

Required Financial Practice Notes

1. INTRODUCTION

1.1 These Financial Practice Notes represent mandatory practice that must be followed. They are maintained by the Chief Finance Officer and must be followed by all officers of the Council whether directly employed, contracted or employed through an agency in their conduct of financial and related matters. They detail the controls and process required over the following areas of financial activity:

- revenue budgets
- the capital programme
- financial systems and accounting
- procurement & contracts
- orders & payments
- expenditure items
- income and debt
- external arrangements
- risk management and control of resources
- retention of documents

2. REVENUE BUDGETS

2.1 General Provisions

2.1.1 The consolidated budget estimate report to the executive should include the allocation of resources to different services and projects, proposed taxation levels and contingency funds and balances. The report should also include a budget plan for at least the next three years

2.1.2 The HRA should include proposed rent levels, proposed service charge levels, estimates of expenditure and resources over 3 years

2.2 Setting the Revenue Budget

2.2.1 Service Area draft budgets must be submitted to the Chief Finance Officer in accordance with the prescribed timescale, cash limit and in compliance with the budget setting guidelines issued annually by the Chief Finance Officer.

2.2.2 The standard budget types are original budget, internal virements, external virements and current budget. These shall all be recorded in the general ledger.

2.3 Budget Monitoring & Forecasting

2.3.1 Virements can be

- (a) within a part of the budget under a budget holders direct control
- (b) within a Departmental Service Area
- (c) between Service Departments or

- (d) the allocation of new resources by Full Council during the year. Where these occur they must comply with the relevant Standing Orders and the Scheme of Transfers and Virements.
- 2.3.2 All virement movements will be made by journal and must contain adequate narrative and be supported by accurate working papers.
- 2.3.3 Each subjective code (or project code) must have a budget entered into the general ledger
- 2.3.4 Each single cost centre must have a single named Budget Holder
- 2.3.5 Each budget must have an accurate budget profile entered within the general ledger
- 2.3.6 A budget monitoring statement and performance data must be reported to the service area management team on a monthly basis.
- 2.3.7 Budget monitoring statements should set out; spend to date, Budget to date, variance year end forecast, total budget and should include systems generated accruals and commitments. .
- 2.3.8 Budget performance statements should include target outputs for year, outputs to date etc etc
- 2.3.9 All monitoring statements should be available to the CFO by the 10th working day of each month.
- 2.3.10 All budget variances (i.e. forecast overspend or forecast reductions in income) must be reported.
- 2.3.11 Budget forecasts should be prepared in accordance with forecasting guidelines issued by the CFO

2.4 Budget Overspends

- 2.4.1 An overspend must be dealt with by action to correct it. This may mean changing policy, service levels and staffing levels or virements from elsewhere.
- 2.4.2 Where the action to be taken to control overspends or to meet any new expenditure involves the application of “compensating savings” or being “met within existing budgets” then the precise budget heads must be identified and detailed. Any service implications must be fully stated. If details are not provided then the action will not be regarded by the CFO as satisfactory
- 2.4.3 Any overspend of controllable expenditure has the effect at outturn of reducing the Councils balances. Subject to any decision to the contrary by Full Council the service responsible for the overspend will be required to replenish the Councils balances from its own resources in the following year.

2.5 Budget surpluses/ under spends

- 2.5.1 A surplus/underspend is only achieved after all items of expenditure and income relating to the year have been accounted for in full and proper allowance has been made for any uncollectable debts and disputes in relation to creditors and any Reserves and Provision established by the CFO under the scheme of Transfers & Virements

- 2.5.2 No budget holder should incur expenditure or raise any commitment for the purpose of avoiding a surplus position. This includes transferring of funds to external partners or agencies.

3. THE CAPITAL PROGRAMME

- 3.1 The Capital Programme comprises of capital schemes that incur expenditure on assets which will provide economic benefits in future years (e.g. service provision, or reduction in expenses). Assets include plant, property, and equipment, and intangible assets such as software.

3.2 Authorisation and Financing

- 3.2.1 Approval from the Executive is necessary for all capital schemes. Until approval of the Executive is granted there is no authority to incur expenditure on capital scheme other than those costs involved in preparing the scheme and its estimate, i.e. fees for architects, quality surveyors and engineers.

- 3.2.2 Once approved by the Executive, expenditure can only be incurred if the Council's Contract Standing Orders have been complied with.

- 3.2.3 When resources have been allocated by the Executive, each service area must prepare a draft programme within the following constraints:

- it should not exceed the capital resources allocated for the financial year,
- the expenditure must comply with the definition of capital expenditure and the criteria set by Government Departments for grant and other funding regimes,
- commitments in future years must not exceed the budget agreed by the Council, and
- any 'ring fenced' allocations must be maintained.

- 3.2.4 Draft programmes must be submitted to the Executive for approval. The report must seek individual scheme approval and must provide timely and accurate information that includes:

- a detailed appraisal of the all proposed schemes in financial terms. The financial merits and disadvantages of each scheme must be made clear to Members. This may include the use of techniques such as discounted cash flow or cost benefit analysis and must consider whole life costs and alternative procurement mechanisms.
- where a scheme impacts upon residents and/or businesses in Brent, an appraisal of the impact of the proposal in social terms: the social merits and disadvantages of each scheme must be made clear to Members,
- the total cost of the scheme and the phasing of these costs where they extend beyond one year.
- any revenue costs associated with the asset including running costs and capital charges.
- the service outputs expected from the capital investment.
- a risk analysis dealing with the development, construction, funding, and future service and revenue impacts of the scheme.
- where required by the Executive, block allocations should be broken down to scheme level and prioritised in accordance with policy guidelines.

- 3.2.5 All transfers and virements must be in accordance with the scheme of transfers and virements and any relevant standing orders. Any variation from the scheme of Transfers & Virements requires the approval of Full Council.
- 3.2.6 Adjustments to Service Area capital programmes can be made during the year to reflect changes, for example in priority or the resources available provided that such adjustments are made in accordance with the Scheme of Transfers and Virements in this part of the Constitution.
- 3.2.7 Provision for costs associated with final accounts or retentions are the responsibility of service departments and are required to build in budgets for this purpose
- 3.2.8 Post completion reviews must be undertaken for all schemes valued in excess of £500k.
- 3.2.9 Adequate option appraisal must be undertaken on all individual schemes valued in excess of £500k. This should include design & construction options together with likely cost implications, contract procurement options and funding options.

3.3 Underspends and Slippage

- 3.3.1 Slippage on scheme budgets identified at year end will be treated as if an underspend. During the year they will be allowed to be carried forward where there is an existing contractual agreement for the provision of the works related to the scheme or where the scheme covers more than one financial year and costs are being re-phased.
- 3.3.2 Expenditure will be treated as an overspend where a project is financed and by a grant, and slippage has occurred so that expenditure intended to be funded by the grant occurs after the deadline permitted by the grant,.

3.4 Capital Expenditure

- 3.4.1 Orders placed and payments made shall be the same as in **Orders & Payments**.

4. FINANCIAL SYSTEMS AND ACCOUNTING

4.1 Accounting Systems and Procedures

- 4.1.1 All officers involved in operating accounting systems and undertaking financial procedures must receive proper assessment of their financial skills and learning and development needs.
- 4.1.2 An annual “Closing Your Accounts” document will detail all end of year reporting requirements.
- 4.1.3 Users of the financial system will be allocated responsibilities covering the functions detailed below. Proper segregation of duties must be maintained at all times. The valid responsibilities cover-

	Accounts Payable	Accounts Receivable	General Ledger	Cash Management
Responsibility:				
Input	Yes	X	X	X
Payment	Yes	X	X	X

Validation	Yes	X	X	X
Entry	X	Yes	X	X
Remittance	X	Yes	X	X
Journal entry	X	X	Yes	X
Journal approver	X	X	Yes	X
User	X	X	X	Yes
Inquiry	Yes	Yes	Yes	Yes

4.2 Accounts and Accounting Policies

4.2.1 Where accounting records are held or bank accounts maintained, the responsible officer shall:

- Prepare accounting statements as directed by the CFO
- determine month and year end debtors/creditors/prepayments and receipts in advance.
- ensuring that accounting policies are adhered to and applied consistently,
- ensuring compliance with the *Closing Your Accounts* document and agreed timetables,
- ensuring they are maintained, securely held, complete and accurate.
- Reconcile the accounts payable and receivables with the general ledger
- That VAT, Income Tax and other statutory additions deductions are properly calculated and accounted for on all transactions where appropriate.
- supply the CFO with such details of statutory additions/deductions as are required to meet the appropriate accounting requirements and enable the submission of statutory returns.
- ensure that bank accounts under their control are reconciled. That Debtor & Creditors Accounts, VAT and Payroll are reconciled on a regular monthly basis and at the end of each financial year and that holding Accounts and Suspense Accounts must be cleared on a regular monthly basis and, if there is any balance at the end of the financial year, this must be justified.
- Ensure journal entries are properly evidenced to incorporate adequate explanatory narrative and cross-referenced to proper working papers.
- Ensure supporting documentation and audit trail to justify figures in accounting statements
- Ensure supporting documentation is retained for inspection for a period complying with the rules on retention of documents.

5. PROCUREMENT, CONTRACTS & LEASING

5.1 In order to ensure compliance with the prudential framework, officers may not enter into any leasing agreements or any other loan or financing arrangements for the acquisition of property, vehicles, plant or equipment without the prior consent of the Chief Finance Officer.

5.2 Under the International Financial Reporting Standards (IFRS), contracts may contain embedded leases. Any contract that requires the use of specific assets (as defined by IFRS) may contain a lease. These contracts will have to be assessed by the CFO.

5.3 Agreements utilising specific assets may not be entered into without the prior consent of the CFO.

- 5.4 The financial impact of any contract variation or amendment must be determined. Adequate budget cover must be demonstrated and the impact reported to the Service Area Director before any change is made.
- 5.5 Any departure from the blue book must be agreed with the relevant manager, notified to the Chief Finance Officer and the reasons for departure recorded in the contract file. Elements of this guidance set out legislative requirements and the Council's own rules. These elements are highlighted within the Guidance and compliance with these elements is mandatory in order to avoid the Council acting illegally and cannot be departed from in any circumstances. The guidelines cover the following topics; Legal and Regulatory Framework; Procurement without Formal Tendering; Formal Tendering; Contract Management and Termination and Works contracts using the JCT
- 5.6 A copy of all contracts shall be retained by the issuing service.. Any subsequent variation or amendment to a written contract shall be made only by those staff authorised to do so and changes formally noted and recorded.
- 5.7 The acquisition of IT hardware, software or services must be made through the Head of ITU

6. ORDERS & PAYMENTS

6.1 Orders

- 6.1.1 Official orders must be issued to suppliers for all work, goods or services to be supplied to the Council at the time the order is agreed. Officers must not place orders for private use
- 6.1.2 All requisitions/orders must be approved by the Budget Holder in the first instance and then follow the systems scheme of delegation through the approval levels. The council's standard approval hierarchy must be complied with.
- 6.1.3 Officers approving requisitions/orders must ensure that:
- value for money has been obtained in the purchasing of all goods and services;
 - the requisition is lawful expenditure and be satisfied that the goods and services ordered are appropriate and needed;
 - the correct code has been used to charge that expenditure;
 - that adequate budget exists;
 - necessary quotations or tenders have been received;
 - VAT amounts have been entered correctly
 - be satisfied that any contractor is technically competent, has sufficient financial standing to carry out the work and can produce work, goods and services to the required quality;
 - Full and accurate details of the supplier have been captured.
- 6.1.4 All goods and service received must be receipted on the procurement system by officers authorised to do so. Receiptors must inspect the goods and service and receipt only those items actually received.
- 6.1.5 Any variations to orders must be input into the procurement system and approved. Cancelled orders must be actioned on the system promptly.
- 6.1.6 Retrospective orders shall not be made unless covered by circumstances agreed by the Chief Finance officer

6.2 Payments

- 6.2.1 No payment shall be made unless supported by an invoice, a direct expenditure form or a CHAPS request.
- 6.2.2 Where orders have been raised through the procurement system the corresponding invoice must match the invoice before it is paid. Matching items must be the purchase order number, the quantity and the net amount.
- 6.2.3 The invoice will be scanned into and then matched within the system. Fully matched invoices will be passed for payment. Partially matched invoices will be manually matched following investigation and resolution of unmatched lines.
- 6.2.4 Those officers responsible for invoice or DEP entry, manually matching invoices, validating or preparing payment runs must not have any responsibilities within the procurement system or for raising payment requests.
- 6.2.5 Payments put on hold by the system must be investigated and resolved and can then only be released for payment by validators
- 6.2.6 Where an invoice is received relating to services or works procured outside of the procurement system then it must be directly input into the Accounts Payable only after it has been matched to supporting information and certified by the budget holder. Except in an emergency the invoice must not be a photocopy or faxed
- 6.2.7 Internally generated payment are known as Direct Expenditure Payments and must be directly input into the Accounts Payable after an approved payment request form has been received and adequate supporting information has been provided.
- 6.2.8 Where an invoice is received outside of the procurement system or an DEP is raised both documents must be:
- Checked to ensure it is properly payable, arithmetically correct and includes the appropriate VAT details;
 - Marked to demonstrate compliance with the above and authorised for payment by an appropriate officer;
 - Certified to show it has been checked to ensure it has not been previously paid and that it is coded correctly.
- 6.2.9 Those officers responsible for validation must ensure that all invoices “on hold” are investigated and resolved before they are released for payment.
- 6.2.10 When validators are validating payment batches they must check to ensure that all invoices contained within a batch have been matched to PO’s or properly released from hold before validating the payment batch. The payment batch must be reconciled to the control value and total number of invoices to be paid.
- 6.2.11 Those officers authorised as BAC’s signatories shall ensure that batch totals and values are correct. The officer can sample check individual items and has a right to query an payment or request any information they deem necessary.
- 6.2.12 Those officers signing cheques shall satisfy themselves that the payment has been properly approved.

- 6.2.13 Internal trading or recharge transactions shall be undertaken by journal transfer.
- 6.2.14 In cases where goods are ordered from abroad it may be necessary to make a payment in a foreign currency. These arrangements should always be made through the Council's bank using GPC card, Bank-line or Foreign Draft.
- 6.2.15 Payments to self-employed persons employed by Units, as consultants or temporary workers must be treated with extreme care. Before paying an invoice to a self employed person the paying unit must satisfy themselves of the tax status of the person. If in any doubt the person must be paid through the payroll.
- 6.2.16 For payments where interest is payable, income tax must be deducted from the interest at the prevailing rate. A certificate of deduction of income tax must be completed and sent to the payee.

7. EXPENDITURE ITEMS

7.1 GPC / Business credit cards /Pre pay cards

- 7.1.1 The cardholder must be an employee of the Council
- 7.1.2 These cards must only be used for the purpose detailed on the application form
- 7.1.3 The application must be approved by the budget holder and the Finance Business Partner to confirm usage is for a valid purpose. All applications must be signed by a principal signatory.
- 7.1.4 Card users must:
- Keep their cards and PIN numbers securely
 - Not exceed the transactional or total spend limits agreed
 - Notify the bank immediately of any suspected fraudulent activity or loss of the card. A replacement card must always be requested
 - Cancel and return their cards upon leaving the employment of the council
- 7.1.5 GPC and credit cards must not be used for drawing cash
- 7.1.6 The budget holder and Finance & Corporate Service must review usage to ensure cards are not being misused.

7.2 Payroll

- 7.2.1 All payments to employees and former employees of salaries and wages - including London Weighting - overtime, fees, commissions, bonuses, performance related pay, contract additions, leased car allowances, honoraria, sickness payments - including SSP and SMP - holiday pay, pensions compensation, other emoluments and other taxable and/or superannuable payments must be made through the payroll system. They must not be paid out of petty cash, or through Account Payable. This is essential to ensure that all statutory deductions and pension contributions are correctly made and paid over.
- 7.2.2 Any payments made to employees, which are taxable benefits but are not made through the payroll system, must be declared to the HM Revenue & Customs via the P11d return.
- 7.2.3 In no circumstances may a member of staff authorise or process a transaction in relation to their own remuneration

- 7.2.4 All appointments must be made in accordance with the framework of terms and conditions, including grading structures and pay scales, approved by the General Purposes Committee (and available from Human Resources)
- 7.2.5 Officers exercising monitoring of payroll should not be able to authorise payments of the same.
- 7.2.6 All car mileage payments must be made through the payroll. Car mileage claim forms must be sent to Payroll Section with a valid cost code.
- 7.2.7 It is the responsibility of the Manager to ensure that settlement of any Council loans is agreed when completing the leaving notice. A copy of the notice must be sent to Finance & Corporate Services if the leaver has an outstanding loan.

7.3 Compensation

- 7.3.1 All payments shall be requested using the DEF and made through the Finance Service Centre. They should be suitably approved and supported documentation or case reference attached.

7.4 Officer Expenses Claims

- 7.4.1 All repayment of officer expenses shall be through the Finance Service Centre using the DEF. They should be suitably approved and have attached supporting documentation.
- 7.4.2 Reimbursement of expenses must be paid through BAC'S
- 7.4.3 Employee mileage claims must be paid through payroll

7.5 Petty Cash

- 7.5.1 Where approved it must be operated and controlled in accordance with instructions issued by the CFO.

7.6 Internal Trading & Recharging

- 7.6.1 Any trading surpluses shall be retained for the benefit of the authority and their application shall require the approval of the Chief Finance Officer.

8. INCOME & DEBT

8.1 Income - General

- 8.1.1 Wherever possible, income should be collected prior to or at the point of delivery of service.
- 8.1.2 Unless approved by the CFO, invoices raised for the collection of income must be done so in or reflected in Accounts Receivable.
- 8.1.3 Where invoices are raised the correct charge for VAT should be levied. Where invoices are for the collection of income they must be issued promptly.
- 8.1.4 All income received on behalf of the Council shall be paid into the central bank account without delay and a proper allocation code should be used. Income must be receipted against AR invoices at the time the money is banked.

- 8.1.5 Third party and personal cheques must not be cashed from moneys held on behalf of the council.
- 8.1.6 A numbered receipt must be issued for all items of income collected on behalf of the Council in cash. With the exception of tickets, a copy of each receipt must be kept. All forms of receipt must be treated as controlled stationery, i.e. numbered and kept in a secure place with all issues recorded.
- 8.1.7 Receipts must be properly accounted for and accounts reconciled on a regular basis. Any major discrepancies in income collected against that banked must be immediately investigated and notified to Audit and Investigations.
- 8.1.8 Cash should be banked as soon as possible after receipt and should be held in a secure place until banked. Each Manager must advise the Chief Finance Officer of their arrangements so that insurance cover can be effected on cash in transit and income limits on safes etc. can be observed.
- 8.1.9 As far as possible the responsibility for raising an invoice should be separate from that of determining amounts due. Within the system those responsible for invoice entry shall be separate from those responsible for remittance i.e. the matching of invoices and the allocation of amounts.
- 8.1.10 All debt over 30 days should be passed to the Finance & Corporate Services debt recovery team unless alternative arrangements are approved by the CFO

8.2 Income – Grants

- 8.2.1 All bids to Government Departments for grant or other funded programmes shall be made by the relevant officer in the appropriate Unit. The Chief Finance Officer should be informed of by the responsible person in advance of any bid so the process can be co-ordinated.
- 8.2.2 When grant claims are made the responsible officer must ensure:
- all eligible expenditure is taken into account
 - that grant claim submission dates are met.
 - that an adequate audit trail exists from the claim to the general ledger.
 - Adequate working papers are kept showing any apportionments.

8.3 Income – Bad Debts and Write Offs

- 8.3.1 Bad debt provisions must be made net of VAT.
- 8.3.2 Debts should not be written off until all appropriate recovery action has been exhausted.
- 8.3.3 Debt deemed to be irrecoverable must be written off at the earliest opportunity
- 8.3.4 A decision to write-off a debt must be taken independently of the person responsible for debt collection.
- 8.3.5 Write offs must be charged against a specific provision or to the revenue account.

9. EXTERNAL ARRANGEMENTS

9.1 Accountable Body and Partnership Arrangements

9.1.1 Those responsible for making applications must provide to the Chief Finance Officer (unless they confirm in writing this is unnecessary in the particular case):

- evidence of scheme appraisal for financial viability in both the current and future years;
- a risk appraisal including a management action schedule and a statement setting out the internal control framework;
- confirmation of funding streams, the level on contribution and how they have been determined;
- evidence of the funding agreement, including the treatment of any under or overspending;
- in the case of partnership arrangement, details of service continuation proposals upon expiry;
- evidence of the financial viability of any partners;
- details of any performance/output standards that must be achieved and who will monitor them;
- details of the agreed audit arrangements;
- the protocol for any disputes;
- the arrangements put in place for the review of inflation and efficiency saving;
- which assets will be used and who will own them.

9.1.2 In addition, where the arrangement includes a pooled budget then the Chief Finance Officer must be notified of who will be the lead & host authority, who will be the pooled budget manager and the provisions of the agreement.

9.1.3 Those responsible for monitoring and validating such arrangements should :

- Maintain a register of all arrangements and retain the agreements;
- Ensuring that all statutory accounting requirements are identified and that adequate accounting arrangements are made such that all expenditure and income is properly incurred/received and recorded;
- Ensuring that such arrangements do not impact adversely upon other services provided by the Council.
- ensure that the receipt of any external funding does not lead to a resource commitment in future years that does not have a sustainable funding source. The Chief Finance Officer must be advised of any such arrangements prior to entering into the same.

9.1.4 Those responsible for expenditure funded wholly or partly by central government and or other external bodies/partners must ensure that:

- all funding notified by external bodies is received and properly recorded in their accounts;
- the match funding requirements are considered prior to entering into agreement and that future revenue budgets reflect these requirements;
- service output targets/requirements can be met and that adequate arrangements are put in place for their monitoring and reporting;
- any audit requirements are met.
- any other conditions associated with the funding are achievable and complied with.

9.2 Provisions of Goods, Services and works to Other Bodies

- 9.2.1 Reports to the Executive (or if appropriate the General Purposes Committee) on such proposals must include legal advice prepared by the Borough Solicitor indicating whether the Council has legal powers to enter the contract, an explanation of the business risks associated with entering the contract and a full analysis of the financial impact.
- 9.2.2 The Chief Finance Officer must be informed of any proposed arrangements and shall agree all financial arrangements made prior to approval by the Executive, Full Council (or if appropriate the General Purposes Committee).
- 9.2.3 Those responsible for the maintenance and control of such contracts must:
- ensure that appropriate insurance arrangements are made;
 - ensure that all potential risks are identified and action taken to maintain them
 - wherever possible, payment is received in advance of the delivery of the service;
 - ensuring that such contracts do not impact adversely upon the services provided by the Council;
 - maintaining proper contractual documentation;
 - proper accounting and reporting arrangements exist.

9.3 Grants to Outside Bodies

- 9.3.1 Grants must be distinguished from contracts and it is essential that officers entering into grant arrangements carefully consider whether or not the Council wishes to enter into contractual relations with the recipient of money from the Council. It may be the case that a grant is not appropriate in certain circumstances, in which case a contract should be used.
- 9.3.2 Where grants are to be given, those officers responsible for administering and monitoring must:
- ensure that the organisation in receipt of the grant adheres not only to the Council's agreed "Standard Conditions Of Grant Aid" but also to any further specific conditions over and above those which are standard. Where there is a detailed grant agreement the Standard Conditions themselves need not be incorporated into the agreement provided the Borough Solicitor is satisfied that the grant agreement contains equivalent provisions.
 - ensure that there is a proper system in place to ensure that the Council is gaining value for money through its grant process. This gives rise to the necessity of having a robust monitoring, evaluation and reporting structure in place.
 - that the money paid must be into a UK bank account the records relating to which the Council can inspect.
 - ensure that adequate controls are included in all procedures to safeguard the Council, its resources and its assets from fraud or loss.

10. RISK MANAGEMENT AND CONTROL OF RESOURCES

10.1 Financial Irregularities

- 10.1.1 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property of the Council or any suspected financial irregularity in the exercise of the functions of the Council, every employee has a duty to report such matters to their Manager. This includes anything that can detrimentally affect the Council's interests. The Manager concerned shall, as

soon as the matter becomes identified, notify Audit and Investigations in line with the **anti-fraud framework** agreed at the full Council meeting in September 2008. Employees who feel unable to report matters to their line Manager are encouraged to contact the Audit and Investigations team directly.

- 10.1.2 In addition the Council has a Whistleblowing scheme, whereby employees can report their concerns in confidence. The Council has a statutory duty, under the Public Interest Disclosure Act 1998, to protect whistleblowers from recrimination. Details of the scheme can be found on the intranet or obtained from the Human Resources or Audit and Investigation teams.

10.2 Money and Banking

- 10.2.1 At all times cash holdings should be kept to a minimum. Large cash holdings should be kept in a suitable locked safe. Keys should be kept in a secure place or retained by the key-holder at all times. All officers should be aware that many documents such as cheque books, savings books and securities are the equivalent of cash and must be treated accordingly. It is not acceptable to leave safes unlocked during working hours or to leave cash holdings in unlocked desk drawers or filing cabinets. The Council's insurance policy may be invalidated if appropriate security measures are not taken.
- 10.2.2 Unless specifically agreed by the Chief Finance Officer, bank accounts must be held in the name of the London Borough of Brent at the designated branch of the Council's bank.
- 10.2.3 The council operates one main bank account for all of its operational activities. The use of additional accounts must be approved by the CFO.
- 10.2.4 Those responsible for managing bank accounts shall maintain proper accounting records and must balance and reconcile at periods of no less than one month. Prompt action must be taken on any discrepancy. Where possible bank accounts must be reconciled on a daily basis.
- 10.2.5 Arrangements should be made with the bank to provide statements of account, together with supporting documentation, at pre-determined intervals. To enable the Council's statutory accounts to be closed on a proper basis it is essential that a statement is obtained showing the position at the close of business on 31st March, or the last banking day prior to the 31st March.
- 10.2.5 Imprest and petty cash bank accounts must not be overdrawn at any time. Effort should be made to keep bank account(s) in credit.

10.3 Money Laundering

- 10.3.1 Officers must report to the Chief Finance Officer any transactions including the suspected proceeds of crime or terrorist funds. Such transactions may seek to conceal, convert, transfer or remove criminal property or may facilitate the acquisition, retention, use or control of criminal property by or on behalf of another person.
- 10.3.2 Officers must also report any high value cash transactions (or potential or rumoured transactions) and employers should not accept cash payment in excess of £10,000 without the prior consent of their manager.

10.4 Property, Stock and Equipment

- 10.4.1 Where special security arrangements are required officers should consult the Chief Finance Officer.
- 10.4.2 All inventories must be kept in a secure place, they should include a full description of the items including a note of any security markings and identification numbers etc.
- 10.4.3 All assets should be held in the name of the Council and not in the name of individual officers or their post titles. It is important that valuable items are held in a secure environment commensurate with the value of the items and the cost of security.
- 10.4.4 Those responsible for the care and custody of the stores must:
- Where they are financially significant ensure they are included within the balance sheet.
 - make arrangements for a periodical test check of stores under their control by an independent person and shall ensure that all stores are checked at least once in each financial year.
 - provide the Chief Finance Officer with a certificate of stores, as at 31st March each year, for accounting purposes.
 - periodically review the value of holdings of stores in the light of turnover and cost.
- 10.4.5 Where it becomes necessary to hold property on behalf of a member of the public or another third party an itemised inventory shall be maintained of all such items. Those responsible shall make secure arrangements for such property and shall arrange for periodical checks by a person other than the employee responsible for the custody of the property.
- 10.4.6 Where officers are required to take assets or equipment home, this shall be properly recorded on the inventory.

10.5 Sale of Council Assets – General Requirements

- 10.5.1 The correct disposal procedures must be followed, best value must be obtained and the Council's interests protected.
- 10.5.2 Where land, buildings and equipment are to be disposed of, the Chief Finance Officer must be informed so that appropriate adjustments can be made to the asset register. A full description, sale value and date of completion must be submitted.
- 10.5.3 Any officer who determines that an asset is surplus to requirements or is involved in the disposal must never attempt to purchase it or take it for himself or herself. There should be a clear separation of duties here.
- 10.5.4 A single person must be responsible for disposal whose name must be clearly identified in the disposal file. He or she should be instructed in writing on the disposal and will be accountable to the Council for ensuring that disposal is for the best price reasonably obtainable.
- 10.5.5 All paperwork in connection with the disposal should be kept in a disposal file. The file should be kept for a period of six years after the disposal. The file should include at least:

- the Manager's written record declaring the asset surplus, and instructions to the person appointed as responsible for the disposal;
 - the independent valuation;
 - the advertisement, the offers made and the receipt.
- 10.5.6 In order to achieve the best price reasonably obtainable all assets for disposal must be subject to independent valuation and/or disposed of by way of either competitive bids following advertisement or subject to auction; or both.

10.6 Disposal of Equipment and Stock

- 10.6.1 All IT hardware and software must be returned to the Head of ITU for the appropriate disposal arrangements to be made
- 10.6.2 Where the estimated value of the asset is less than £500, an independent valuation alone is acceptable provided the person giving the valuation is qualified to judge, is clearly identified in the disposal file, and is properly independent.
- 10.6.3 All assets should be offered to other service units before members of staff or the public unless they have a value of £500 or more. Information about the assets available should be circulated to all Units and adequate time allowed for them to make a bid. A sale may proceed to any person offering at or above the valuation. If there is competition, the sale should be to the highest bidder.
- 10.6.4 Where the estimated value of the asset exceeds £500, it should be advertised in such a way as to facilitate bids by other service units and potential purchasers outside the Council. Sale should proceed by way of submission of written bids, which name the purchaser. The sale may proceed to the highest bidder, unless this does not reflect the proper value of the asset.
- 10.6.5 Official receipts must be issued for income received. Moneys must be received and properly accounted for by someone who has not been involved in the disposal.
- 10.6.6 Where the total amount received is less than £1,000 then this should accrue to the general balances of the unit.
- 10.6.7 Disposal must be recorded on the Unit's inventory.

10.7 Disposal of Land and Buildings

- 10.7.1 Disposal reports to Executive must include:
- why and how the proposed disposal satisfies any applicable consent.
 - the original valuation of the property and the recommended disposal value. Any significant variances should be explained.
 - any other terms relating to the disposal.
 - the reasons for the disposal and any impact on Council services.
 - consideration of any alternative uses for the asset including use by another service area.
- 10.7.2 The Chief Finance Officer shall be notified of any proposed disposal for entry in the Council's assets register and for referral to the Capital Board.

10.7.3 All disposal receipts are a corporate resource and must be paid into the Council's Central bank account. The allocation of these receipts shall be considered by the Capital Board. Managers should not assume any amounts for ring fencing as the re-investment of reserves shall be made on a prioritised basis according to the capital asset management plan.

10.8 Treasury Management

10.8.1 Through good practice the responsible officer will prepare and maintain:

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
- Suitable treasury management practices (TMPs), stating the policies, objectives and approach to risk management of its treasury management activities

10.8.2 The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of CIPFA's Treasury Management Code of Practice, subject only to amendment where necessary to reflect the particular circumstances. Such amendments will not result in any material deviation from the Code's key principles.

10.8.3 The 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. The Audit Committee will receive regular reports on Treasury Management Activity.

10.8.4 All borrowing shall be in the name of the Council and in accordance with the Council's Treasury Management Policy

10.8.5 All investments shall be made in line with the Council's Treasury Management Policy. All investments shall be effected by the Chief Finance Officer or under arrangements approved by him/her. All investments shall be made in the name of the Council or in the name of nominees approved by the relevant committee.

10.8.6 All Trust Funds held by the Council shall, where legally possible, be in the name of the Council. Officers acting as trustees by virtue of their official position shall deposit all securities and similar documents relating to the Trust under arrangements approved by the Chief Finance Officer unless the Trust Deed provides otherwise.

10.9 Financial Implications within Reports

10.9.1 All reports must contain a section on financial implications even if this is to state that there are no direct implications from agreeing the recommendations. In cases where there are such implications these should be fully explained to Members.

10.9.2 The financial implications of any new proposal should set out:

- Its cost in the current and future financial years, and the basis on which that cost has been calculated;
- The proposed funding source, indicating either that it can be met from existing resources or what compensating savings will also have to be agreed; and
- If additional resources are required clear detail indicating what part of the cost is additional, and the policy and service implications of both not proceeding and funding the proposal from within existing resources.

- 10.9.3 Consultation should begin at the earliest stage where there a reference for additional funding or there are major financial issues already identified.
- 10.9.4 A copy of the draft report containing financial implications must be provided reasonable time to allow appropriate consideration.
- 10.9.5 In all cases failure to provide financial implications in the prescribed manner means that expenditure approval has not been given, and any expenditure that takes place is unauthorised.

10.10 RETENTION OF DOCUMENTS

- 10.10.1 The following items must be retained indefinitely or during the whole of the Council's possession of the relevant asset and for **twelve** years afterwards:
- Property deeds, contracts and leases relating to land and buildings in the ownership or occupation of the Council.
 - Share certificates, stocks, bonds and other securities together with any appropriate contracts of purchase or sale.
 - Guarantees, indemnities, insurance policies.
- 10.10.2 All other contracts carried out under the seal of the Council must be retained for **twelve** years after completion of the contract.
- 10.10.3 Deeds and covenants should be held for the period they are valid.
- 10.10.4 Local authorities are required by statute to retain all accounting documents for a minimum of six years. The statute of limitations for contracts not under seal applies for six years after completion of the contract. In addition Inland Revenue and Customs and Excise may inspect documents for periods of six years. Officers may be held personally liable where documents required are not available because they have been intentionally deleted. In order to give effect to these requirements the following documents must be retained for a minimum of **six** years:
- All accounting documents including invoices, contract certificates, paid cheques, bank statements;
 - Debtor accounts, income receipts and associated documents;
 - All contracts not under seal for works, goods or services (six years after completion of the contract);
 - All successful tender and related documents (six years after completion of the contract);
 - Details of salaries, wages and superannuation payments including particulars of pay calculations, copy payslips, P60 documents.
- 10.10.5 Unsuccessful tender documents should be retained for a year after start of the contract.
- 10.10.6 Audit and Investigations should be consulted before officers copy documents not previously copied or use a new method to ensure such methods would be accepted for evidence purposes. Officers must notify the Information Management and Standards Team who will update the council's Information Asset Register.

10.10.7 All officers must ensure the safe custody of information they hold. All records must be properly indexed to allow efficient recovery.