained in the 'Cost Centre Manager's Guide to Finance', available from the Group Manager Revenue, Finance Department.

### **Instructions**

- 4.1 Brigade Managers and Area Managers have delegated authority to manage their approved budget allocation. They have primary responsibility for maintaining budgetary control within their service areas and are expected to exercise their discretion in managing budgets responsibly and prudently.
- 4.2 Brigade Managers and Area Managers may delegate budget management responsibilities to cost centre managers, however they retain overall responsibility for the management of the budgets and for all income and expenditure within their cost centres.
- 4.3 Brigade Managers and Area Managers must ensure that there is a nominated Cost Centre Manager for each cost centre. As a general principle budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.
- 4.4 Brigade Managers and Area Managers must ensure that
  - they and their Cost Centre Managers understand their financial responsibilities as outlined by Financial Regulations, Financial Instructions, the Cost Centre Manager's Guide to Finance and other guidance and procedure notes as appropriate;
  - all Cost Centre Managers are appropriately trained to carry out their budgetary control responsibilities. All Cost Centre Managers must attend the Financial Training course for Cost Centre Managers, organised by the Finance Department.
- 4.5 Cost Centre Managers must ensure income and expenditure are properly recorded and accounted for and appropriate documentation is retained.

- 4.6 Cost Centre Managers must ensure that appropriate segregation of duties exist to ensure that the same individual cannot raise orders, confirm receipt of the goods, certify invoices and undertake budget monitoring.
- 4.7 Brigade Managers and Area Managers should ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget, and is operating effectively.
- 4.8 Brigade Managers and Area Managers should ensure that spending remains within their service area's overall budget allocation and that individual cost centres are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.
- 4.9 Cost Centre Managers should undertake budget monitoring on a monthly basis using information on SAP and in accordance with guidelines and timescales notified by the Treasurer. This should include, for each budget,
- a comparison of actual expenditure to date and the profiled budget to date, together with reasons for material variances;
  - a forecast outturn, with explanations for forecast under- or overspending against budget and an action plan for how any forecast variances are to be managed.
- 4.10 Cost Centre Managers should discuss the monthly budget monitoring information with Finance staff and provide any other information required by the Treasurer to enable a budget monitoring report to be prepared for SMT, and the Executive Committee.
- 4.11 Budget profiling should be used to facilitate effective budget monitoring. Finance staff will profile budgets at the beginning of each financial year in accordance with available information. If it is considered appropriate, Cost Centre Managers should request amendments to budget profiles during the year.
- 4.12 Virements may be used to assist with budget management if undertaken in accordance with Financial Instruction 28 (*Virements*)
- 4.13 There should be prior approval by the Treasurer and the Authority, the Executive Committee or SMT (as appropriate) for new proposals, of whatever amount, that
- create financial commitments in future years
  - change existing policies, initiate new policies or cease existing policies
  - materially extend or reduce the Authority's services
- A report on new proposals should explain the full financial implications, following consultation with the Treasurer. Unless the Executive Committee or Authority has agreed otherwise, officers must plan to

contain the financial implications of such proposals within their cash limit.

- 4.14 The Treasurer shall establish an appropriate framework of budgetary management and control that ensures that:
- Budget management is exercised within annual cash limits unless the Authority agrees otherwise
  - Each Brigade Manager, Area Manager and Cost Centre Manager has available timely information on expenditure and income on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities.
- 4.15 The Treasurer will prepare and submit reports on the Authority's projected income and expenditure compared to the budget to SMT and the Executive Committee on a regular basis.
- 4.16 The Treasurer will ensure that significant variances from approved budgets are investigated and reported by budget managers regularly.

#### Year End

- 4.17 Following the end of the financial year and in any case not later than a date to be determined by the Treasurer, each Cost Centre Manager will notify the Finance Department in a format pre-determined by the Treasurer of all outstanding items of expenditure and income due relating to goods received or services rendered in the previous financial year.

#### Capital

- 4.18 In addition to the above, the following requirements apply specifically to capital projects:
- Any scheme or allocation which is either forecast to, or actually does, overspend by more than 10% of the agreed allocation must be reported to the Treasurer, SMT and the Executive Committee setting out the reasons why and remedial action being taken to recover the overspend.
  - All disputes and contractor claims in relation to Final Accounts for contracts must be identified by the relevant project manager and the Treasurer must be consulted if a contingent liability may be required.
  - At year end, genuine slippage, bonds, final account payments and retention monies will be carried forward to the extent that the remaining budget allows.
  - Apart from retention monies, underspends on completed projects will not be carried forward at year end.

Contact: Group Manager Revenue (ext 271)  
Group Manager Capital (ext 121)

## 5. CAPITAL

### Preamble

Capital expenditure is an important element in the development of the Authority's services. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs. All capital investment must be supported by a Project Initiation Document (PID) for capital projects available from the Group Manager (Capital) and submitted and approved in accordance with the Medium Term Financial Planning process set down by the Treasurer.

### Instructions

- 5.1 A capital scheme can only go ahead once all the necessary approvals, outlined below, have been obtained.
- 5.2 Each scheme will have a named project manager who is accountable for the scheme.

#### Business Case

- 5.3 A Statement of Business Requirements (SOBR) must be produced for all schemes. This will include the contribution the scheme will make to the Authority's strategic aims and objectives.
- 5.4 The SOBR must be submitted to the relevant Board, Group or SMT for approval; i.e. property projects will initially be considered by the Property Group, vehicle requirements will be considered by the Appliance group, etc..
- 5.5 When outline approval has been given to the SOBR the project manager must prepare the business case for the scheme (the Project Initiation Document - PID). This will include the estimated capital costs of the scheme analysed by type of expenditure and profiled across financial years. It will also include ongoing revenue costs which will arise from the scheme. The project manager must liaise with the Finance Department (Group Manager Capital) to agree the costings to be included in the PID.
- 5.6 A bid for a 'block allocation' e.g. for Planned Property Maintenance, does not require a business case submission but must include prioritised, costed recommendations from the GM Property which has been reviewed by the Property Group.

#### Annual Approval Process for Capital Programme

- 5.8 Schemes for which a business case has been approved will be submitted to SMT. Annual proposals for Planned Maintenance recommended from the Property Group, Equipment and Vehicle

Replacement, etc, will also be submitted to SMT. SMT will review and prioritise schemes and make proposals to the Executive Committee for schemes to be included in the draft Capital Programme within available resources, as part of the Medium Term Financial Planning process.

- 5.9 The Authority will approve the Capital Programme following consideration of the recommendations of the Executive Committee. Only when a scheme has been approved by the Authority for inclusion in the Capital Programme can any expenditure be incurred.
- 5.10 If a tender process reveals a total capital cost that exceeds the approved business case by 10% or more the tender must not be let and a report setting out reasons for the increase and recommendations for addressing the shortfall must be submitted to the Treasurer and SMT as appropriate and then to the Executive Committee for approval.

#### Monitoring

- 5.11 Monitoring of capital projects must be undertaken in accordance with procedures outlined in Financial Instruction 4 (*Budget Monitoring*).
- 5.12 Any scheme or allocation which is forecast to, or does, overspend by more than 10% of the approved capital programme allocation must be reported by the Project Manager to SMT or the Project Board as appropriate, setting out the reasons why and action taken or proposed to recover the overspend, and then to the Executive Committee for approval if required.

#### Post Project Review

- 5.13 Where a project has been monitored by the Project Board, project managers must complete an End Project Report within 6 months of project completion for all major projects and submit this to the Project Board. This should involve a financial analysis of the outturn cost of the project compared to the estimated costs.

#### Further details

- 5.14 Further details on the processes, procedures and responsibilities for obtaining approval to capital schemes are contained in the Cost Centre Manager's Guide to Finance, available from the Group Manager Revenue in the Finance Department and the Project Management Handbook (OC53-06).

Contact: Group Manager Capital (ext 121)

## 6. CONTRACTS FOR BUILDING AND CIVIL ENGINEERING WORKS

### Preamble

Contracts must conform with the Authority's Standing Orders as to Contracts and Procurement Strategy. Contracts for building and civil engineering works often involve substantial payments on account spread over a long period followed eventually by a final settlement on the basis of a detailed final account agreed by both contractor and employer. These instructions are designed to ensure that payments are controlled, that certificates and variation orders are signed by authorised employees and that the detailed account is correct before the final payment is released.

### Instructions

- 6.1 All contracts entered into on the Authority's behalf will be subject to the Authority's Standing Orders as to Contracts.
- 6.2 All payments on account to contractors for building or civil engineering contracts shall only be made in accordance with a certificate issued by the appropriate architect or by such other person previously agreed with the Treasurer. Such certificates shall show:
  - a. The amount of the contract;
  - b. Any additional expenditure approved;
  - c. The total amount of certificates previously paid.
  - d. Where VAT is payable, the amount of the payment chargeable to tax and the amount of tax payable
  - e. The amount of the certificate; and
  - f. The percentage and amount of retention money, if any.
- 6.3 Where private architects, engineers or consultants are engaged to supervise contracts, they shall either sign the certificates or verify the sums due for subsequent authorisation by the appropriate authorised officer who appointed them.
- 6.4 Every extra or variation on a contract for building or civil engineering work shall be authorised in writing by an officer whose name shall be in a list approved by the Treasurer and reviewed annually, except that, where consultants have been engaged to supervise contracts, written authorisation will be given by the consultants in accordance with the terms of their appointment.
- 6.5 If an extra or variation on a contract results in the estimated cost of the tender or scheme exceeding that approved by the Authority, then the

reason for and the amount of the extra or variation shall be reported to the Treasurer and the Property Group and subsequently to SMT and the Executive Committee for approval.

- 6.6 The final payment certificate of any contract shall not be issued until the appropriate architect, engineer or consultant has submitted to the Treasurer a detailed statement of account with particulars of additions, deductions, omissions and all relevant documents, as required.
- 6.7 Payment of all invoices must be processed in accordance with Construction Industry Scheme Tax requirements (see Financial Instruction *15 Invoices and Accounts for Payment*).
- 6.8 No contracts may be let, nor any expenditure incurred in connection with any contract, unless the Authority has approved capital and/or revenue estimates to cover such expenditure.
- 6.9 The Treasurer, or an officer nominated by him/her, shall, to the extent considered necessary, examine final accounts for contracts and shall be entitled to make such enquiries and receive such information and explanations as may be required, in order to establish the accuracy of the accounts. This requirement is in addition to auditor rights of access as outlined in Financial Regulation C.13.

Contact: Area Manager Property, Procurement and Transport (ext 1126)

## 7. CREDIT CARDS

### Preamble

Credit cards are issued to certain officers for the purchase of goods and services included in the Authority's approved budget. These instructions provide guidance on the use of such cards and should be read in conjunction with the Authority's Policy on Brigade Credit Cards OC53/05 and Financial Instruction 15 (*Invoices and Accounts for payment*).

### Instructions

- 7.1 The approval of the Treasurer is required for the issue of a credit card to an officer of the Authority.
- 7.2 Designated card holders are responsible for the security and use of the cards issued to them.
- 7.3 The cards should only be used for official business purposes and for expenditure, on goods or services, which is included in the Authority's approved budget. Under no circumstances may they be used for personal items, including alcoholic beverages, or for any other purpose.
- 7.4 Purchases made using the credit card must follow the Authority's processes and procedures for the approval of expenditure as set out in Financial Instruction 15 (*Invoices and Accounts for Payment*).
- 7.5 A receipt for all expenditure and where applicable a proper VAT invoice must be obtained. Each month full details for each item of expenditure should be recorded on a memorandum (FB1). This shall include details of the items purchased (including number, price, type etc), names of persons/guests for whom expenditure was incurred eg if a meal was purchased, the budget code for each item and any other relevant information. This memorandum should be signed by the cardholder and forwarded within two weeks of the end of the month to the Finance Department, together with all receipts/invoices. The relevant Finance Officer will verify the expenditure against the Authority's bank statement.
- 7.6 Failure to provide a receipt as proof of business usage may result in reimbursement for the costs being taken directly from the officer's salary.
- 7.7 Expenditure should only be for ad-hoc purchases. Credit card procurement must not be used to replace or circumvent the requirements of purchase orders and contracts (see Financial Instructions 6 (*Contracts for building and civil engineering works*) and 18 (*Ordering*)).

7.8 The submission of false or fraudulent claims is considered gross misconduct and as such may lead to disciplinary action..

Contact: Group Manager Revenue (ext 271)

## 8. DEBT MANAGEMENT

### Preamble

It is important that all monies invoiced by the Authority are recovered and to that end outstanding debt must be monitored on a regular basis. Debts should be managed in accordance with these instructions together with the Authority's Debt Management Policy (OC53/03), Financial Regulations D9 and D10 and Financial Instruction 11 (*Income*).

### Instructions

- 8.1 Invoices must be raised on the relevant accounting system clearly showing full details of what the charge is for, the correct billing address and when the payment is due to be paid by as per Financial Instruction 11 – Income. The 'relevant accounting system' will be SAP unless the Treasurer has approved use of an alternative system.
- 8.2 The Treasurer will obtain a monthly debt report to provide information on outstanding debts.
- 8.3 If debt remains outstanding after the payment due date, the following action will be taken :-
- |           |  |
|-----------|--|
| After     |  |
| 7/10 days | 1 <sup>st</sup> reminder                               |
| 14/21days | 2 <sup>nd</sup> reminder                               |
| 30 days   | Final contact after that refer to legal for collection |
- 8.4 Telephone calls and/or emails to outstanding debtors to chase payment are also acceptable if deemed appropriate. Details of such dialogue will be recorded on the relevant accounting system.
- 8.5 The Treasurer reserves the right to charge interest on outstanding debts in accordance with prevailing legislation. This will be done in consultation with departments.
- 8.6 The Treasurer reserves the right to withhold credit for debtors with outstanding debts. This will be done in consultation with departments.

### Debt Write Off

- 8.7 If a debt has not been recovered after 90 days or following a recommendation for write off from Legal Services, consideration will be given to writing off the debt. The Treasurer will consult the budget manager/Area Manager whose budget will meet the cost of the write off.
- 8.8 No money due to the Authority shall be written off without the following authorisation:

- For debts up to and including £500 in relation to any individual debtor – the Treasurer
- For debts over £500 and up to £5,000 in relation to any individual debtor – the Treasurer and SMT
- For debts over £5,000 in relation to any individual debtor – Executive Committee to approve on recommendation from Treasurer.

8.9 The Authority reserves the right to recover any debt incurred from a member of staff dismissed for fraud, theft or corruption.

. Contact: Group Manager Capital (ext 121)

## **9. EXTERNAL FUNDING**

### **Preamble**

External funding can potentially be an important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Authority.

### **Instructions**

- 9.1 Each area of external funding should have a defined responsible manager within the Authority. This individual should ensure that
- All claims for funds are made by the due date;
  - All expenditure is properly incurred and recorded in accordance with the agreed funding;
  - Any match funding requirements are considered prior to entering into agreements and that these are reflected in future revenue budgets/medium term financial plans as appropriate.
- 9.2 The Treasurer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Authority's accounts, and that audit requirements are met.

Contact: Group Manager Revenue (ext 271)

## 10. IMPREST ACCOUNTS

### Preamble

An imprest advance can be made to a designated individual (imprest holder) with the approval of the Treasurer and is for the payment of relatively small incidental payments. Imprest Accounts must be managed in accordance with these Instructions and OC53/01 – Imprest Accounts and Petty Cash.

### Instructions

- 10.1 Where appropriate, the Treasurer will open an imprest bank account with the Authority's bankers for use by the Station/Department. The Station Manager / Department Manager (imprest holder) is responsible for the account and shall ensure a record of all receipts and payments is maintained in the form and manner prescribed by the Treasurer. The imprest holder may be held responsible for making good any shortfall in the account.
- 10.2 The imprest holder shall cause this account not to be overdrawn. It shall be a standing instruction to the Authority's bankers that the amount of any overdrawn balance shall be reported to the Treasurer. Imprest holders must ensure that they make regular claims through the SAP system as set out in OC53-01 to ensure the account is not overdrawn.
- 10.3 The imprest amount will reflect need and will be set by the Treasurer. Where the amount of the imprest advance proves to be inadequate, the imprest holder should contact the Treasurer with a view to increasing the advance, either on a permanent or temporary basis, as appropriate.
- 10.4 Cash receipts must not be paid into the imprest account, but must be paid over to the Treasurer as provided in Financial Instruction 11 (*Income*).
- 10.5 The following rules shall be observed in connection with disbursements from imprest accounts:
  - a) An account reconciliation shall be carried out at the end of each month between the bank, cash held and outstanding vouchers/claims. This information shall be sent to the Finance Department each month in accordance with the timescale notified by the Treasurer;
  - b) Accounts must be reconciled as at 31 March each year and a certificate of the advanced balance completed in a format and timescale prescribed by the Treasurer;
  - c) The imprest administrator shall keep a record of all imprest claims on the SAP system and apply for top up payments through the SAP system;

- d) Individual payments shall be limited by type and value, as determined by the Treasurer;
  - e) Personal, or other, cheques must not be cashed from an imprest account;
  - f) Cheques should only be signed after all the details on the cheque i.e. payee, amount in words and figures have been entered. On no account should cheques be pre-signed;
  - g) Where VAT is to be recovered the imprest holder should ensure that the appropriate VAT requirements are met, see also Financial Instruction [27](#) (VAT).
- 10.6 Each imprest holder shall forward to the Treasurer annually a certified list of the names and specimen signatures of staff authorised to certify vouchers for payment from the imprest. Imprest holders must notify the Treasurer promptly in writing of any amendments required to this list eg when employees leave.
- 10.7 In order to obtain authorisation for a member of staff to become a cheque signatory for an imprest account the imprest holder should complete and personally sign the relevant form (which they should obtain from the Treasurer) and forward this to the Treasurer, who will certify the form and forward to the Authority's bank. Imprest holders must notify the Treasurer promptly when a member of staff should no longer be an authorised cheque signatory eg when an employee leaves, and the Treasurer will inform the bank accordingly.
- 10.8 It is essential that the Treasurer be informed promptly of any changes required to the account, e.g. cheque signatories, as the Authority's bankers will only accept changes in account details authorised by the Treasurer.
- 10.9 When a designated imprest holder leaves the employment of the Authority, transfers or otherwise ceases to be entitled to hold an imprest, an account reconciliation must be undertaken and signed by the imprest holder and another authorised signatory. Where the imprest account is handed over to a new officer, that officer will also carry out a reconciliation on taking over the account and sign it.
- 10.10 The imprest holder has responsibility for ensuring the appropriate security of cash, vouchers and receipts.
- 10.11 All summary expenditure transactions and reimbursement claims shall be recorded on the relevant accounting system.

Contact: Group Manager Exchequer (ext 123)

## 11. INCOME

### Preamble

There must be proper processes and procedures in place for the receipt of all income due to the Authority and this Instruction should be read in conjunction with Financial Regulations D9 and 10, Financial Instruction 8 (Debt Management), the Authority's Debt Management Policy and Anti-Money Laundering Policy, and Charging Policy.

### Instructions

- 11.1 All systems of income collection and records of monies due to the Authority for payment into the central bank account shall be approved in writing by the Treasurer. Income collection into local bank accounts is only permitted with the specific approval of the Treasurer. All debtor accounts should be raised on SAP unless specific approval is given by the Treasurer to use alternative established systems. No other methods of invoice generation are permitted.
- 11.2 The Authority's standard terms and conditions should be established prior to delivery of goods and services. The Authority's standard payment term is 14 days.
- 11.3 Cost centre managers must ensure that throughout the financial year invoices are submitted promptly so that income due to the Authority is maximised. Cost centre managers should ensure that debtor accounts are raised on SAP within 24 hours or as soon after the service is provided as is practicable clearly showing full details of the charge, the correct billing address and the date payment is due.
- 11.4 The section that has provided the service or goods will be responsible for resolving all disputes and queries about costs of goods or services supplied within one week of supply. If a dispute results in a need to raise a credit note the section should contact the Finance Department immediately to request that a credit note is raised on SAP and provide full details of the reason for the credit, which will be recorded on SAP and included on the credit note.
- 11.5 Debtor accounts for services provided continuously should be raised on SAP on at least a quarterly basis. This applies also to periodic income and recurring / regular income such as leases and hire charges.
- 11.6 Immediately after the end of each financial year, and not later than a date to be determined by the Treasurer each year, each cost centre manager must notify Finance Department, in a format determined by the Treasurer, of all outstanding debtors where work has been completed, goods supplied or services rendered in the previous financial year, to ensure that all monies due to the Authority are allocated to the correct financial year. Any outstanding income falling

within the scope of the Local Authorities (Goods and Services) Act 1970 should be separately identified.

- 11.7 For those items where income is due to the Authority but a debtor account is not raised, e.g. employee personal mobile phone calls, all income must be accounted for properly and in a timely manner.
- 11.8 Employees accepting monies on behalf of the Authority must always issue either an official receipt to the payee in a format approved by the Treasurer, or in the case of credit card payments the credit card receipt.
- 11.9 All official receipt forms not generated by SAP which acknowledge income due to the Authority shall be ordered and issued by the Treasurer. The documentation shall be kept securely and records of use maintained.
- 11.10 Any employee who receives money on behalf of the Authority shall keep an accurate record of all receipts. All monies should be forwarded, with relevant supporting information, direct to the Finance Department as soon as possible and at least within one week of receipt. The relevant Finance Officer will receipt the income on SAP and ensure it is banked in a timely manner and at least within one week of receipt.
- 11.11 Monies received shall not be used to cash personal or any other cheques.
- 11.12 Where departments receive income by credit card these transactions shall be accounted for in compliance with the "Retailer Operating Instructions" supplied by the bank issuing the credit card terminal.
- 11.13 The Authority can accept direct debit payments. Cost centre managers must provide information to the Finance Department to create this facility if appropriate.
- 11.14 All arrangements for the collection of income by electronic means shall be subject to the approval of the Treasurer.
- 11.15 The Treasurer is the appointed Money Laundering Reporting Officer (MLRO). Any cash receipt of a significant sum can only be accepted if processed in accordance with the Anti-Money Laundering Policy.
- 11.16 Brigade Managers, Area Managers and cost centre managers are responsible for notifying the Treasurer of any grant income due and to ensure it is received and properly recorded in the Authority's accounts. They should also ensure that the funding is spent in accordance with the grant's terms and conditions.

Contact: Group Manager Capital (ext 121)  
Group Manager Revenue (ext 271)

## **12. INFORMATION SYSTEMS**

### **Preamble**

Management Information Systems are central to the effective delivery of the Authority's services and management of resources. They include complex corporate ICT systems, business critical service specific systems and comparatively simple locally developed spreadsheets and databases. Many are in daily use as a basis for making key business decisions. These instructions exist to provide a consistent framework of best practice for the acquisition, implementation, operation and development of these systems.

### **Instructions**

- 12.1 The Manager of Information & Communications (ICT) shall liaise with the Treasurer to ensure that there is a corporate approach to the implementation of the Authority's financial system, its integration with other Authority systems and also to ensure that available technical expertise is utilised to the fullest extent.
- 12.2 The Manager of Information & Communications (ICT) must obtain the Treasurer's agreement for the proposed acquisition of, development of, or amendment to systems which involve financial operations or produce information which will form the basis of financial decisions.
- 12.3 The Manager of Information & Communications (ICT) shall consult with and obtain the agreement of the Treasurer on the appropriateness of controls which need to be built into systems to achieve an acceptable level of security should the system interface with the Authority's financial system.
- 12.4 Any new system or proposed development should comply with the principles of Best Value by offering systems of high quality to deliver agreed outputs at a competitive cost. Post Implementation Reviews should be carried out to establish whether the anticipated benefits were realised.
- 12.5 The Manager of Information & Communications (ICT) is responsible for ensuring proper security, password protection, privacy and back-ups concerning information held in the Authority's computer installations and for the implementation and compliance with prevailing legal requirements.
- 12.6 An audit trail should exist to allow for an item to be traced both forwards through the system from the initiation document or entry to the final destination or output, and backwards from the final destination to the initiation document.
- 12.7 For the purpose of the Data Protection Act 1984, the Manager of Information & Communications (ICT) will liaise with and advise the

nominated Data Protection Officer. All staff are responsible for ensuring compliance with any legal, statutory, regulatory or contractual obligations, including the requirements of the Data Protection Act.

- 12.8 The Manager of Information & Communications (ICT) shall be responsible for the safe custody of all computer hardware and software used by the Authority, including compliance with software licence agreements. He/she shall maintain an inventory of all equipment and application software in accordance with the requirements of Financial Instruction 14 – Inventories.
- 12.9 The Manager of Information & Communications (ICT) shall, in consultation with the Business Continuity Manager, Area Manager Policy and Planning and the Treasurer, develop and maintain recovery plans to ensure that systems can be restored within an acceptable timescale in the event of a disaster or software/hardware failure. Regular testing should take place to ensure the adequacy and effectiveness of such plans. All systems should be regularly backed up.

Contact: Manager of Information & Communications (ICT)

## **13. INSURANCE**

### **Preamble**

The insurance of the Authority's assets and potential legal liabilities arising from its various activities is an essential service that the Authority has agreed to operate centrally. These instructions seek to provide a common process which will ensure that insurable risks are continually reviewed and appropriate cover provided.

### **Instructions**

- 13.1 The Treasurer shall effect all insurance cover and appoint an officer to deal with all claims (the Claims Officer), in consultation with other officers where necessary.
- 13.2 Brigade Managers and Area Managers shall give prompt notifications, confirmed in writing, to the Treasurer of all new risks, including financial, property, equipment or vehicles, which may require to be insured and of any new activities or changes, including contractual or partnership risks that may impact upon the Authority's existing risk profile.
- 13.3 Brigade Managers and Area Managers shall immediately notify the Claims Officer in writing of any loss, liability or damage or any event likely to lead to a claim under the Authority's insurance programme so as not to prejudice the value of the insurance protection available to the Authority. Such notification should be in the format prescribed by the Treasurer. The Police and Internal Audit will be notified of loss or damage if appropriate.
- 13.4 The Treasurer shall annually, or at such other period as may be required to meet existing contractual or European competition legislation, review all external insurance arrangements.
- 13.5 Brigade Managers and Area Managers shall consult with the Treasurer and the Head of Legal Services concerning the terms of any indemnity that the Authority is requested to give potentially impacting on the Authority's insurance arrangements.
- 13.6 Brigade Managers, Area Managers and other managers shall comply with requirements notified by the Treasurer for claims handling procedures including response times for information. Any loss arising from non-compliance will be a cost to the department concerned.

Contact: Treasurer (x 128)

## 14. INVENTORIES

### Preamble

The Authority has a duty to minimise the risk of loss or theft of its physical assets. In addition to making proper security arrangements to safeguard assets, an accurate record (Inventory) should be maintained to enable verification of the existence and location of assets.

These instructions (in addition to Financial Regulation C.21) set out overall requirements and roles and responsibilities for creation, maintenance, control and inspection of inventories, the notification of missing items and the disposal of surplus or damaged assets.

### Instructions

14.1 Each Brigade Manager, Area Manager, or Station Manager shall ensure that an inventory is maintained for appropriate physical assets under his/her control. The basic criteria for inclusion of an item is where the value is over £50 (not furniture & fittings) or the item can be deemed to be portable and desirable in nature.

14.2 The inventory must be in a form approved by the Treasurer. This can either be a bound book with numbered pages or a secure computer system. When the Miquest system is fully operational items may be recorded in that system with the agreement of the Treasurer. Whichever system is used, a full description of the item must be recorded to include:

- Description / make / model;
- Serial number (or identifying mark);
- Date of purchase and cost (exclusive of VAT); and
- Location.

Where items are recorded in the Miquest system, officers should follow the procedures as laid down in the guidance notes (tba).

14.3 Each Area Manager and Station Manager shall arrange for all inventories to be checked at least annually and for the checks to be evidenced on a hard copy of the inventory by the date and the signature of the officer carrying out the check.

14.4 Where items of a material value (>£1000 per item or per group of items or as required for the Miquest system) are found to be missing these should be reported immediately to the Treasurer and the relevant Area Manager and Station Manager. If theft is suspected, the Treasurer will also notify Internal Audit if appropriate.

14.5 No article with an estimated current value exceeding £500, or a number of articles with a total estimated current value exceeding £500 shall be written off without the approval of the Treasurer.

- 14.6 Where an employee ceases to be responsible for the maintenance of an inventory and hands over the responsibility to a new officer, all items on the inventory should be checked and the inventory signed and dated by the outgoing and incoming officers.
- 14.7 No item should be removed from the Authority's premises unless it is in accordance with the ordinary course of the Authority's business and as such must only be used for the Authority's purposes.
- 14.8 Where inventory items are temporarily removed from the Authority's premises under the normal course of an employee's duties (e.g. pool mobile phones), a record should be maintained of the whereabouts of all such items. The officer responsible for the items should sign the record to take custody of the item and another officer should sign the record when the item is returned to the office.
- 14.9 Staff who have items of equipment in their personal custody on a permanent basis (e.g. laptops for home-working) should complete and sign a custody form on at least an annual basis which should be counter-signed by their line manager as approval. Staff will be expected to return all such equipment to the office on an annual basis for inspection by their line-manager. This must be evidenced on the custody form.
- 14.10 Whenever an officer leaves, hands over or ceases to be responsible for the custody of any property of the Authority which is entered on an inventory, the relevant Manager shall ensure that a check is made of that property and that the outgoing and incoming officers sign a handing-over certificate or an item return and reallocation record within the inventory.

#### Surplus, obsolete or unserviceable items

- 14.11 A check should be made to determine whether there is a corporate policy for disposal of the item. For Red Fleet vehicles where the value exceeds £2,500. the Executive Committee must approve the method of disposal.
- 14.12 For items other than those to which the previous paragraph relates, disposal should be by public auction, trade-in, competitive tender or by obtaining three written quotations from suitable contractors/purchasers, or as approved by the Treasurer. All disposals are subject to obtaining advice from the Treasurer on the likely market for the items and the relative costs of disposal.
- 14.13 The officer responsible for the disposal must demonstrate that the Authority is receiving value for money and that the contractor used is reputable. The officer must comply with the Authority's Anti Money Laundering Policy. Evidence of all of these requirements must be retained by the responsible officer.

## Disposal Methods

14.14 Brief points regarding some different methods of disposal are given below.

a) Public Auction

Auctions may be suitable for items for which there is likely to be keen competition from a wide market of potential cash purchasers or for items of an unusual nature but for which there is likely to be a ready market. An auction may quickly conclude competition and identify the successful bidder who will sign a binding contract at the sale. There is, therefore, a degree of immediacy provided by the auction process, which is absent in other methods of sale.

b) Formal Tender/Sealed Offers

Formal tenders may be considered appropriate where there is a defined market and a perceived demand for the item to be sold. As there is no flexibility in the post-tendering procedures, it may be felt that the use of this method restricts the market since interested purchasers may need to incur costs before submitting offers (which, if accepted, become legally binding) without any assurance that they will be successful. The sealed offer process is relatively simple and inexpensive both in terms of the Authority's administration and financial commitment.

Contact: Group Manager Capital (ext 121)

## **15. INVOICES AND ACCOUNTS FOR PAYMENT**

### **Preamble**

These instructions seek to provide a consistent framework throughout the Authority for the payment of invoices for goods and services received. There is a need to ensure that there is a segregation of duties involved in the checking of invoices/ credit notes, in order to reduce the risk of fraud. These Instructions support Financial Regulations, in particular Financial Regulations C11 and D9-13. Invoices should be supported by an authorised order unless the expenditure is in support of an existing contract.

### **Instructions**

- 15.1 The supplier shall be asked to quote on the invoice the name of the place where the work was done or goods delivered, together with a reference to the order number and delivery note, if this is applicable. Invoices should be sent to the establishment issuing the purchase order unless the purchase order specifies an alternative arrangement. Where suppliers render accounts in non-paper format the Treasurer must first approve the process for requesting the goods and the payment of such accounts prior to the order being made. Apart from petty cash payments from imprest accounts the only method of payment of money due from the Authority is by approved electronic transfers from the Authority's bank account.
- 15.2 Employees of the Authority must not make out invoices nor shall an employee of the Authority add any additional items to an invoice rendered by a supplier. Invoices shall not be accepted in which the details are not written in ink or typewritten.
- 15.3 No amendments shall be made to Value Added Tax (VAT) invoices. All VAT invoices requiring amendment shall be returned to the supplier for any amendment necessary, in accordance with VAT regulations. For non-VAT invoices amendments can only be made with the permission of the supplier. Details of the changes agreed with the supplier, together with the name of the supplier's representative agreeing to the changes, should be recorded on, or attached to, the invoice.
- 15.4 Before certifying an invoice for payment, the cost centre manager or his/her authorised representative shall ensure that:
  - a) the goods have been received, examined and approved as to quality and quantity, or services rendered or work done satisfactorily;
  - b) the value of the invoice agrees to the goods received and authorised order;
  - c) any specific authorisation that is required, e.g. Quantity Surveyor valuation certificate for construction works invoices, has been obtained;

- d) the price(s) charged, discounts, tax rates and the arithmetic are correct;
- e) the expenditure is covered by an approved budget;
- f) appropriate entries have been made in stores records or inventories as required
- g) the account has not previously been passed for payment; and
- h) the cost centre allocation of the expenditure and relevant VAT classification code are correct.

The Treasurer may agree in writing that for some invoices certain of the conditions shown above may be waived.

- 15.5 The employee certifying each of the foregoing matters shall sign in his/her own name or initial with his/her own initials on the invoice and also make the appropriate entry on any electronic authorisation process. Invoices input to SAP should be bar coded and sent for scanning.
- 15.6 Timely processing of invoices must be undertaken in compliance with the statutory requirements regarding prompt payment.
- 15.7 The employee who certifies the invoice as correct shall not be the person who has certified the receipt of the goods or the completion of the work. Wherever possible the three duties attached to each transaction of ordering the item(s), confirming the receipt and certifying the invoice as correct for payment shall be performed by different employees. It is an essential requirement that no one person should control the whole process.
- 15.8 All invoices submitted for payment, except those for items specifically listed in Financial Instruction 18 (*Ordering*) as not requiring an order, shall be accompanied by a copy of the order. Where an invoice is for part of an order, the order number shall be entered on the invoice and the copy of the order shall accompany the final invoice, unless otherwise agreed in writing with the Treasurer.
- 15.9 Where a cost centre manager wishes to make payment on a "copy invoice" he/she must ensure that:
  - a) It is clearly marked as a "copy invoice";
  - b) There is no previous record of the invoice having been passed for payment;
  - c) All relevant enquiries have been made to the SAP system;
  - d) Internal controls exist to ensure that should the original invoice appear at a later date the invoice will not be passed for payment again.
- 15.10 Statements sent by suppliers to departments should be checked against the creditors system to see if they have been paid. Under no circumstances should payment be authorised on a statement.

- 15.11 As soon as possible after the end of each financial year, and in any case not later than a date to be determined by the Treasurer each year, each budget holder should notify the Finance Department, in a format determined by the Treasurer, of all outstanding items of expenditure relating to goods received or services rendered in the previous financial year.
- 15.12 Where invoices relate to "construction" and fall within the terms of the HMRC Construction Industry Tax Deduction Scheme, the Treasurer will maintain records of those suppliers who carry out construction operations. If a tax deduction applies to the supplier the SAP system will only allow input of invoices from the supplier by authorised Finance staff. Cost centre managers must check the invoice and certify it for payment then send it to the Finance Department for input to SAP. The deduction will be taken from the invoice, net of VAT, and forwarded to HM Revenue and Customs.
- 15.13 A list of names and specimen signatures of employees who may authorise invoices for payment on behalf of the Authority shall be prepared annually, at the beginning of each financial year, by each budget manager in a format prescribed by the Treasurer. The list shall be personally certified by the budget manager or his/her line manager as appropriate. The list should also show limits of authority and permitted areas (types) of expenditure for each individual. The list must be forwarded to the Treasurer who shall maintain a composite list of authorised signatories for the Authority. Cost centre managers must notify the Treasurer promptly in writing of any amendments required to this list e.g. when employees leave. Cost centre managers must also provide confirmation to the Treasurer that user profiles within any electronic purchasing application are appropriate.

Contact: Finance Officer - Exchequer (ext 123)

## **16. LEASES**

### **Preamble**

The accounting arrangements and requirements for leases are complex. It is therefore essential any when considering how to finance a purchase cost centre managers seek the advice of the Treasurer. This applies to both operating and finance leases

### Instructions

- 16.1 Cost centre managers must seek the advice of the Treasurer before agreeing to any lease arrangements for goods or services.
- 16.2 Any lease contract must be reviewed by the Treasurer and the Head of Legal Services prior to any agreement being signed.
- 16.3 Any proposal for financing expenditure through a lease must be approved by the Treasurer who will seek assurance that the method demonstrates value for money and is the most appropriate financing method for the circumstances.
- 16.4 A copy of the lease agreement must be sent to the GM Procurement for safekeeping and for adding to the contracts register and to the Treasurer for the evidence required for the Statement of Accounts.

## 17. MEDIUM TERM FINANCIAL PLANNING

### Preamble

The Medium Term Financial Plan (MTFP) links the Authority's strategic aims and objectives as set out in the Integrated Risk Management Plan (IRMP) with the resources available to the Authority. It is constructed so as to ensure that resource allocation properly reflects the priorities of the Authority. The MTFP is reviewed annually as part of the budget cycle and is expressed as the Authority's detailed annual budget for the first year and an outline budget for the following two years.

### Instructions

- 17.1 Brigade Managers and Area Managers in conjunction with their budget managers are responsible for reviewing the MTFP annually, taking account of service plans and priorities, and for submitting updated plans covering the following three years in accordance with guidance and timescales notified by the Treasurer.
- 17.2 The MTFP for each cost centre should begin with the previous year's approved three year MTFP unless otherwise notified by the Treasurer. Any variations must be fully explained. Where the Treasurer considers it is appropriate a zero based budgeting approach will be taken.
- 17.3 The Treasurer will report to the Executive Committee on the indicative budget position for the Authority, taking into account the Government's Comprehensive Spending Review and any other relevant information.
- 17.4 The Treasurer will determine the format of the MTFP and detailed annual budget in accordance with any general directions from the Executive Committee and after consultation with SMT.
- 17.5 Brigade Managers, Area Managers and their budget managers will be provided with a detailed budget timetable and budget guidance notes to enable the annual budget to be completed by the statutory deadline. The guidance will set out the responsibilities for the completion of the plans. Brigade Managers, Area Managers and budget managers will be required to explain any material variances from prior year planning assumptions and plans.
- 17.6 Bids for additional funds for new initiatives / priorities should be outlined as such and submitted with a supporting business case. Bids for capital funds can only be made if all necessary approvals have been obtained, see Financial Instruction 5 (*Capital*).
- 17.7 When preparing draft budget requirements Brigade Managers, Area Managers and their budget managers should have regard to:
  - IRMP

- Spending patterns and pressures revealed through the budget monitoring process
- The identification of opportunities to improve economy, efficiency and effectiveness and to achieve savings
- Legal requirements
- Policy requirements in the Authority's approved policy framework
- Initiatives already underway
- Relevant cash limits
- The Authority's Invest to Save Policy ([OC 54/01](#))

17.8 The Treasurer will report the overall MTFP, incorporating the draft annual budget for the following year, to the Executive Committee. The report will take into account the rolling capital programme and any other matters the Treasurer considers relevant to the financial position of the Authority. It will identify the resources available to fund the plans and the implications for the level of Council Tax to be levied. The Executive Committee is responsible for recommending the MTFP and budget to the Authority, which has responsibility for approval of the budget.

Contact: Group Manager Revenue (ext 271)

## **18. ORDERS FOR GOODS, WORKS AND SERVICES**

### **Preamble**

Orders create contracts and commit the Authority to expenditure. It is therefore vital that the ordering process fully protects the Authority's interests and that the ability to sign or authorise orders, whether electronic or paper, is strictly controlled. This Financial Instruction should be read in conjunction with the Authority's Standing Orders as to Contracts, the Procurement Strategy and Financial Regulations (specifically D7, D9 and D4).

### **Instructions**

- 18.1 The cost centre manager shall be responsible for all orders issued from his/her department for goods, works or services.
- 18.2 Only officers authorised by the cost centre manager and agreed by the Treasurer shall order works, goods, or services and commit expenditure on behalf of the Authority.
- 18.3 A list of names and specimen signatures of employees who may authorise orders on behalf of the Authority shall be prepared annually, at the beginning of each financial year, by each budget manager in a format prescribed by the Treasurer. The list shall be personally certified by the budget manager or his/her line manager as appropriate. The list should also show limits of authority and permitted areas (types) of expenditure for each individual. The list must be forwarded to the Treasurer who shall maintain a composite list of authorised signatories for the Authority. Cost centre managers must notify the Treasurer promptly in writing of any amendments required to this list e.g. when employees leave. Cost centre managers must also provide confirmation to the Treasurer that user profiles within any electronic purchasing application are appropriate.
- 18.4 The Stores Manager shall control the issue of official order books and requisition books within the Authority. The form of, design of and system for issuing order books shall be agreed with the Treasurer.
- 18.5 All paper orders shall be on official order forms. Where it is necessary to place telephone or verbal orders these should be confirmed immediately on an official order and clearly endorsed as confirmatory.
- 18.6 An authorised officer shall sign every paper order in his/her own name in ink. Electronically transmitted orders shall be authorised by an approved officer in such a way that the officer can be uniquely identified.
- 18.7 The cost centre manager is responsible for ensuring that the cost of orders placed is within approved budgets.

- 18.8 Each order must conform with the Authority's Procurement Strategy, Standing Orders as to Contracts, Financial Regulations and relevant EU procurement rules and should secure best value for money. Cost centre managers and Area Managers are responsible for ensuring that orders are only sent to appropriate suppliers who will not present financial or reputational risk to the Authority. Cost centre managers are required to seek approval for suppliers from the GM Procurement who will perform the necessary checks.
- 18.9 Procedures outlined in Standing Orders as to Contracts must be followed when orders exceed the particular thresholds for obtaining quotes or tendering.
- 18.10 The procurement of work, goods or services must not be broken down into units in order to bring it below the quotation or tendering threshold, thereby circumventing the intention of Standing Orders.
- 18.11 Where corporate contracts exist these must be used. Approved lists of suppliers will be compiled and maintained by the GM Procurement.
- 18.12 Orders are not required for the following types of expenditure:
- Rents and business rates
  - Utilities – gas, electricity, water, telephone accounts
  - training courses, seminars where payment is sent with the booking form (otherwise an order is required).
- The written agreement of the Treasurer must be obtained for other exceptions.
- 18.13 Upon delivery or completion of the goods or services or works, the order must be confirmed as received using the appropriate method, eg completing a goods received form. *Financial Instruction 25 (Stores)* and *Financial Instruction 14 (Inventories)* may also be applicable.
- 18.14 Cost centre managers and Area Managers must ensure separation of duties so that no one officer is able to carry out all parts of a financial transaction such as the ordering, order authorisation, goods receipting and invoice verification of a single purchase.
- 18.15 All Officers of the Authority have a duty to declare any links or personal interests that they may have with suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Authority, in accordance with the Code of Conduct for Employees. Failure to do so may render an individual liable to criminal proceedings under section 117 Local Government Act 1972
- 18.16 Official orders must not be used for any personal, private or unofficial purchases nor must personal or private use be made of Authority contracts or similar arrangements.

Contact: Group Manager Exchequer (ext 123)

Department: Finance

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## **19. PARTNERSHIPS**

### **Preamble**

Partnerships can play a key role in delivering IRMP objectives and community strategies and in helping to promote and improve the well-being of the area. The main reasons for entering into a partnership are to provide new and better ways of delivering services, to find new ways to share risk and/or the ability to access new resources.

### **Instructions**

19.1 Each partnership should have a defined responsible manager within the Authority. This person is responsible for ensuring that

- The partnership is appraised for financial viability in both the current and future years;
- The financial risk to the Authority is assessed;
- Appropriate resources are assigned to the governance of the partnership;
- The partnership is supported by an appropriate documented agreement which outlines the financial liabilities and accountabilities of the partners, together with procedures for financial transactions and monitoring, and which has been agreed in writing by all partners; and
- The accounting arrangements are satisfactory.

The Treasurer must be consulted and his/her agreement obtained to the acceptability of the details in respect of the above prior to commencement of the Partnership.

19.2 Approval of the Treasurer is required for any partnership where a pooled fund operates. If the Authority is the lead partner for the pooled fund the partnership agreement or SLA should require that each partner complete financial returns for the Authority in a format and timeframe prescribed by the Treasurer.

19.3 Where a Local Authority Company is to be established the approval of the Treasurer and the Head of Legal Services is required.

Contact: Treasurer (ext 128)

## **20. PROJECT MANAGEMENT**

### **Preamble**

A project is a unique set of co-ordinated tasks, with definite starting and finishing points, undertaken to meet specific objectives within defined schedule, cost and performance parameters. All projects should be managed in accordance with the Project Management Handbook - OC53/06.

### **Instructions**

20.1 The Project Board is responsible for the overall monitoring of projects and has the right to refer issues arising from projects reports to SMT and/or the Executive Committee/ Audit Committee.

Contact: Business Support Officer (ext 142)

## **21. RESERVES – EARMARKED**

### **Preamble**

An Authority must decide the level of general reserves it wishes to maintain before it can decide the level of Council Tax. Reserves are maintained as a matter of prudence. They enable the Authority to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained, such as for insurances or for the purchase of capital items. The policy for reserves is set out in the Financial Reserves Policy document (OC54/04).

### **Instructions**

- 21.1 For each reserve established, the purpose, usage and basis of transactions should be clearly identified.
- 21.2 Reserves should be managed in accordance with the relevant codes of practice on local authority accounting in the United Kingdom and agreed accounting policies.
- 21.3 The Treasurer shall advise the Authority on prudent levels of reserves for the Authority, and take account of the advice of the external auditor in this matter.
- 21.4 The Treasurer shall ensure that there are clear protocols for the establishment and use of reserves. Any movement to or from reserves should be fully documented and include justification for the movement and approval from the Treasurer.
- 21.5 Resources must only be used for the purposes for which they were intended and usage should comply with protocols and procedures as laid down by the Treasurer.
- 21.6 The use of reserves must be monitored during the year as part of normal monitoring arrangements and SMT should confirm any continuing need for the reserve to the Treasurer as part of year end procedures.

Contact: Treasurer (ext 128)

## **22. RISK MANAGEMENT**

### **Preamble**

All organisations face risks to people, property and continued operations. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the Authority and to ensure continued financial and organisational well-being. Each Brigade Manager is responsible for identifying and managing strategic and operational risks within their service areas. Risks must be managed in accordance with Financial Regulations C.2 to C.5, these Financial Instructions and the Authority's Corporate Risk Management Policy – OC57. The Executive Committee shall regularly review the Corporate Risk Register.

### **Instructions**

- 22.1 Area Managers should review risks in their areas on a regular basis (at least quarterly) and report any new or increased risks to the Area Manager Policy and Planning, who in turn will report to the SMT..
- 22.2 All financial risks of a material nature must be notified to the Treasurer.
- 22.3 The Area Manager Policy and Planning shall review risks reported to him/her and discuss the adequacy of individual risk management plans, recommending proposals to improve these if they are considered insufficient. He/She should escalate all significant risks to SMT.
- 22.4 The SMT is responsible for monitoring risks reported to it and seeking assurance that risks are effectively mitigated.
- 22.5 All staff should ensure risks are identified and managed in accordance with Financial Regulations C.2-5 and OC57 – Corporate Risk Management Policy.

Contact: Group Manager Revenue (ext 271)

## **23. SALARIES, WAGES, ALLOWANCES AND PENSIONS**

### **Preamble**

The cost of salaries and wages is a significant element of the Authority's budget. It is essential that proper controls and authorisations are in place and that an adequate segregation of duties is maintained.

### **Instructions**

- 23.1 The payment of all salaries, wages, allowances, pensions, compensation and other emoluments to all officers or former officers of the Authority shall be made under arrangements approved by the Treasurer.
- 23.2 The design and methods of acquisition and issue of stationery in connection with the payment of salaries, wages and allowances shall be agreed by the Treasurer. All timesheets or other payment documents, whether in paper or electronic format, will be in a form prescribed or approved by the Treasurer.
- 23.3 An Application to Recruit form must be completed by each cost centre manager who wishes to recruit a member of staff, on either a permanent, temporary or secondment basis, including temporary promotions and additional responsibility allowances. This form must be authorised by the relevant Director, the Treasurer and, if applicable the Chief Fire Officer before forwarding to the Area Manager Human Resources. This form must be completed before any recruitment takes place.
- 23.4 The Area Manager Human Resources shall notify the Treasurer as soon as possible, and in a form agreed by the Treasurer, of all matters affecting the payment of salaries, wages and allowances and in particular: -
- a. Appointments, resignations, dismissals, suspensions, secondments and transfers;
  - b. Changes in remuneration, allowances and pay awards and agreements of general application, including salary sacrifice agreements
- 23.5 Such information as the Treasurer may require for the payment of salaries, wages and allowances shall be certified as correct for payment by the relevant cost centre manager and/or the Area Manager Human Resources or officers appropriately authorised by them, who shall sign their own name(s) in ink.
- 23.6 Prior to the end of each financial year the Area Manager Human Resources will inform line managers which members of their staff

would be eligible for an annual increment on the following 1 April and request that line managers approve which members of their staff should receive an increment. Line managers must provide this information to the Area Manager Human Resources within the required timescales. The Area Manager Human Resources will consequently provide the Payroll Manager with details of those staff for whom an increment has been approved.

- 23.7 Monthly Attendance and Overtime Records (Form FB22) shall be completed each month by each budget manager and submitted to the Finance Department in accordance with timescales notified by the Treasurer. The forms shall be certified by two relevant authorised officers who shall sign their own names in ink. One signatory should be the relevant cost centre manager or his/her line manager.
- 23.8 Where timesheets or other payment documents are in electronic form, prior to the completed form being submitted to the Finance Department two hard copies should be produced and signed by both the officer completing the form and the cost centre manager or other authorised signatory. One signed copy should be retained by the cost centre manager, the second signed copy should be sent to the Payroll Manager. On receipt of the electronic form the Payroll Manager will lock the data to prevent subsequent amendment.
- 23.9 A list of names and specimen signatures of employees who may certify payroll information as correct for payment shall be prepared annually, at the beginning of each financial year, by each cost centre manager in a format prescribed by the Treasurer. The list shall be personally certified by the cost centre manager or his/her line manager as appropriate. The list should also show limits of authority and permitted areas of expenditure for each individual. The list must be forwarded to the Treasurer who shall maintain a composite list of authorised signatories for the Authority. Cost centre managers must notify the Treasurer promptly in writing of any amendments required to this list e.g. when employees leave or transfer.
- 23.10 All appointments or variations to contract shall be made in accordance with the appropriate terms and conditions of service and decisions of the Authority and the approved establishments, grades and rates of pay.
- 23.11 The Treasurer shall maintain an appropriate segregation of duties so that no one individual can process a payment instruction in full. The demarcation of these duties will separate data input of payment instructions into SAP from payment processing via BACS or CHAPS payments. The Treasurer will also ensure that the process for making a BACS or CHAPS payment involves more than one officer, and is configured so that authorisation and access security actively prevent one officer from carrying out the whole process.

- 23.12 All payments must be processed in accordance with the PAYE and NIC rules contained in the Income Tax and Social Security Acts in place at the time.
- 23.13 The Treasurer will ensure that a monthly reconciliation of total PAYE, National Insurance Contributions, recoverable Statutory Leave payments, and Student Loan deductions is completed and the appropriate remittance made to Her Majesty's Revenue & Customs (HMRC) within required timescales. Further reconciliations and payments will also be made for court orders, pension contributions, net pay, and other third party payments.
- 23.14 The Treasurer will ensure that all in year documentation and statutory annual returns required by HMRC are completed by either paper report or in electronic format as appropriate and submitted to HMRC within relevant deadlines.
- 23.15 All stakeholders (including the employee) have a responsibility to report an overpayment of salary at the earliest opportunity to both the Payroll Supervisor and Cost Centre Manager. The Cost Centre Manager in consultation with the Payroll Manager shall arrange immediate repayment. Variations to this requirement require the Treasurer's approval and should only be granted in exceptional circumstances.

### **Pensions**

- 23.16 Pension Services for the Firefighters' Pension Scheme and the Local Government Pension Scheme are provided through a Service Level Agreement (SLA) with Buckinghamshire County Council. The Treasurer and the Area Manager Human Resources will ensure that their respective responsibilities under the SLA are undertaken within the agreed timescales.

Contact: Group Manager Revenue (ext 271)

## **24. SECURITY OF ASSETS**

### **Preamble**

The Authority holds valuable assets in the form of property, vehicles, equipment, furniture, ICT and other items. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. This instruction should be read in conjunction with FI 14 (Inventories).

### **Instructions**

- 24.1 Brigade Managers or their nominated staff shall maintain asset registers which will comply with the appropriate Accounting Codes of Practice and statutory requirements in consultation with the Treasurer.
- 24.2 The Group Manager, Procurement shall have the custody of all title deeds under secure arrangements.
- 24.3 Brigade Managers and Area Managers should ensure that all staff are aware of their responsibilities with regard to safeguarding the Authority's assets and information, including the requirements of the data protection, licencing and copyright legislation.
- 24.4 Brigade Managers and Area Managers should ensure that all staff are aware of their responsibilities with regard to safeguarding the security of the Authority's computer systems, including maintaining restricted access to the information held on them and compliance with the Authority's computer and internet security policies.

## **25. STOCKS AND STORES**

### **Preamble**

Area Managers shall be responsible for the safeguarding and accounting for stocks and stores. Appropriate arrangements should be made for stock checking, security and record keeping commensurate with the value and attractiveness of the stores items.

These Instructions should be considered in addition to Financial Regulation C.21.

### **Instructions**

- 25.1 All goods received must be checked for quantity and quality, and the supplier immediately notified of any discrepancy. The appropriate goods received record must be made.
- 25.2 Every issue of stores must be supported by a requisition note stating the quantity of goods required and signed by an officer authorised to do so by the Area Manager, except where the Treasurer has agreed otherwise. The person receiving the goods must receipt such requisition notes.
- 25.3 Every officer responsible for the receipt and issue of stocks and stores shall keep such records of their transactions as the Treasurer may determine in order to maintain efficient control of the receipts and issues of such stores. All such records shall be in a form approved by the Treasurer.
- 25.4 Area Managers shall hold stocks only to the level determined for operational needs. Stock levels should be reviewed regularly.
- 25.5 The method of stocktaking shall be approved by the Treasurer. Where continuous stocktaking is applied, all stores shall be checked at least once in each financial year. Stock sheets must be prepared at every stocktaking showing actual stocks in hand, balances shown in the stores accounts and any surpluses or deficiencies.
- 25.6 Stocktaking shall be supervised by a responsible person (wherever practicable someone other than the storekeeper or person in charge) acting on behalf of the Area Manager and both the person taking the stock and the person supervising shall certify the stock sheets.
- 25.7 Each storekeeper shall supply to the Treasurer annually, not later than a date to be notified by the Treasurer each year, a certificate:
  - a. Stating that stocktaking has been carried out in accordance with the agreed procedure in all areas under his/her control; and

- b. Summarising the value of stocks and stores held at each of these locations/establishments at 31 March.
- 25.8 Area Managers shall provide such information as the Treasurer requires in relation to stores for the accounting, costing and financial records. The Treasurer shall submit a summary of the value of stocks and stores held at the end of the financial year to the Executive Committee.
- 25.9 Obsolete or unserviceable stores should be disposed of in accordance with the disposal provisions in Financial Instruction 14.
- 25.10 Any material variation (over £500) identified between actual and expected stock holding, either at any stocktaking or otherwise, shall be reported to the Treasurer. Such report shall state the quantities and current values in question, together with any other relevant information. No individual discrepancy or group of discrepancies with a total value exceeding £500 shall be written off without the approval of the Treasurer.
- 25.11 A reference shall be given in the stores records to the authority under which any deficiency is written off or any surplus brought into store records as new stock.
- 25.12 Whenever a storekeeper or person in charge of stores hands over, leaves or ceases to have custody of stores, the Area Manager shall ensure that a check is made of the stores concerned and the stock sheets shall be certified in accordance with paragraph 25.6
- 25.13 Keys to safes, storerooms and secure areas etc are to be kept in the possession of nominated responsible persons at all times. Brigade Managers should keep records of keyholders.

Contact: Group Manager Capital (ext 121)

## **26. TRAVEL AND SUBSISTENCE AND OTHER EXPENSES**

### **Preamble**

These instructions seek to provide a consistent framework for claims, certifications and payments of the correct amounts due, using approved administrative systems.

### **Instructions**

- 26.1 All certified claims for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be submitted to the Payroll Manager at the end of each month in accordance with the timescales notified by the Treasurer. All claims must be in a form approved by the Treasurer.
- 26.2 Where an officer has a leased car a return must be made at the end of each month to the Fleet and Fuel Officer in accordance with timescales notified by the Treasurer, recording the private mileage completed during the period. A return must be made whether business mileage has been undertaken or not. The Fleet and Fuel Officer will provide relevant information to the Payroll Manager for inclusion in the salary payment.
- 26.3 VAT receipts (where applicable) for expenses should be attached to the claim form unless otherwise agreed by the Treasurer.
- 26.4 The authoriser will verify the claim against receipts where relevant. The certification for payment by an authorised officer shall mean that the journeys were authorised, the expenses have been properly and necessarily incurred on Authority business and that the allowances are properly payable by the Authority.
- 26.5 A list of names and specimen signatures of employees who may certify expenses claims as correct for payment shall be prepared annually, at the beginning of each financial year, by each cost centre manager in a format prescribed by the Treasurer. The list shall be personally certified by the cost centre manager or his/her line manager as appropriate. The list should also show limits of authority for each individual. The list must be forwarded to the Treasurer who shall maintain a composite list of authorised signatories for the Authority. Cost centre managers must notify the Treasurer promptly in writing of any amendments required to this list e.g. when employees leave or transfer.
- 26.6 Officers' claims submitted more than three months after the expenses were incurred will be paid only with the express approval of the Treasurer.
- 26.7 Elected Members who are entitled to claim travelling or other allowances should complete the prescribed form and submit to the

Executive and Member Support Officer. He/she will forward these completed forms to the Payroll Manager for payment. All claims for a financial year are to be submitted in accordance with timescales as notified by the Treasurer.

Contact: Group Manager Exchequer (ext 123)

## **27. VAT**

### **Preamble**

Generally the Authority is able to recover Value Added Tax (VAT) it incurs in excess of that it receives. However it is important that the correct accounting treatment is applied to VAT in order to avoid penalties being imposed by Her Majesty's Revenue and Customs (HMRC).

### **Instructions**

- 27.1 Cost centre managers are responsible for correctly accounting for VAT in respect of income and expenditure.
- 27.2 The Treasurer shall issue guidance to cost centre managers and line managers to assist them in correctly accounting for VAT. Managers shall seek advice from the Treasurer where the correct VAT treatment is in doubt.
- 27.3 Any misdeclaration or other penalty imposed by HMRC shall be the responsibility of the cost centre manager and shall be charged to the relevant budget unless it results from incorrect advice given by the Treasurer.
- 27.4 The Treasurer is responsible for ensuring that the monthly VAT Return to HMRC is completed correctly and submitted to HMRC by the due date. There shall be separation of duties in that one member of staff shall calculate the amount due and a second member of staff shall verify that the calculation is correct and shall sign and date the control sheet accordingly, before submitting the return electronically. The person submitting the return shall also sign and date the control sheet.
- 27.5 The Treasurer shall ensure that financial control systems bring all VAT liabilities to account and that VAT is recovered to the fullest possible extent as early as possible.
- 27.6 The Treasurer is responsible for ensuring that voluntary disclosures are made to HMRC for VAT errors identified. Consequently all VAT errors identified by managers must be notified to the Treasurer irrespective of value.
- 27.7 In accordance with the Value Added Tax Act 1994 records shall be retained for at least six years (plus current year). The records must be in sufficient detail to allow calculation of the correct VAT and allow HMRC to readily check figures submitted on the VAT Return.

Contact: Group Manager Revenue (ext 271)

## 28. VIREMENT

### Preamble

Virement is a transfer of budget provision either within or between budget headings. It is intended to enable the Executive Committee, SMT and budget managers to manage budgets with a degree of flexibility within the overall policy framework and cash limit agreed by the Authority, and therefore to optimise the use of resources. These Instructions set out the authorisations required for virement to take place.

### Instructions

28.1 Virements can be exercised within the limits shown below subject to the provisions in the subsequent paragraphs:

Limits	Virement to be approved by			
	Cost centre manager(s)	Treasurer	SMT	Executive Committee
Up to £50,000	Y	Y		
£50,000 to £150,000	Y	Y	Y	
Over £150,000	Y	Y	Y	Y

- 28.2 The approval of the Executive Committee is also required to a virement if
- it involves resources not being used for the purposes approved by the Authority (a change in policy)
  - it results in an addition to commitments in future years
  - it involves a transfer of resources between revenue and capital in excess of £10,000; or
  - the Treasurer requires it.
- 28.3 Proposed changes to the budget which increase the Authority's total expenditure and require either the use of the Authority's reserves or increased borrowing must be approved by the Executive Committee which may choose to recommend approval by the Authority.
- 28.4 No virement relating to a specific financial year should be made after 31 March in that year.
- 28.5 All requests for virement must initially be made by forwarding a completed and signed Virement Request Form (available on N:/Common/Std Forms/Finance Forms/Virement form request (Excel spreadsheet) to the Finance Department.

Contact: Group Manager Revenue (ext 271)