

# **STANDING ORDERS 2: FINANCIAL REGULATIONS**

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## **FINANCIAL REGULATIONS**

## **A STATUS OF FINANCIAL REGULATIONS**

### **1 Introduction**

- 1.1** The Financial Regulations of the Company form part of its overall system of financial and management control. The Articles of the Company, the terms of reference of the board and its committees, and the Standing Orders outline how the Company will be controlled and run.
- 1.2** This document sets out the Company's Financial Regulations which form part of the Standing Orders. It translates into practical guidance the Company's broad policies relating to financial control.
- 1.3** The Company will operate to high business standards, adopt best practices and abide by its Financial Regulations. Exemplary standards of probity and conduct are expected of all Board Members and staff.

### **2 Responsibilities**

- 2.1** The **Board** shall be responsible for regulating and controlling the finances of the Company, ensuring that a financial framework exists within which Directors, managers and staff may properly act and are fully accountable for their actions., and that the Company's legal and financial responsibilities are fulfilled.
- 2.2** The **Audit Committee** shall keep under regular review the need for new regulations and amendments to existing ones for the supervision and control of the finances, accounts, income, expenditure and assets of the Foundation.
- 2.3** The **Chief Executive** shall co-ordinate the financial activities of the Executive to ensure that the Financial Regulations and detailed financial procedures shall be observed at all times.
- 2.4** Compliance with these Financial Regulations is compulsory for all staff connected with the company. Each **staff member** who has any financial responsibility is required to comply with these Regulations and shall be responsible for the accountability and control of all resources including plant, buildings, materials, cash and stores appertaining to their spheres of responsibility. Where there is any doubt as to the appropriateness of a financial proposal or correctness of a financial course of action

clarification must be sought from the Director of Finance in advance of any decision or action, whose direction will be considered final in the matter. Failure to observe Financial Regulations may result in disciplinary action being taken.

- 2.4 Executive Directors** are responsible for ensuring that they and their Company managers are fully conversant with these regulations and the importance of complying with them. Executive Directors are responsible for managing the financial activities of their department within the framework and procedures determined by the Director of Finance.
- 2.5 Company Managers** are responsible for ensuring that they and their staff are fully aware of these regulations and the importance of complying with them.
- 2.6 The Director of Finance** is responsible for the prudent and effective financial management of the Company as delegated to him/her by the Chief Executive.
- 2.7 The Performance and Regulatory Committee** is responsible for monitoring the compliance with these regulations, and particularly monitoring the breaches of the regulations and the dispensations from the regulations.
- 2.8 The City Council** owns Nottingham City Homes and is the sole member of the Company. Accordingly, the City Council has responsibilities for ensuring that the Company has proper management and control of its financial affairs, including effective Financial Regulations. The City Council exercises these responsibilities through the S.151 Officer who has extensive powers over the affairs of the Company, powers derived from the Local Government Act.... Any irregularities in the financial affairs of the Company, any unlawful expenditure or unbalanced budget must be reported to the s.151 Officer by the Director of Finance.

### **3 Amendments to Financial Regulations**

The Board is responsible for approving and amending the Financial Regulations, following recommendations to that effect received from the Audit Committee, and subject to consultation with the City Council.

The Director of Finance is responsible for reviewing the adequacy of these regulations from time to time and at least annually, and for recommending amendments through to the Audit Committee as necessary.

### **4 Breaches of Financial Regulations**

Any breaches of these regulations, whether inadvertent or otherwise, must be brought to the attention of the Director of Finance who will investigate the circumstances with the staff and managers concerned. The Director of Finance shall report all breaches to the Audit Committee, together with any remedial action being undertaken as a consequence.

## **5 Dispensations from Financial Regulations**

**5.1** There will be no dispensations from Financial Regulations except in the following circumstances. Any action so taken must be recorded in the Register of Dispensations held by the Company Secretary and reported to the next meeting of the Performance and Regulatory Committee. The Audit Committee will review the Register of Dispensations annually.

**5.2** ***Emergency Action*** - in the event of an emergency the Chief Executive or Executive Directors are empowered to authorize all necessary actions. The Executive Director shall subsequently notify the Director of Finance in writing of the relevant circumstances and estimated financial impact.

**5.3** ***Operational Issues*** – where the Chief Executive or an Executive Director considers that there are justifiable reasons for dispensing with Financial Regulations (or Tender and Contract Procedure Rules), they may seek authority to waive the Regulations in accordance with the following process -

- Production of a report setting out the case for the dispensation, including the financial consequences of the course of action proposed
- Support from the Director of Finance for the proposed course of action
- Authorisation from the Chair of the Performance and Regulatory Committee.

Templates for the report and signature form are set out in appendix 3 and the reports and signature sheet for each dispensation will be held by the Company Secretary alongside the Register of Dispensations.

## **B FINANCIAL CONTROL**

### **1 Financial Planning**

**1.1** The Company will develop a Financial Plan which will be reviewed annually or as required by the Board. The Financial Plan will be a

medium term financial forecast and be prepared in a form agreed by the Board.

- 1.2 Any revision of the Plan will be undertaken following a timetable, which matches the production of strategic plans and the annual budget and also complies with any requirements of the City Council and any other external stakeholders.

## **2 Financial Year**

- 2.1 The financial year of the Company shall run from 1 April to 31 March, or any such time as the Board may require, subject to consultation with stakeholders and full consideration of the costs and benefits of any proposed change.

## **3 Annual Budget**

- 3.1 An Annual Budget will be produced for each financial year and will be completed within a timetable to ensure approval by the Board by 31 March each year. The Annual Budget will correspond to the first year of the financial plan.
- 3.2 The budget shall be co-coordinated by the Director of Finance. It will be prepared in a form agreed by the Board and in accordance with the objectives of the Company and its Strategic Plan. It will be consistent with the Company's responsibilities in relation to the Management Agreement with the City Council.
- 3.3 Following approval by the Board, the budget will be used as the authority to incur expenditure within the approved budget limit, subject to procurement rules.

## **4 Budgetary Control**

- 4.1 The annual Budget forms the main framework for financial monitoring and control, and reports on actual performance compared to Budget and subsequent forecasts will be produced as defined by the Board.
- 4.2 The Chief Executive shall be responsible for ensuring that there is effective and efficient budgetary control, standing financial instructions and systems across the Company as a whole.
- 4.3 Responsibility for expenditure shall be delegated to budget holders approved by the Chief Executive. Budget holders will not commit expenditure in excess of the approved budget provision, and any such act will be deemed a breach of Financial Regulations.

**4.4** The Chief Executive shall be responsible for monitoring the budgetary performance of the whole Company. The Chief Executive shall have authority to seek and receive explanations of actual or potential overspending and under recoveries of income and these will be reported to the Chief Executive and as required to the Board. The Director of Finance shall provide budget holders with accurate and timely information regarding budgetary performance.

**4.5** Under spending of the Revenue Budget may not be carried forward into the next financial year.

**4.6** The Director of Finance shall keep the Board informed on the state of the Company's finances.

## **5 Accounting**

**5.1** The Director of Finance is responsible for the proper administration of the Company's financial affairs. All accounting procedures and records will be determined by the Director of Finance in accordance with the requirements of statutory and regulatory agencies and best financial practices, and incorporating sound principles of internal control.

**5.2** Appropriate financial controls will be established and reviewed by the Director of Finance, including cash transactions and the establishment and implementation of expenditure limits and controls.

**5.3** The Chief Executive and Director of Finance have authority to examine all areas of the Company in order to fulfill his/her responsibilities to safeguard the assets and financial position of the Company. All management and supervisory staff have a general financial duty to safeguard and effectively use assets, to maximise financial performance within specified service and performance standards, and for the accountability of staff and the security, custody and control of all resources appertaining to their area of responsibility.

**5.4** The following principles shall be observed where possible in the allocation of duties involving financial activity:

- (a) the duties of providing information about money due to or from the Company and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or paying them; and

- (b) staff who have the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

**5.5** The following accounts and accounting records will be kept as a minimum requirement:

- (a) Nominal ledger
- (b) Cash book
- (c) Purchaser ledger and invoices
- (d) Sales ledger and invoices
- (e) Rent ledger
- (f) Payroll records

**5.6** The records will be kept in a way that complies with the requirements of HM Revenue & Customs, the City Council, and in a manner consistent with statutory accounting regulations, including the Companies Acts, and good practice.

**5.7** Accounts will be reconciled where appropriate, and a trial balance extracted, on a regular basis.

## **6 Financial Returns**

The Director of Finance is authorised to sign financial returns (prepared on the basis of approved budgets and medium term financial plan) to the City Council and any other external stakeholder.

## **7 Annual Accounts**

**7.1** The Director of Finance will arrange a timetable to ensure that draft accounts are considered by the Board before the Annual General Meeting and that the financial statements are available for adoption at the Annual General Meeting which will be held within six months of the year end.

**7.2** Accounts shall comply with the requirements for annual accounts preparation and submission of relevant statutes and financial reporting standards.

## **8 External Audit**

**8.1** The appointment of external auditors is approved by the Annual General Meeting and the process leading up to appointment will include an annual review of performance by the Audit Committee in a way that takes into account the guidance issued by relevant and regulatory bodies.

- 8.2** The Director of Finance will be responsible for liaison with the external auditors and ensuring the completion of the external audit to comply with the statutory timescales.
- 8.3** The Chief Executive will arrange for management letters to be sent to the Chair of the Board and Chair of the Audit Committee by the external auditors, which will highlight areas of concern identified by the external auditors, or recommendations for improved efficiency and control.
- 8.4** The external auditors may, if they wish, meet the Board or the Audit Committee without any Company staff being present, to discuss issues that may have arisen during their work, or highlight areas of concern.

## **9 Internal Audit, Fraud & Irregularity**

- 9.1** The Board has a statutory responsibility for instituting adequate systems of internal control. The Audit Committee will consider the need for Internal Audit services to assist the Board in achieving this requirement. The Director of Finance shall be responsible for an annual review of internal controls to the Audit Committee in accordance with the requirements of relevant good practice.
- 9.2** The Audit Committee will establish the scope and content of the internal audit work once a service has been implemented. It will approve and review the annual internal audit work programme and will report to the Board on Internal Audit and Internal Control annually.
- 9.3** The External Auditors, Internal Auditors and Chief Executive or his/her authorised representative shall have authority to:
- (a) enter at all reasonable times on any Company premises or land;
  - (b) have access to all records, documents and correspondence relating to any financial and other transactions of the Company;
  - (c) require and receive such explanations as are necessary concerning any matter under examination;
  - (d) require any employee of the Company to produce cash, stores or any other Company property under their control.
- 9.4** Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash or other property of the Company or any suspected irregularity in the exercise of the functions of the Company, the member of staff who becomes aware of it should immediately notify their supervisor and the Director of Finance. If the suspected

irregularities potentially involve the Director of Finance then the Chair of the Board and the Chair of the Audit Committee should be notified.

- 9.5** The Director of Finance shall notify the Company Secretary, the Chair of the Audit Committee, the Internal Auditors, and the s.151 Officer of the City Council of any such irregularities or suspected irregularities in accordance with the requirements of the Management Agreement. The Company Secretary will keep a register of these irregularities and bring new entries to the attention of the next meeting of the Audit Committee.
- 9.6** Having been notified of the potential irregularity, the Director of Finance shall take such further steps as he/she consider necessary by way of investigation and action, subject to consultation with the City Council.
- 9.7** The Company will ensure it complies with its own, the City Council's procedures and any legislative requirements for dealing with suspected and actual irregularities, including the involvement of the police authorities or HM Customs and Excise as appropriate, and Board Members and staff will cooperate in full with reviews and investigations by the Internal Auditors, or auditors commissioned by the City Council or District Auditor, or the police authorities as necessary.

## **10 Risk Management**

- 10.1** The Chief Executive shall ensure that the Company has a Risk Management policy and operates in accordance with a recognized Risk Management framework, and that these are reviewed from time to time by the Audit Committee on behalf of the Board.
- 10.2** It is the responsibility of Executive Directors to ensure that Risk Management and routine operation of the Risk Management framework is embedded within their departments. Business cases, project proposals, departmental plans, and any area of business development shall all include a risk assessment in the prescribed form as required by the Company's Risk Management policy.
- 10.3** The Company shall review its 'top 10' risk areas on an annual basis ensuring that management action in risk mitigation is effective. Executive directors shall ensure that reappraisal of departmental risks is carried out annually.

## **11 Service Level Agreements**

- 11.1** The Company maintains a number of Service Level Agreements (SLA's) with the City Council. It is the Company's policy to ensure that

- 11.2** Whilst individual Executive Directors will represent the client function for appropriate SLA's that provide services to their department, the Director of Finance is responsible for ensuring that all Service Level Agreements are reviewed from time to time and that regular monitoring and performance reporting against each SLA takes place.
- 11.3** The Director of Finance will seek to agree a programme of SLA reviews with the City Council and represent the Company as lead client in general SLA discussions and negotiations with the City Council.
- 11.4** Quarterly monitoring and performance review of each SLA will be reported to the Executive Management team and Performance and Regulatory Committee.
- 11.5** Reviews of best value of each SLA will take place in a form prescribed by the Director of Finance and will include benchmarking and market testing exercises, and the results reported to the Performance and Regulatory Committee.
- 11.6** SLA's of less than £150,000 annual value may be signed off by the Chief Executive. SLA's of higher value must be approved by the Board.

## **C INCOME AND BANKING**

### **1 Banking Arrangements**

***The Company's banking function is currently managed by the City Council through the Financial Services SLA with the City Council. The Company does not currently hold an independent bank account. The following section 1 is, therefore, currently dormant, and will only be activated in the event that the Company agrees with the City Council to operate its banking function independently from the City Council. The Director of Finance's current responsibilities in respect of the banking function is restricted to the client function in relation to the SLA with the City Council.***

- 1.1** The Company's bankers will be appointed by the Board. All arrangements with the Company's bankers shall be made by or under arrangements approved by the Chief Executive, who shall be authorised to open and

operate bank accounts with the approved bankers. The Director of Finance is authorized to be an additional authorized signatory to all of the Company's bank accounts (excluding loan accounts) if required.

## **2 Rents & Service Charges**

- 2.1** The Company is to be safeguarded against loss of rental income by:
- a). prompt registration and re-registration of rents and service charges;
  - b). prompt invoicing to tenants who have a sundry debt;
  - c). prompt notification to all tenants of any increases due;
  - d). prompt action against all debtors and the institution of recovery proceedings; and
  - e). comprehensive accounting procedures and internal controls for all income sources.
- 2.2** Any changes in rental income must be agreed independently of staff responsible for collecting.
- 2.3** Current and former tenant arrears will be collected and written off in accordance with the appropriate Policy.
- 2.4** All income must be banked gross and may not be used as petty cash. Rental income must be posted promptly to the appropriate tenants account.

## **3 Credit Control**

- 3.1** All staff shall furnish the Director of Finance with such particulars in connection with work done, goods supplied or services rendered by the Company's staff, and of all amounts due as may be required by him/her to record correctly all sums due to the Company. Managers and supervisory staff in whose area the work was done or goods or services supplied will ensure that accounts are rendered within one month for the recovery of income due. No deductions shall be made from income due to the Company, except as properly authorised according to the regulations for write-off of bad debts.
- 3.2** The Director of Finance shall be notified promptly of all money due to the Company and of contracts, leases and other agreements and arrangements entered into which involve the receipt of money by the Company. Staff will ensure that income due to the Company is pursued

and that all reasonable efforts are made for full recovery. If income is not recovered within three months of invoicing, the Chief Executive must be notified and further action agreed.

- 3.3 All receipt forms, books, tickets and other such items shall be ordered by the Director of Finance who shall satisfy him/her as to the arrangements for their control.
- 3.4 Every transfer of Company money held by the Company on behalf of others from one member of staff to another will be evidenced in the records by the signature of the receiving officer.
- 3.5 Bad debts may be written off in accordance with the authority limits approved within the relevant policies.

#### **4. Grants and Certification**

- 4.1 The Director of Finance shall advise the Chief Executive that adequate accounting systems are in place to enable the Company to comply with the procedural conditions of any grant giving body that may be offering grants to the Company or from whom the Company is applying for grants from.
- 4.2 The Chief Executive is authorised to make certifications to the grant giving body both for the claiming of grants and other returns required by the procedures of the grant giving body.

## **D EXPENDITURE**

### **1 Authorities**

- 1.1 Individual commitments may be made by staff members up to the levels set out in the Financial Authorisation Framework (FAF - see Appendix 1) The FAF shall be reviewed on an annual basis and any alterations as a consequence agreed by the Audit Committee

Where the Director of Finance is the commissioner the procurement of goods and services shall be authorized by the Chief Executive (within their delegated limited).

Where disagreements arise between the Chief Executive and Director of Finance, the decision of the Chair will be final.

Cumulative commitments made to an individual supplier within each financial year must accord with any quotation and tendering rules pertaining to this as set out in Standing Orders Part 3: Tender and Contract Rules

- 1.2** Commitments of any kind (excluding responsive repairs and utilities) must be raised using duly authorised purchase order forms.
- 1.3** The authority to make commitments is in all cases subject to the general restriction that the expenditure must relate to the responsibilities of the person authorising it, be within budget, be for purposes approved by the Departmental Management Team and Executive Management Team, and the goods or service purchased or procured in compliance with para 2 below and Standing Orders Part 3: Tender and Contract Rules.
- 1.4** The existence of a budget is generally not sufficient to incur expenditure. Proper authorization by line management is required unless authorization is set out in the job profile. New activities, proposals, projects or programmes, which may or not currently be budgeted for, also require the explicit approval of the Departmental Management Team and Executive Management team (EMT). This will usually be by way of submission of a business case in prescribed format (see appendix 2). EMT will also determine whether Board or Committee approval is required prior to permission to incur expenditure.
- 1.5** Nothing in these Financial Regulations shall prevent the Chief Executive from incurring expenditure, which is essential to meet any immediate needs created by an emergency as set out in Section A Para 5.2 of these Regulations.

## **2 Purchase Orders**

- 2.1** Goods and services shall be purchased on the most advantageous terms and conditions having regard to Best Value, value for money, quality, quantity, reliability, delivery and total cost to the Company as set out more fully in Standing Orders Part 3: Tender and Contract Rules
- 2.2** The Director of Finance will control the generation of purchase order forms.
- 2.3** The control of purchase order forms in use will be the responsibility of officers designated by the Director of Finance.

- 2.4** All orders will be authorised by designated budget holders subject to defined authority levels (see FAF – Appendix 1)) and Standing Orders Part 3: Tender and Contract Rules
- 2.5** The Company shall not pay for any goods and/or services until deliveries have been made against Company purchase orders and are found to be satisfactory for the intended purpose. Suppliers requiring any payment in advance of delivery will be at the discretion of the Director of Finance.
- 3** **Contracts** (See also Standing Orders Part 3: Tender and Contract Rules)
- 3.1** Where contracts provide for payments to be made by installments, the Director of Finance shall arrange to keep individual accounts to show the financial transactions on each contract between the Company and the contractor, together with any other payments and related professional fees.
- 3.2** Payments to contractors on account during a contract shall only be made when a certificate is issued by the supervising officer (or private architect, engineer or consultant where engaged by the Company) as appropriate, or by another officer nominated in writing for the purpose.
- 3.3** Subject to the provisions of the contract, in each case variations may be authorised by staff up to their authority limits for placing orders (total contract value). Where an outside consultant is engaged by the Company, staff may delegate their authority to such a consultant. The arrangement must be confirmed in writing and the authority limits for the consultant specified. The consultant's authority limit cannot exceed the authority limit of the officer delegating the authority.
- 3.4** All staff responsible for a project shall ensure that suitable procedures are followed for the effective cost control of the project including the recording of payments made, costs of variations ordered and comparison of expenditure with the approved estimate.
- 3.5** Staff who become aware that the final cost of a contract is likely to exceed the contract sum shall report on the circumstances to their Executive Director.
- 3.6** Executive Directors may agree variations for revenue contracts where these do not increase the approved contract price by more than 25% or £75,000, whichever is the lower, and the additional expenditure can be met from within the approved budget. If, for any reason, the extra expenditure exceeds 25% (or £75,000) of the Contract sum, the details shall be reported to the Board. The Chief Executive shall be able to

agree variations of more than 25% on contracts originally valued at less than £10,000 where the additional expenditure can be met from approved budgets without reporting the details to the Board. For Capital projects the relevant Executive Director may agree variations where these do not increase the approved contract price by more than 5% or £75,000, whichever is the lower, and the additional expenditure can be met from within the approved budget and falls within the medium term financial plan.

- 3.7** The final certificates of completion of any contract shall not be issued until the relevant staff or external consultant has produced to the relevant Executive Director a detailed statement of account and all relevant documents.
- 3.8** The Director of Finance shall, to the extent considered necessary, examine final accounts for contracts and be entitled to make all such enquiries and to receive such information and explanations as may be required in order to be satisfied as to the accuracy of the accounts. The Final Certificate shall not be issued until the Director of Finance has confirmed this.
- 3.9** Claims from contractors in respect of matters not clearly within the terms of any existing contract shall be referred to the relevant Executive Director for financial consideration before a settlement is reached or before any offer of settlement is made. Any such settlement must also be signed off by the Chief Executive.
- 3.10** Where completion of a contract is delayed beyond the contract period, action shall be taken in respect of claim for liquidated damages in accordance with the contract, unless the relevant Executive Director, having taken advice, considers otherwise.

#### **4. Payment of Invoices**

- 4.1** The Board will delegate authority to the Chief Executive and Director of Finance for signing cheques payable from the Company's bank accounts up to any value. Cheques drawn on the Company's bank account shall bear the signature of two authorised signatories at any time.
- 4.2** The authority to sign cheques also extends to similar payment instruments such as telegraphic transfers, standing order mandates and direct debt instructions.
- 4.3** All blank cheques and cheque books shall be ordered only on the authority of the Director of Finance who shall ensure proper

arrangements are made for their safe custody.

- 4.4** It is the Company's policy to make best advantage of credit terms extended by suppliers with the exception of local contractors, staff and board members who are all paid at the earliest opportunity.

## **5 Petty Cash**

- 5.1** All the petty cash floats will be held only for the purpose of making small disbursements and paying properly authorised expenses. The requirement and level of imprest will be determined by the Director of Finance and will be set after considering expenses flows, security and insurance consideration.
- 5.2** Each staff member in whose area an imprest is held will be responsible for ensuring that drawings on that imprest are on petty cash vouchers authorised in accordance with the requirements established by these Financial Regulations and any instructions made by the Director of Finance.
- 5.3** No person may authorise a petty cash voucher payable to themselves.
- 5.4** Proper arrangements shall be in place at all times to ensure the physical security of staff and amounts of cash collected or drawn on behalf of the Company.

## **E SALARIES AND WAGES**

### **1 General**

- 1.1** The Director of Organisational Development shall ensure that systems are in place for recording in a form agreed with the Director of Finance all matters affecting the calculation and payment of salaries, wages and benefits, and in particular:
- (a) appointments, resignations, dismissals, suspensions, secondments, transfers and cost allocation;
  - (b) absences from duty for sickness or other reason, apart from approved leave;
  - (c) changes in remuneration; and

- (d) information necessary to maintain records of service for pension, income tax, national insurance and the like.

**1.2** All appointments of employees and all payments to employees shall be made in accordance with the current conditions of service. All amendments to weekly or to monthly pay and all information regarding appointments, terminations, resignations and other circumstances affecting the remuneration of employees shall be authorised by the Director of Organisational Development. All wages are to be paid through the payroll system and not through petty cash, regardless of how small the amount or how short the period of employment.

## **2 Traveling, Subsistence, Accommodation and Incidental Expenses**

- 2.1** Claims made by the Chief Executive for car allowances, subsistence, traveling and incidental expenses must be approved by the Chair of the Board on a form issued by the Finance Director before payment.
- 2.2** Claims by other staff must be authorised in accordance with policies and procedures approved by the Company.
- 2.3** The approval of claims can only be given when the certifying person is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Company.

## **F ASSETS**

***The Company does not currently have ownership or control of any fixed assets, which remain in the ownership of the City Council. The following section 1 is therefore dormant and inoperable until such time as the Company may become an owner of assets and responsible for their management and control. The Director of Finance's current responsibilities in relation to Company Property, assets and Fixed Asset Register are restricted to the client function in relation to the SLA with the City Council.***

### **1 Company Property, Assets and Fixed Asset Register**

- 1.1** A register or registers of all properties owned or leased by the Company will be kept in a form approved by the Director of Finance recording

location, extent, purchase details, and particulars or nature of the Company's interest and rents payable and particulars of tenancies granted.

- 1.2 Safe custody of all title deeds when not held by a lending authority, or when not provided as security for a borrowing facility will be under arrangements established by the Company Secretary.
- 1.3 A fixed asset register and inventory shall be maintained, recording a description and location of furniture, fittings and equipment, plant and machinery and other capital equipment owned or leased by the Company. The form in which the fixed asset register shall be kept is to be set by the Director of Finance and each staff member will be responsible for items within his/her area with a copy being provided to the Director of Finance.
- 1.4 Each relevant staff member responsible for assets in the fixed asset register shall be responsible for maintaining an annual check of all items on the fixed asset register, for taking action in relation to surpluses or deficiencies and for making amendments to the register and notifying these to the Director of Finance.
- 1.5 The Company's assets shall not be removed other than in the ordinary course of the Company's business, or used other than for the Company's purposes, except in accordance with specific directions issued by the Chief Executive.
- 1.6 Nominated staff responsible for individual assets shall ensure that property and equipment is maintained in good working order.
- 1.7 Any loss or damage to any individual assets coming to the attention of any member of staff shall be reported immediately to the Director of Finance and, where appropriate, an insurance claim should be made.
- 1.8 A register of documents (deeds, share certificates, bank books etc.) should be kept by and incorporate a record of the location of the individual documents which must be stored in secure locations.

## **2. Stocks and Stores**

- 2.1 All relevant staff shall be responsible for the care and custody of the stocks and stores under their control.
- 2.2 Arrangements shall be made for periodical test examinations of stocks by persons other than the stock-keepers and shall ensure that all stocks are checked at least once every year.

2.3 Each relevant member of staff must provide to the Director of Finance such information as shall be required in relation to stores for the accounting, costing and financial records.

2.4 Significant stock losses must be reported to the Director of Finance who must then ensure appropriate action is taken in accordance with internal procedures.

### 3. Treasury Management

***The Company's treasury management functions are currently managed by the City Council on the Company's behalf through the Financial services SLA. The following sections 3-5 are therefore dormant and not operable until or unless the treasury management functions revert to the responsibility of the Company. The Director of Finance's current responsibilities relating to the treasury management function is restricted to the client function in relation to the SLA with the City Council.***

3.1 This Company adopts in full the principles set out in CIPFA's Code of Practice for Treasury Management in the public service and its accompanying guidance notes ('CIPFA Code and Guide'), together with those of its specific recommendations that are relevant to the Company's Treasury Management activities.

Accordingly, this Company will create, formally adopt and maintain, as the cornerstones for effective Treasury Management:

- A Treasury Management policy statement stating the policies and objectives of its Treasury Management activities and
- Approved Treasury Management Practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives and prescribing how it will manage and control those activities.

This Company delegates responsibilities for the implementation and monitoring of its Treasury Management policies and practices to the Audit Committee and for the execution and for the execution and administration of Treasury Management decisions to the Director of Finance who will act in accordance with the CIPFA Code and Guidance, and all relevant Financial Reporting Standards.

This Company 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 and an annual report after its close, in the form prescribed by its TMP's.

**3.2** The Treasury Management policy and practices will be reviewed annually by the Audit Committee and approved by the Board. These include a risk assessment. An annual Treasury Strategy will be prepared and approved by the Board in advance of each financial year. The Board will also receive an annual review of treasury performance, which will be considered in detail by the Audit Committee.

**3.3** All activities will conform to the requirements of the City Council and other bodies with statutory authority over the Company, and in line with Industry guidelines published from time to time, and are subject to annual review by the Board.

#### **4 Investment of Available Funds**

**4.1** Due to fluctuations in daily cash flows and the requirement to effect draw downs of loans in material amounts, the Company will normally have funds available, which are surplus to immediate requirements, which can be used for interest-earning deposits.

**4.2** As there is normally an interest rate differential between funds borrowed and invested, it is the responsibility of the Director of Finance to ensure that neither loan draw downs nor invested funds are excessive.

**4.3** Funds available for investment will be invested in accordance with the approved Treasury Management Policy and Practices.

**4.4** The Director of Finance has delegated authority to invest available funds in institutions approved by the Board, up to limits defined by the Audit Committee. The Director of Finance is responsible for monitoring the credit worthiness of approved deposit takers and of any other counterparties, using appropriate external sources of information.

#### **5 Borrowings**

**5.1** The Company will raise additional finance or replace existing finance as necessary for the achievement of its objectives and approved Strategic Plan and Financial Plan, within the terms of the Memorandum of the Company.

**5.2** The Director of Finance will maintain records of all borrowings made.

**5.3** All borrowings must be made in accordance with the Treasury Management Policy and Treasury Management Strategy for the relevant financial period.

**5.4** The following persons are authorised to carry out the following activities in respect of loan facilities approved by the Board:

- Chair and Vice-Chair of the Board, and Chair of the Audit Committee
- Chief Executive

are authorised to:

- a) sign all agreements, letters and documents to be entered into pursuant to the Facility Letter;
- b) sign any other documents which does not require the Company's Common Seal to be affixed, including drawdown notices; and
- c) execute and deliver any documents, notices, letters or other communications and to perform any matters deemed necessary or desirable in connection with any of the facility documents.

## **6 Information Technology**

***The provision of IT systems and services are the current responsibility of the City Council through an SLA with the City Council. In addition to the client function in respect of the SLA the Director of Finance is also responsible for in house IT services as set out below in section 6.***

**6.1** The Director of Finance shall be responsible to the Chief Executive for the implementation of proper and effective information technology systems. S/He shall have authority to ensure that all necessary measures are taken to meet reasonable security needs and to ensure compliance with the obligations of the Company under the Data Protection legislation for the time being in force.

## **G OTHER MATTERS**

## **1 Insurances**

***The provision of the insurance function is currently a responsibility of the City Council through an Insurance SLA with the City Council, and the SLA should be referred to where current procedures for dealing with insurance matters are set out. The following requirements of para 1 are therefore currently dormant and inoperable until such time as the Company directly manages the insurance function. The current responsibilities of the Director of Finance are therefore restricted to the client function in respect of the SLA with the City Council.***

- 1.1** All insurances, arrangements and levels of cover will be reviewed annually and arrangements will be made by the Director of Finance to ensure the Company's assets and activities are properly insured in accordance with good practice.
- 1.2** The Director of Finance will record and action all new risks, or properties which need to be insured and of any alterations affecting existing risks and hence insurances.
- 1.3** The Director of Finance shall be notified in writing of a potential claim through loss, liability or damage or other cause, which may lead to a claim and take such action as may be necessary to satisfy any insurance condition.
- 1.4** The Chief Executive shall, if felt necessary, consult the Company's solicitors regarding the terms of any indemnity which the Company is requested to give.
- 1.5** The relevant staff member reporting to the Chief Executive shall ensure that all contractors have adequate employers and third party liability insurance before contracts are carried out on behalf of the Company.

## **2 Insolvency Procedures**

- 2.1** The Board is responsible for ensuring that the Company ceases to trade if there are reasonable grounds for believing the Company is insolvent. The Chief Executive shall provide appropriate information to the Board and the s.151 Officer of the City Council should it be suspected that the Company may be insolvent.

## **3 Acquisition of Land and Buildings**

***Whilst the Company does not currently own buildings it has the power in its Memorandum to both acquire and dispose of properties.***

- 3.1 Approval to the purchase of any interest in land and buildings must be approved by the Board and by any funders involved in providing funds for the purchase..
- 3.2 In circumstances where, prior to purchase, scheme proposals have changed fundamentally since approval to purchase was provided, a new or revised approval to purchase should be obtained from the Board.

#### **4 Disposal of Land and Property**

- 4.1 The disposal of land and/or buildings or of interests in land or buildings, in the ownership of the Company requires approval of the Board. The Board will consider the delegation of its authority to the Chief Executive for specific types of projects or programmes. Disposal or termination of a lease of land and property requires the same authority as for disposal of other land and property. A register of all disposals will be kept

#### **5 Taxation**

***Dealing with the Company's taxation liabilities is a service currently provided to the Company by the City Council through the Financial services SLA.***

#### **6 Partnerships**

- 6.1 Prior to entering partnership or collaborative arrangements with other organizations Executive Directors shall undertake a risk management appraisal to identify and assess the risks associated with the proposals and assess the viability of the partnership in terms of the resources available to it. An Agreement should clearly specify the roles and responsibilities of partners and the communication mechanisms to be adopted. Potential partners should be made aware of the Company's responsibilities in respect of these Financial Regulations.

#### **7 Security**

- 7.1 Each company manager is responsible for maintaining proper security at all times of all buildings, stocks, stores, furniture and equipment, cash etc under his or her control, and must consult with the Director of Finance in any case where security is thought to be defective or where special arrangements may be needed.

- 7.2** Keys to safes or similar containers are to be carried on the person of those responsible at all times while in the office and stored safely when not in the office. The loss of keys must be reported immediately to the Director of Finance.
  
- 7.3** The Director of Finance is responsible for making arrangements for the proper security of data and information held on computer equipment and that regular copies of this data and information are made and stored in a safe and secure location.
  
- 7.4** The Director of Finance must ensure that proper arrangements are in place for risk management and disaster recovery, including the back up of computer facilities in the event of serious malfunction.

