

STANDING ORDERS



2: FINANCIAL REGULATIONS

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Section Ref	Subject	Page
1	STATUS OF FINANCIAL REGULATIONS	4
1.1	Introduction	4
1.2	Definitions and Interpretations	4
1.3	Responsibilities	5
1.4	Amendments to the Financial Regulations	9
1.5	Breaches of Financial Regulations	9
1.6	Dispensations from the Financial Regulations	9
2	FINANCIAL PLANNING, MANAGEMENT AND CONTROL	11
2.1	General	11
2.2	Financial Year	11
2.3	Annual Budget	12
2.4	Budget Monitoring and Control	13
2.5	The Accounting System and Procedures	14
2.6	Annual Statement of Accounts	16
2.7	Internal Control	16
2.8	Internal Audit	17
2.9	External Audit	18
2.10	Risk Management and Control of Resources	18
2.11	Service Level Agreements	20
2.12		20
	Fraud, Corruption and Irregularity	
2.13	Scheme of Delegation	22
2.14	Virements to Company Budgets	22
2.15	Staffing	23
3	INCOME AND BANKING	25
3.1	Banking Arrangements	25
3.2	Income – General	25
3.3	Income – Rental (NCC property)	28
3.4	Grants and Certification	29
3.5	Money Laundering	29
4	EXPENDITURE	30
4.1	General	30
4.2	Key Controls	30
4.3	Contracts (See also Standing Orders Part 3: Tender and Contract Procedure Rules)	34

Section Ref	Subject	Page
4.4	Payment of Invoices	35
4.5	Petty Cash	36
5	SALARIES AND WAGES	39
5.1	General	39
5.2	Travelling, Subsistence, Accommodation and Incidental Expenses	40
6	ASSETS	41
6.1	Company Property, Assets and Fixed Asset Register	41
6.2	Stocks and Stores	42
6.3	Treasury Management	43
6.4	Investment of Available Funds	44
6.5	Borrowings	45
6.6	Information Technology	46
7	OTHER MATTERS	47
7.1	Insurances	47
7.2	Insolvency Procedures	47
7.3	Acquisition of Land and Buildings	48
7.4	Disposal of Land and Buildings	48
7.5	Taxation	48
7.6	Partnerships	49
7.7	Security	50
7.8	Gifts and Hospitality	51
8	APPENDICIES	52
8.1	APPENDIX A – List of Associated Company Documents	52
8.2	APPENDIX B – Financial Authorisation Matrix	55
8.3	APPENDIX C – Financial Regulations' Updates and Amendments	60

FINANCIAL REGULATIONS

1 STATUS OF FINANCIAL REGULATIONS

1.1 Introduction

1.1.1 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.

1.1.2 The proper conduct of the financial affairs of an organisation is of paramount importance. The management of the financial affairs of Nottingham City Homes will be amongst the most important activities a manager will undertake, in order to comply with legal requirements, principles of good corporate governance and to ensure that all decisions with a material financial impact are made in a rational way, according to due process, and can be demonstrated as such.

1.1.3 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.

1.1.4 The Financial Regulations apply to every Board Member, Committee of the Board and staff member of the Company and, for the avoidance of doubt, Trustees, Directors, Officers and staff of any related party, Trust or Company and anyone acting on its behalf.

1.1.5 All Board Members and staff have a duty to take reasonable action to provide for the security of the assets under their control, and to ensure that the use of resources of the Company is legal, properly authorised, in the best interests of the Company and delivers Value for Money for the Company and its clients.

1.1.6 The Company will operate to high business standards, adopt best practice and abide by its Financial Regulations. Exemplary standards of probity and conduct are expected of all Board Members and staff.

1.2 Definitions and Interpretations

Unless stated to the contrary, in these Financial Regulations the terms below shall have the following meanings:

- 1.2.1 **“The Company”** refers to Nottingham City Homes Limited, registered Company number 05292636;
- 1.2.2 **“Board”** means the Board of Nottingham City Homes Limited or any other formally constituted Member body operating within the terms of its reference (e.g. a Committee of the Board);
- 1.2.3 **“Member”** means a duly appointed member of the Board of Nottingham City Homes Limited.
- 1.2.4 **“Executive Director”** means an employee of Nottingham City Homes Limited holding a post designated as a director.
- 1.2.5 **“Company Secretary”** means an Executive Director designated by the Board in accordance with the Companies Act 1985 (and as subsequently amended), or a member of staff whom duties are delegated in accordance with the Company’s Scheme of Delegation.
- 1.2.6 **“The City Council”** refers to Nottingham City Council.
- 1.2.7 **“The Chief Financial Officer”** of the Company is the Director of Finance, ICT and Governance who is primarily responsible for managing the financial risks of the business. This officer is also responsible for financial planning and record-keeping, as well as financial reporting to the Chief Executive and Company Board.

1.3 Responsibilities

- 1.3.1 The **Board** shall be responsible for regulating and controlling the finances of the Company, ensuring that a financial framework exists within which all directors, managers and staff may properly act and are fully accountable for their actions and for ensuring that the Company’s legal and financial responsibilities are fulfilled.

The Board is responsible for adopting the Financial Regulations of the Company and Members’ Code of Conduct and for approving the framework of policy, control and accountability within which the Company operates. The Board is responsible for monitoring compliance with this framework.

The Board is also responsible for monitoring compliance with its decisions, decisions of any Committee of the Board, decisions of any Board Member, Executive Director or member of the Executive Management Team of the Company.

1.3.2 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 Company.

The Audit Committee reports to the Board. It has the right of access to all the information it considers necessary, and can consult directly with the internal audit service provider and with the external auditors. The Audit Committee is also responsible for reviewing internal and external audit reports and the Annual Management Letter.

1.3.3 The **Performance and Regulatory Committee** is responsible for monitoring the compliance with the Financial Regulations, and particularly monitoring both the breaches of the Regulations and any dispensations from the Regulations.

1.3.4 The **Chief Executive** shall co-ordinate and direct the financial activities of the Executive to ensure that the Financial Regulations and detailed financial procedure documents are observed at all times.

The Chief Executive is responsible for the corporate and overall strategic management of the Company. He/she must report to and provide information to the Board and its Committees.

The Chief Executive is also responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the Company.

1.3.5 **Executive Directors** are responsible for ensuring that:

- All staff under their management are aware of the existence and content of the Financial Regulations, and other regulatory documents, and that they are adequately trained, skilled and experienced to be able to comply with them;
- The Board is advised of the financial implications of all proposals and that the financial implications have been communicated to and agreed by the Director of Finance, ICT and Governance; and
- The financial activities of their Directorate are managed within the framework and procedures determined by the Director of Finance, ICT and Governance.

It is also the responsibility of each Executive Director to consult with the Director of Finance, ICT and Governance and seek approval on any

matter liable to materially affect the finances of the Company, before any commitments are incurred.

1.3.6 The **Director of Finance, ICT and Governance** is responsible for the prudent and effective financial management of the Company as delegated to him/her by the Chief Executive.

The Director of Finance, ICT and Governance also has a duty to maintain a continuous review of the Financial Regulations, submitting any additions or amendments to the Board for approval.

The Director of Finance, ICT and Governance shall issue advice and guidance pursuant to the Financial Regulations, which Board Members, staff members and others acting on behalf of the Company are required to follow.

The Director of Finance, ICT and Governance is responsible to the Board for:

- Ensuring the proper administration of the financial affairs of the Company;
- Setting and monitoring compliance with financial management standards;
- Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;
- Providing financial information including the preparation of the revenue and capital programme budgets;
- Overall risk management for the Company; and
- Treasury management.

The Director of Finance, ICT and Governance also has a professional responsibility in relation to the financial administration and stewardship of the Company in support of the statutory duties of the Council's Chief Financial Officer. This statutory responsibility cannot be overridden. The statutory duties arise from:

- Section 151 of the Local Government Act 1972;
- The Local Government Finance Act 1988;
- The Local Government and Housing Act 1989;

- The Accounts and Audit Regulations 1996; and
- Companies Act 2006.

1.3.7 The **Company Secretary** is responsible for prompting and maintaining high standards of conduct in corporate governance and provides advice and guidance to the Board on these matters. The Company Secretary is also responsible for reporting any actual or potential breaches of the law or maladministration to the Board.

The Company Secretary (together with the Director of Finance, ICT and Governance) is responsible for advising the Board if he/she considers that a decision made or about to be made would be contrary to, or not wholly in accordance with, the budget adopted by the Board. Actions that may be judged 'contrary to the budget' might include:

- Initiating a new policy, project or course of action with financial implications that cannot be contained within the adopted budget or have not been properly assessed; or
- Committing the Company to expenditure in future years that is in excess of the budget or has not been properly assessed.

1.3.8 **Company Managers** are responsible for ensuring that they and their staff are fully aware of the Financial Regulations and the importance of complying with them. They are required to comply with the Financial 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, ICT and Governance in advance of any decision or action, whose direction will be considered final in the matter.

1.3.9 Each **Staff Member** who has the same responsibility as a company manager as regards his/her individual sphere of operation. Staff must always seek advice from their line manager where there is any element of doubt on how to proceed.

Compliance with the Financial Regulations is compulsory for all staff connected with the Company and failure to observe Financial Regulations may result in disciplinary action being taken.

1.3.10 The **City Council** owns Nottingham City Homes Limited 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 Section 151 Officer who has extensive powers over the affairs of the Company, powers derived from the Local Government Acts and other relevant legislation.

Any irregularities in the financial affairs of the Company, any unlawful expenditure or the existence of an unbalanced budget must be reported to the Section 151 Officer by the Director of Finance, ICT and Governance.

1.4 Amendments to the Financial Regulations

1.4.1 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.

1.4.2 The Director of Finance, ICT and Governance will inform all staff of changes to Financial Regulations and agree training requirements with Executive Directors.

1.5 Breaches of Financial Regulations

1.5.1 It is a disciplinary offence to breach these Financial Regulations or other financial instructions issued by the Director of Finance, ICT and Governance on the authority of the Financial Regulations.

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

1.6 Dispensations from the Financial Regulations

1.6.1 There will be no dispensations from Financial Regulations except in the circumstances set out below. 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.

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

1.6.3 *Operational Issues* – where the Chief Executive or an Executive Director consider 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, ICT and Governance for the proposed course of action; and
- Authorisation from the Chair of the Performance and Regulatory Committee.

The reports and signature sheet for each dispensation will be held by the Company Secretary alongside the Register of Dispensations.

2 FINANCIAL PLANNING, MANAGEMENT AND CONTROL

2.1 General

- 2.1.1** The Board is responsible for agreeing the framework of policy, control and accountability of the Company. In respect of financial planning, the key elements include, but are not limited to:
- (a) The Management Agreement;
 - (b) The Delivery Plan;
 - (c) The Medium-Term Financial Plan (“MTFP”) – the Company’s Financial Strategy;
 - (d) The Strategic Business Plan;
 - (e) The Asset Management Strategy; and
 - (f) The Directorate Service Improvement Plans (“SIPs”).
- 2.1.2** The MTFP will be a medium term financial forecast, in a form agreed by the Board, and will be reviewed annually or as required by the Board.
- 2.1.3** 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.
- 2.1.4** The Director of Finance, ICT and Governance is responsible for developing and maintaining a resource allocation process that generates budgets appropriate to the planned activities of the Company and the Housing Revenue Account, as set out in the Management Agreement and Delivery Plan, in accordance with the policy, control and accountability framework of the Company.

2.2 Financial Year

- 2.2.1** The financial year of the Company shall run from 1st April to 31st 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.

2.3 Annual Budget

- 2.3.1** The Director of Finance, ICT and Governance is responsible for ensuring that a detailed budget is prepared for each financial year and a Medium Term Financial Plan (on a rolling five-year basis) for presentation to the Board within an agreed timetable to ensure approval by 31st March each year. In practice the budget will need to be agreed within a timetable linked to Nottingham City Council's Executive Board approval of the annual HRA budget and rent setting report. The Annual Budget will correspond to the first year of the MTFP.
- 2.3.2** The budget shall be co-ordinated by the Director of Finance, ICT and Governance who will propose a budget structure and format to be approved by the Board in accordance with the objectives of the Company and its strategic plans. It will be consistent with the Company's responsibilities in relation to the Management Agreement with the City Council.
- 2.3.3** It is the responsibility of the Executive Directors to ensure that the budget estimates submitted to the Board reflect agreed service plans.
- 2.3.4** 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.
- 2.3.5** It is the responsibility of each Executive Director or other staff member charged with preparation and management of a capital programme to ensure that budget estimates reflecting agreed capital project plans are submitted to the Board for their approval and that these estimates are prepared in compliance with the instructions issued by the Director of Finance, ICT and Governance.
- 2.3.6** Instructions on budget preparation will be issued to Executive Directors by the Director of Finance, ICT and Governance. These instructions will take account of at least, but not only, the following budget pressures:
- (a) Legal requirements;
 - (b) Government guidelines and policy changes;
 - (c) Inflation and cost-of-living increases;
 - (d) The policy decisions of clients;
 - (e) The policy decisions of the Company
 - (f) The Delivery Plan;

- (g) Other miscellaneous cost pressures; and
- (h) Inherent, current and future risks.

2.4 Budget Monitoring and Control

- 2.4.1** The annual budget forms the main framework for financial monitoring and control. Reports on actual performance compared to Budget and subsequent forecasts will be produced as defined by the Board.
- 2.4.2** The Chief Executive shall be responsible for ensuring that there is effective and efficient budgetary control, financial instructions, policies and procedures and systems across the Company as a whole.
- 2.4.3** 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 the Financial Regulations.
- 2.4.4** 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.
- 2.4.5** The Director of Finance, ICT and Governance is responsible for providing budget holders with access to appropriate, accurate and timely financial information to enable them to manage their budgets effectively. He/she will monitor income and expenditure against budget allocations using all available information, including information provided by Executive Directors and their staff, and report to the Board on the financial position of the Company on a regular basis.
- 2.4.6** There will be a monthly budget management process determined by the Director of Finance, ICT and Governance. It is the responsibility of each Executive Director to plan, control, monitor and report on income, expenditure and financial performance within their Directorate with due regard to information provided by their own staff and the Director of Finance, ICT and Governance. They are responsible for reporting material variances against budget, both actual and forecast, for their Directorate.
- 2.4.7** It is the responsibility of each Executive Director to ensure that his/her staff take action avoid over-spends against budget. The Director of

Finance, ICT and Governance must always be informed of any financial problems and proposals for mitigation as and when they arise.

2.4.8 Executive Directors, other budget holders and their staff shall pay due regard to the guidance set out in the *Budget Holder Handbook*.

2.5 The Accounting System and Procedures

2.5.1 The Director of Finance, ICT and Governance is responsible for the proper administration of the Company's financial affairs.

2.5.2 The Director of Finance, ICT and Governance is responsible for determining the following, in accordance with the requirements of statutory and regulatory agencies and best financial practices:

- (a) The operation of the accounting systems;
- (b) The accounting procedures;
- (c) The structure, format, coverage, timing and retention of accounting records of the Company; and
- (d) The structure and format of the accounts and the supporting financial information.

2.5.3 The Director of Finance, ICT and Governance is also responsible for selecting accounting policies and ensuring that they are applied consistently.

2.5.4 Appropriate financial controls will be established and reviewed by the Director of Finance, ICT and Governance, including cash transactions and the establishment and implementation of income and expenditure limits and controls.

2.5.5 The Chief Executive and Director of Finance, ICT and Governance have authority to examine all areas of the Company in order to fulfil 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, to ensure the accountability of staff and the security, custody and control of all resources appertaining to their area of responsibility.

2.5.6 The following 'segregation of duties' 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.
- 2.5.7** Adequate accounts and accounting records will be kept by the Company as a minimum requirement, including but not limited to the following:
- (a) Nominal ledger;
 - (c) Purchaser ledger and related invoices;
 - (d) Sales ledger and related invoices;
 - (e) Rent ledger; and
 - (f) Payroll records.
- 2.5.8** Control, suspense and other key accounts will be reconciled on a monthly basis, and a trial balance extracted, on a regular basis.
- 2.5.9** The Director of Finance, ICT and Governance is responsible for reviewing, and signing as evidence of review, a list of all journals, in excess of £10,000, posted on a monthly basis.
- 2.5.10** The Director of Finance, ICT and Governance is authorised to sign financial returns (prepared on the basis of approved budgets and MTFP) to the City Council and any other external stakeholder.
- 2.5.11** All financial 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.
- 2.5.12** Any changes made to the financial systems used by a Directorate or the introduction of new financial systems to a Directorate must be proposed by the relevant Executive Director for approval by the Director of Finance, ICT and Governance.
- 2.5.13** Executive Directors are responsible for the operation of financial processes in their own Directorates in accordance with the policies and

procedures of the Company, and will have regard to the advice of the Director of Finance, ICT and Governance.

- 2.5.14** Executive Directors must ensure that their staff are aware of and comply with financial policies and procedures and receive financial training that has been approved by the Director of Finance, ICT and Governance.
- 2.5.15** Executive Directors must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation, liaising with the Director of Finance ICT and Governance as required.
- 2.5.16** Executive Directors must ensure that staff are aware of their responsibilities under data protection and freedom of information legislation, again in liaison with the Director of Finance, ICT and Governance.

2.6 Annual Statement of Accounts

- 2.6.1** The Director of Finance, ICT and Governance is responsible for ensuring that the preparation and submission of the annual Statement of Accounts is in accordance with relevant statutes, regulations, and guidance including the International Financial Reporting Standards (IFRSs).
- 2.6.2** The Director of Finance, ICT and Governance will ensure that the draft accounts are considered by the Board before the Annual General Meeting (AGM) and that the financial statements are available for adoption at the AGM, which shall be held within fifteen months of the previous AGM.
- 2.6.3** The Board is responsible for approving the annual Statement of Accounts.

2.7 Internal Control

- 2.7.1** Internal Control refers to the systems devised by management with the intention of achieving the objectives of the Company in a manner that promotes, facilitates and demonstrates economic, efficient and effective use of resources and that the assets and interest of the Company are safeguarded.
- 2.7.2** The Director of Finance, ICT and Governance is responsible for advising the Board, Executive Directors and staff on effective systems of internal control and making arrangements to implement internal controls

appropriate to the activities of the Company. These arrangements must be compliant with relevant law, recognised best practice and the policy, control and accountability framework of the Company.

2.7.3 In respect of services received by the Company from service providers (including the Council) and management services supplied by the Company, the Director of Finance, ICT and Governance may take into account the internal controls systems operated by the service provider determining the internal control systems required by the Company.

2.7.4 It is the responsibility of the Executive Directors to ensure that their staff have knowledge of and comply with all systems of internal control.

2.8 Internal Audit

2.8.1 The Board has a statutory responsibility for ensuring adequate systems of internal control. The Director of Finance, ICT and Governance shall be responsible for an annual review of internal controls in accordance with the requirements of relevant good practice, the results of which shall be reported to, and considered by, the Audit Committee.

2.8.2 The Director of Finance, ICT and Governance will be responsible for liaison with the internal auditors, including commissioning and supervising a continuous, rolling audit of the accounting, financial and other operations of the Company, and for ensuring the completion of the internal audit within the agreed timescales.

2.8.3 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 annually to the Board on internal audit and internal control.

2.8.4 The external auditors, internal auditors and Chief Executive or his/her authorised representative shall have authority to:

- (a) Enter at all reasonable times all Company premises;
- (b) Have unrestricted 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 property hired, leased or borrowed by the Company under their control; and
- (e) Remove and/or secure any physical or electronic record, document or correspondence of the Company as considered necessary.

2.9 External Audit

- 2.9.1** The appointment of the Company's 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, taking account of guidance issued by relevant and regulatory bodies. The Director of Finance, ICT and Governance will propose arrangements for both internal and external audit, which in turn will be approved by the Board.
- 2.9.2** The Director of Finance, ICT and Governance will be responsible for liaising with the external auditors, including commissioning and supervising a continuous, rolling audit of the accounting, financial and other operations of the Company, and for ensuring the completion of the external audit within the statutory timescales.
- 2.9.3** The Chief Executive will arrange for the Management Letter 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.
- 2.9.4** 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.

2.10 Risk Management and Control of Resources

- 2.10.1** The Chief Executive shall ensure that the Company has a Risk Management Framework which is updated and approved by the Board on an annual basis.
- 2.10.2** It is the responsibility of Executive Directors to ensure that risk management and the routine operation of the Risk Management Framework is embedded within their Directorates. Business cases, project proposals, Directorate 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. All reports to Board

or Committees and all new policies adopted by the Company shall include a risk assessment within them.

- 2.10.3** The Director of Finance, ICT and Governance is responsible for preparing the Risk Management Framework and for promoting best practice in risk management throughout the Company.
- 2.10.4** All Company managers must receive training to enable them to identify, assess and manage risks. Key to these processes are:
- Transferring the risk to a third party, e.g. through insurance;
 - Implementing additional controls to minimise the likelihood of the risk occurring and/or minimising its potential impact (e.g. through regular inspection and continuous monitoring of identified key risk areas);
 - Tolerating the risk, where the costs associated with managing the risk outweigh the likelihood and impact of the risk occurring;
 - Terminating the risk, where the benefits of undertaking a particular activity are outweighed by the likelihood of the risk occurring and the impact if it does; and
 - Establishing and regularly testing business continuity and disaster recovery procedures to deal with the consequences of events and minimise potential disruption.
- 2.10.5** It is essential that the Company develops and maintains a robust system for identifying and evaluating risks to the business activities of the Company. Identification of these risks must be responded to with meaningful plans and actions to eliminate the risk or to mitigate its likelihood and impact. This process should be informed by the proactive participation of all those associated with planning and delivering services.
- 2.10.6** The Board is responsible for adopting a Risk Management Strategy for the Company and for monitoring its effectiveness. The Board is also responsible for adopting a Corporate Risk Register and ensuring that it is updated at suitable intervals to obtain assurance that it remains fit for purpose.
- 2.10.7** Each Executive Director is responsible for the management of risks as set out in the Corporate Risk Register, and for registering, keeping under review, and managing any risks specific to their Directorates.
- 2.10.8** The Director of Finance, ICT and Governance shall provide an annual Risk Management Report to the Board.

2.10.9 The Director of Finance, ICT and Governance is responsible for and has delegated authority to ensure that insurance cover is in place that is suitable and sufficient for the staff, activities, assets, potential liabilities and risks of the Company.

2.11 Service Level Agreements

2.11.1 The Company maintains a number of Service Level Agreements (SLAs) with the City Council. It is the Company's policy to ensure that it obtains Value for Money for all services received, and so these Service Level Agreements remain subject to review.

2.11.2 The Director of Finance, ICT and Governance is responsible for ensuring that all Service Level Agreements are reviewed on a timely basis and that regular monitoring and performance reporting against each SLA by an appropriate responsible officer takes place.

2.11.3 The Director of Finance, ICT and Governance 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.

2.11.4 Quarterly monitoring and performance review of each SLA will be reported to the Executive Management Team and Performance and Regulatory Committee.

2.11.5 Value for Money reviews of each SLA will take place in a form prescribed by the Director of Finance, ICT and Governance and will include benchmarking and market testing exercises, the results of which will be reported to the Performance and Regulatory Committee.

2.11.6 SLAs with an annual charge of less than £150,000 require the sign off of the Chief Executive. SLAs with an annual charge in excess of £150,000 must be approved by the Performance and Regulatory Committee.

2.11.7 The decision to withdraw, in part or in full, from any of the City Council SLAs will be subject to a 'notice period' of 6 months from the date when the City Council is informed of the Company's decision in writing.

2.12 Fraud, Corruption and Irregularity

2.12.1 All staff are required to conduct themselves to the highest standards. The involvement of staff in any form of bribery, corruption fraud or deception will not be tolerated.

2.12.2 The Director of Finance, ICT and Governance is responsible for the development and maintenance of an Anti-Fraud and Corruption Strategy and Policy and for ensuring that it is promoted throughout the Company. It is the responsibility of Executive Directors to ensure that their staff have knowledge of, and comply with, the Anti-Fraud and Corruption Strategy and Policy as well as the Confidential Reporting Code.

Comment [S1]: I think we need to produce the Anti Fraud and Corruption Policy

2.12.3 Staff must act with absolute honesty and integrity when dealing with assets of the Company or any assets for which the Company is responsible. Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, property, the proper use of resources of the Company or any suspected irregularity in the exercise of the functions of the Company it shall be brought to the attention of management and the Director of Finance, ICT and Governance immediately. If the suspected irregularities potentially involve the Director of Finance, ICT and Governance then the Chief Executive, the Chair of the Board and the Chair of the Audit Committee shall be notified.

2.12.4 The Director of Finance, ICT and Governance shall notify the Chief Executive, Company Secretary, the Chair of the Audit Committee, the internal auditors, and the Section 151 Officer of the City Council of any such irregularities or suspected irregularities in accordance with the requirements of the Management Agreement. Where employees are involved the Director of Finance, ICT and Governance will also inform the appropriate Executive Director. 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.

2.12.5 Having been notified of any potential irregularity, the Director of Finance, Governance and ICT shall take such further steps as he/she consider necessary by way of investigation and action, subject to consultation with the City Council. Staff of audit service providers should not interview those involved without the prior agreement of the Director of Finance, ICT and Governance.

2.12.6 The Company will ensure it complies with its own and, where relevant and required, the City Council's procedures, as well as any legislative requirements, for dealing with suspected and actual irregularities, including the involvement of the police authorities or HM Revenue and Customs as appropriate. Board Members and staff will co-operate in full with reviews and investigations by the internal auditors, or auditors commissioned by the City Council, District Auditor, or the police authorities as necessary.

2.13 Scheme of Delegation

- 2.13.1** The Company will maintain a Scheme of Delegation with respect to management decisions, contractual commitments entered into, and the financial affairs and payments made on behalf of the Company.
- 2.13.2** The Director of Finance, ICT and Governance will maintain the Scheme of Delegation and conduct a periodic review to ensure that it is fit for purpose and is being compiled with.
- 2.13.3** The Director of Finance, ICT and Governance will also maintain a Register of Authorised Signatories reflecting the powers conferred on individuals through the Scheme of Delegation and will conduct a periodic review to ensure that it is fit for purpose and being used.
- 2.13.4** The Director of Finance, ICT and Governance shall issue instructions to all staff of the Company with regard to the administration of the Scheme of Delegation and the Register of Authorised Signatories.
- 2.13.5** It is the responsibility of the Executive Directors to ensure that the Company's Scheme of Delegation has been established within their Directorate, in respect of financial matters and otherwise, and is operating effectively.
- 2.13.6** It is also the responsibility of each Executive Director to ensure that all staff under their management are aware of and comply with any instructions issued by the Director of Finance, ICT and Governance with regard to the Scheme of Delegation and the Register of Authorised Signatories.

2.14 Virements to Company Budgets

- 2.14.1** A 'Virement' is simply the term given to the transfer of funds between different revenue budgets. It enables adjustments to be made during the year to deal with different rates of expenditure or income, e.g. unexpected savings within one budget can be used to finance unforeseen expenditure within another budget. No additional funds can be created but more flexible use of existing budgets is possible.
- 2.14.2** Virements will include:
 - (a) The proposed transfer of budget(s) between budget managers and/or Directorates of the Company – provided both budget managers authorise the required form;

- (b) Proposed transfers between capital and revenue budgets;
- (c) Any increase in the budgeted income of the Company from whatever source; and
- (d) Any increase in the budgeted expenditure of the Company.

2.14.3 All requests for virements shall be authorised in line with the requirements of the Financial Authorisation Matrix in consultation with the Director of Finance, ICT and Governance.

2.14.4 All virements in excess of £50,000 shall be presented to the Executive Management Team (EMT) for discussion during monthly EMT Finance meetings and subsequently reported to the Performance and Regulatory (P&R) Committee for information. P&R Committee will recommend capital and revenue virements for authorisation by the Board in line with the requirements of the Financial Authorisation matrix – see 8.2.6.

2.14.5 Adjustments to the capital programme involving the addition or deletion of capital schemes will be authorised by the Board on the recommendation of the P&R Committee. A draft Committee report shall be presented at EMT prior to any adjustments being approved by members.

2.14.6 Requests for adjustments to the capital programme should clearly set out the rationale for requesting the adjustment as well as the impact of the change, including any impact on either the Decent Homes requirement or capital work to be undertaken under the repairs contract.

2.14.7 All budget changes, including virements, shall be recorded on the accounting system to ensure that there is an audit trail between the original budget, approved by Board, and budget allocations at the financial year-end.

2.15 Staffing

2.15.1 The Board, through the Scheme of Delegation, appoints the Chief Executive responsible for determining how staff roles within the Company will be organised.

2.15.2 The Chief Executive is responsible for providing overall management to staff. He/she is also responsible for ensuring that there is a suitable system in place for determining the remuneration of a post and that the system is used.

2.15.3 Executive Directors are responsible for controlling staff numbers and costs by:

- (a) Making representations on staff numbers and costs for updates to the MTFP and other planning documents when required;
- (b) Advising the Board on the staffing budget necessary in any given financial year to provide the services set out in the Delivery Plan;
- (c) Adjusting staffing to a level that can be funded within approved budget provision;
- (d) Varying the provision as necessary within that constraint in order to meet challenging operational needs; and
- (e) The proper use of appropriate Human Resources policies and procedures (included in the HR Handbook).

3 INCOME AND BANKING

3.1 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 sections, therefore, are 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, ICT and Governance's current responsibilities in respect of the banking function is restricted to the client function in relation to the SLA with the City Council.

- 3.1.1** The Company's bankers will be appointed by the Board and all arrangements with the Company's bankers shall be made, or approved by the Chief Executive, who shall be authorised to operate bank accounts with the approved bankers. Any decision to open or close Company bank accounts will require the prior approval of the Board.
- 3.1.2** The Company's cheques shall bear the signature of the Chief executive and the Director of Finance, ICT and Governance is authorised to be an additional authorised signatory to all of the Company's bank accounts (excluding loan accounts).

3.2 Income – General

- 3.2.1** Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It may be preferable to obtain income in advance or at the point of supplying goods or services as this improves the Company's cashflow and also avoids the time and cost of administering debts.
- 3.2.2** The responsibility for identifying amounts due and the responsibility for collection must be separated as far as is practical.
- 3.2.3** Where official invoices are raised, it must be ensured that the debtor makes payment to the Company.
- 3.2.4** Official receipts or other documentation for income collection must be used in a form approved by the Director of Finance, ICT and Governance.

- 3.2.5** At least two employees shall be present when all post is opened so that cash and cheques received by post are properly identified and recorded and there is a reduced risk of fraud.
- 3.2.6** Receipts, tickets and other records of income must be held securely for the appropriate period.
- 3.2.7** All income shall be securely locked away to safeguard against loss or theft, and to ensure the security of cash handling.
- 3.2.8** Income shall be paid fully and promptly into the appropriate Company bank account in the form in which it is received. In this context “promptly” means that amounts over £50 shall be banked the same day and in any event within three banking days of receipt. Appropriate details shall be recorded on to paying in slips to provide an adequate audit trail and money collected and deposited is to be reconciled to the relevant bank account on a regular basis.
- 3.2.9** All income must be banked gross and may not be used as petty cash, to cash personal cheques or to make other payments.
- 3.2.10** Debtor invoices are to be raised and despatched promptly following the completion of work and the supply of goods or services, where payment has not been received at or prior to the point of supply.
- 3.2.11** No credit notes to replace a debt are to be issued except to correct a factual inaccuracy or administrative error in the calculation or billing of the original debt. All credit notes should be authorised by the Director of Finance, ICT and Governance.
- 3.2.12** Executive Directors shall ensure that the collection of money at different locations, which is due to the Company, complies with procedures defined after consultation with the Director of Finance, ICT and Governance. The relevant Director will ensure that cash handling procedures are strictly followed.
- 3.2.13** Adequate arrangements shall be put in place to ensure the safe despatch of Company monies to the Company’s premises or bankers.
- 3.2.14** Executive Directors must ensure that levels of cash held on any premises do not exceed the approved limits and that adequate insurance is in place.
- 3.2.15** An integral aspect of income collection is the correct accounting treatment for VAT. The Company is subject to regular inspection of its

arrangements for the collection of and accounting for VAT and penalties may be imposed by HM Customs & Excise where there is, or is deemed to be, a breach of statutory procedures.

- 3.2.16** The Director of Finance, ICT and Governance must recommend to the Board a charging policy, including the VAT implications, in respect of all income due to the Company and this must be subject to periodic review.
- 3.2.17** All staff shall furnish the Director of Finance, ICT and Governance 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 those properly authorised in accordance with the Company's approved authority limits.
- 3.2.18** Executive Directors are responsible for ensuring that they maintain an awareness of potential sources of funds to support the activities of the Company and that they investigate and exploit suitable external sources, subject to consultation and approval as appropriate.
- 3.2.19** The Director of Finance, ICT and Governance 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.
- 3.2.20** All receipt forms, books, tickets and other such items shall be ordered by the Director of Finance, ICT and Governance who shall satisfy him/herself as to the arrangements for their control.
- 3.2.21** Every transfer of money held by the Company on behalf of others from one member of staff to another will be evidenced in the Company's accounting records by the signature of the receiving officer.
- 3.2.22** Performance management systems shall be established to monitor the timely billing and collection of income and draw any areas of concern to the attention of the Director of Finance, ICT and Governance.
- 3.2.23** The Director of Finance, ICT and Governance and the Executive Director concerned must establish and initiate appropriate recovery procedures,

including legal action where necessary, for debts that are not paid promptly.

- 3.2.24** If income is not recovered within three months of invoicing, the Chief Executive must be notified and further action agreed.
- 3.2.25** Executive Directors shall be responsible for both recommending to the Director of Finance, ICT and Governance debts to be written off and keeping a record of all sums written off during the financial year.
- 3.2.26** The Director of Finance, ICT and Governance and Chief Executive must agree the write off of all Company bad debts, providing a summary of all such debts to the Board for approval on an annual basis.
- 3.2.27** The Director of Finance, ICT and Governance is responsible for monitoring and reporting to the Board the performance of the Company in the collection of fee and other Company income, recovery of debt, grant funding or other source of funds.

3.3 Income – Rental (NCC property)

- 3.3.1** Rental income is collected from tenants by the Company on behalf of the City Council as part of the Management Agreement and the cost associated with providing this service is recovered through the management fee. Therefore, all such income is the property of the City Council and not the Company.
- 3.3.2** All rental income due shall be the responsibility of the Director of Housing who will ensure that the necessary detail is recorded on the Housing IT system. The Director of Housing shall ensure strict adherence to the Company's rent policies and procedures and in particular, shall ensure that all cases of rent arrears are investigated promptly and appropriate action taken.
- 3.3.3** Income shall be paid fully and promptly into the appropriate City Council bank account in the form in which it is received. Appropriate details shall be recorded on to paying in slips to provide an adequate audit trail and money collected and deposited is to be reconciled to the relevant bank account on a regular basis.
- 3.3.4** Rental income must be posted promptly to the appropriate tenant account.

- 3.3.5** Executive Directors shall ensure that the collection of money at different locations, taken on behalf of the City Council, complies with existing cash handling procedures.
- 3.3.6** Adequate arrangements shall be put in place to ensure the safe despatch of City Council monies to the City Council's premises or bankers.
- 3.3.7** The Director of Housing shall be responsible for providing Board Members with information on all rent arrears that are unlikely to be recovered from tenants. Recommendations shall subsequently be made by the Board, as and when required, to the City Council's Section 151 Officer that such bad debts should be written-off in accordance with the City Council's policy.

3.4 Grants and Certification

- 3.4.1** The Director of Finance, ICT and Governance 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 a grant from.
- 3.4.2** 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.

3.5 Money Laundering

- 3.5.1** To ensure compliance with the Money Laundering Regulations 2007 Company employees shall not accept, on behalf of the Company, a payment or payments in cash of at least 15,000 Euros in total, in respect of any transaction whether the transaction is executed in a single operation or in several operations which appear to be linked.
- 3.5.2** Where an attempt is made by an individual to make such a payment this shall be recorded and reported to the Director of Finance, ICT and Governance together with details held on the individual i.e. their name and address. The Money Laundering Regulations 2007 define "cash" as notes, coins or travellers' cheques in any currency.

4 EXPENDITURE

4.1 General

4.1.1 The Company's money should be spent with demonstrable probity and in accordance with the Company's policies. The Company's procedures shall ensure that services obtain value for money from their purchasing arrangements. The Financial Regulations should be read in conjunction with the Company's Standing Orders and with its detailed financial procedures and procurement policies.

4.2 Key Controls

4.2.1 Every Board Member, Director and employee of the Company must declare any links or personal interests that they, or their close relatives, may have with purchasers, suppliers and/or contractors in accordance with appropriate codes of conduct if they are either:

- Engaged in contractual or purchasing decisions on behalf of the Company; and/or
- Involved in approving or ratifying such decisions.

4.2.2 The Company Secretary is responsible for maintaining a Register of Interests and ensuring that the requirement to declare interests is a standing agenda item at all Company Board meetings. Directors are required to complete an annual return stating that they have no related party transactions.

4.2.3 The key controls for ordering and paying for work, goods and services are:

- (a) All goods and services are ordered only by appropriate persons and are correctly recorded;
- (b) All goods and services shall be ordered in accordance with the Company's Procurement Strategy and the Tender and Contract Procedure Rules;
- (c) All orders must be raised and approved in advance of the related goods and services being received by the Company.

- (d) Goods and services received are checked to ensure they are in accordance with the order. Goods shall not be received by the person who placed the order;
- (e) Variations to prices and quantities are adjusted on the purchase order and referred back to the authorising officer(s) for re-approval.
- (f) Invoices shall not be processed for payment unless they have either been matched to an authorised order or subsequently approved in writing by the authorising officer;
- (g) Payments will not be made by the Company unless goods and/or services have been received by the Company to the correct price, quantity and quality standards;
- (h) All payments will be made to the correct person, for the correct amount and are properly recorded, regardless of the payment method;
- (i) All appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention schedule. If not defined, documents shall be retained for six years;
- (j) All expenditure is accurately recorded against the right budget and any exceptions are corrected;
- (k) Where contractors are employed to undertake building works etc, the requirements of new HM Revenue and Customs' Construction Industry Scheme are complied with (commencement date 6th April 2007); and
- (l) Processes are in place to maintain the security and integrity of data for transacting business electronically.

4.2.4 Official orders must be in a form approved by the Director of Finance, ICT and Governance and must be issued for all works and goods or services that are to be supplied to the Company, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions specified or agreed by the Director of Finance, ICT and Governance. Standard terms and conditions must not be varied without the prior approval of the Director of Finance, ICT and Governance.

4.2.5 Apart from petty cash and other payments from advance accounts, the normal method of payment from the Company shall be by cheque, BACS or other formally approved payment method, drawn on the Company's bank account by the Director of Finance, ICT and Governance.

4.2.6 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Company contracts.

4.2.7 Executive Directors must monitor compliance within their own Directorates to ensure the following:

- (a) No orders are issued for goods or services where the cost is not covered by an approved budget;
- (b) Orders are only used for goods and services provided to and for the use of the service area;
- (c) Orders are raised and approved in advance of the related goods and services being received / consumed and the respective invoice;
- (d) Orders are signed only by those staff authorised to do so as per the Financial Authorisation Matrix – see 8.2;
- (e) Only staff with authority to sign in accordance with the up to date list of authorised staff, including specimen signatures and limits, maintained by the Director of Finance, ICT and Governance;
- (f) Goods and services ordered are appropriate and needed, there is adequate budgetary provision and that, where applicable, quotations or tenders have been obtained in accordance with the Company's approved authority levels and Standing Orders;
- (g) Adequate records are retained and made readily available for inspection and that these contain full details of goods and services to be supplied, prices and discounts where appropriate;
- (h) Goods and services are checked on receipt to verify that they are in accordance with the order. This check shall be carried out by a different officer from the person who authorised the order. Appropriate entries should then be made in inventories or stores records;
- (i) At least two authorised members of staff are involved in the ordering, receiving and payment process. Ideally, a different officer from the person who signed the order, and in every case, a different officer from the person checking a written invoice, shall authorise the invoice;

- (j) A list of staff approved to authorise invoices is maintained and reviewed regularly. Names of authorising officers together with specimen signatures and details of the limits of their Company shall be forwarded to the Director of Finance, ICT and Governance;
- (k) Ensure that Best Value is obtained from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, in accordance with the Company's Procurement Strategy and Tender and Contract Procedure Rules standing orders;
- (l) Ensure that loans, leasing or rental arrangements are not entered into without prior agreement from the Director of Finance, Governance and ICT;
- (m) Notify the Director of Finance, ICT and Governance of outstanding expenditure relating to the previous financial year as soon as possible after 31st March in line with the timetable determined annually by the Director of Finance, ICT and Governance; and
- (n) Notify the Director of Finance, ICT and Governance immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.

4.2.8 The Director of Finance, ICT and Governance shall ensure that:

- (a) Payment is not made unless:
 - A proper VAT invoice has been received, checked, coded and certified for payment, confirming receipt of goods and services;
 - The invoice has been checked to ensure it has not previously been paid;
 - Expenditure has been properly incurred, is within budget provision and discounts have been taken where available;
 - The prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices;
 - The correct accounting treatment of tax has been applied; and

- (b) Payments are not made on a photocopied or faxed invoice, statement or other document other than the formal invoice;
- (c) Suppliers of goods and services are encouraged to receive payment by the most economical means for the Company;
- (d) All appropriate payment records are retained and stored for the defined period, in accordance with the Company's document retention policies, and the appropriate entries have been made in the accounting records; and
- (e) Where payments are to be made to consultants other than through the Company's payroll system, that there is a clear justification for this and that there are no tax implications that may arise.

4.3 Contracts (See also Standing Orders Part 3: Tender and Contract Procedure Rules)

- 4.3.1** Where contracts provide for payments to be made by instalments, the Director of Finance, ICT and Governance 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.
- 4.3.2** Payments to contractors on account during a contract shall only be made when a certificate is issued by an appropriate supervising officer (or private architect, engineer or consultant where engaged by the Company) or by another officer nominated in writing for the purpose.
- 4.3.3** 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.
- 4.3.4** 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.
- 4.3.5** 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.

- 4.3.6** 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.
- 4.3.7** Executive Directors may agree variations to Capital projects 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 MTFP.
- 4.3.8** The final certificates of completion of any contract shall not be issued until the relevant officer or external consultant has produced a detailed statement of account and all relevant documents for the respective Executive Director to review.
- 4.3.9** The Director of Finance, ICT and Governance 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, ICT and Governance has confirmed this.
- 4.3.10** 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 approved by the Chief Executive or the Board in line with the Company's authority levels.
- 4.3.11** 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.

4.4 Payment of Invoices

Whilst the Council continue to carry out banking functions on the Company's behalf, 4.4.1, 4.4.2 and 4.4.3 are dormant.

- 4.4.1** The Board will delegate authority to the Chief Executive and Director of Finance, ICT and Governance 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, as per the Company's authority levels.
- 4.4.2** The authority to sign cheques also extends to similar payment instruments such as telegraphic transfers, standing order mandates and direct debt instructions.
- 4.4.3** All blank cheques and cheque books shall be ordered only on the authority of the Director of Finance, ICT and Governance who shall ensure proper arrangements are made for their safe custody.
- 4.4.4** 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, where efficiently possible, through the Company's creditor payment systems.
- 4.4.5** In some instances cheques or payments will need to be raised for expenditure where no invoice has been provided. Such instances include:
- Staff expenses;
 - Compensation payments to tenants and leaseholders; and
 - Replenishment of franking machines.

Third party evidence should be attached to the appropriate controlled stationery to support all such payments and signatures obtained from managers, as per the Financial Authorisation Matrix – see 8.2, to formally document the required authorisation.

4.5 Petty Cash

- 4.5.1** All the petty cash floats will be held only for the purpose of making urgent purchases where officers are unable to obtain goods or services in a timely manner to allow the continued delivery of the service or minor items of expenditure when it would not be cost effective to purchase the item through the creditor payments system. The requirement and level of imprest will be determined by the Director of Finance, ICT and Governance and will be set after considering expenses flows, security and insurance consideration.
- 4.5.2** The key controls are:

- (a) All transactions are properly accounted for;
- (b) Proper authorisation procedures are in place;
- (c) All the petty cash floats will be held only for the purpose of making small disbursements and paying properly authorised expenses;
- (d) No person may authorise a petty cash voucher payable to themselves;
- (e) 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;
- (f) There is appropriate supporting documentation for all purchases;
- (g) Purchases are appropriate and could not be made through the Company's normal creditor payments system;
- (h) Accounts are kept in balance and reconciled on a regular basis;
- (i) Cash, cheque books and accounting records are held securely;
and
- (j) Realistic and practical financial limits are set on individual transactions from petty cash accounts and the respective petty cash float themselves.

4.5.3 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 the Financial Regulations and any instructions made by the Director of Finance, ICT and Governance.

4.5.4 Reimbursements from petty cash shall not be made in excess of £50 and all claims must be signed as approved by the relevant budget holder.

4.5.5 The Director of Finance, ICT and Governance shall issue and keep under review detailed guidance and procedure notes for the operation of petty cash accounts.

4.6 Purchasing Cards

4.6.1 Purchasing cards are allocated on an individual basis, for use by the designated, named holder only and in accordance with the detailed procedure guide.

4.6.2 Use of the card is strictly limited to -

- Business use only
- Specific products and services for the user
- Within spending limits for individual and monthly purchases

4.6.3 Cardholders can use the card via the telephone, fax or over the internet.

4.6.4 Individual PIN numbers will be provided to each cardholder to support secure purchases. The PIN number must never be shared with other individuals or kept with the purchase card.

5 SALARIES AND WAGES

5.1 General

- 5.1.1** Staff costs are the largest item of expenditure within the Company's accounts. It is therefore important that payments are accurate, timely, made only where they are due for services provided to the Company and that payments accord with individuals' conditions of employment. It is important that all payments are accurately and completely recorded and accounted for.
- 5.1.2** The Director of Organisational Development shall ensure that systems are in place for recording in a form agreed with the Director of Finance, ICT and Governance all matters affecting the calculation and payment of salaries, wages and benefits, and in particular:
- (a) Appointments, resignations, dismissals, suspensions, secondments and transfers;
 - (b) Absences from duty for sickness or other reason, apart from approved leave;
 - (c) Changes in remuneration;
 - (d) Cost allocations; and
 - (d) Information necessary to maintain records of service for pension, income tax, national insurance and the like.
- 5.1.3** 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.
- 5.1.4** 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.
- 5.1.5** The Director of Finance, ICT and Governance is responsible for the payment of salaries and wages to all staff, including payments for overtime, and for payment of allowances and expenses to Board Members.

5.1.6 All timesheets for weekly paid staff shall be signed by the relevant member of staff, and counter-signed by their respective line manager as evidence of authorisation, before being processed through the payroll system.

5.2 Travelling, Subsistence, Accommodation and Incidental Expenses

5.2.1 Claims made by the Chief Executive for car allowances, subsistence, travelling and incidental expenses must be approved by the Chair of the Board in advance of payment on a form issued by the Director of Finance, ICT and Governance.

5.2.2 Claims by other staff must be authorised in accordance with the policies and procedures approved by the Company.

5.2.3 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.

6 ASSETS

6.1 Company Property, Assets and Fixed Asset Register

The Company does not currently have ownership or control of any fixed assets, which remain in the ownership of the City Council. The following sections, therefore, are currently 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, ICT and Governance's current responsibilities in relation to Company Property, assets and the Fixed Asset Register are restricted to the client function in relation to the SLA with the City Council.

However, it must be noted that any proposals to enter into a leasing arrangement have the potential to run beyond the life of the Company's Management Agreement with the Council and therefore discussions on the implications of this must take place with the Council at an early stage.

- 6.1.1 The Director of Finance, ICT and Governance is responsible for ensuring that the Company's assets are used efficiently, effectively and economically in order to demonstrate that Value for Money is being obtained. The Director of Finance must ensure that records and assets are properly maintained and securely held.
- 6.1.2 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. A register of documents (deeds, share certificates, bank books etc.) shall be kept which incorporates a record of the location of individual documents requiring storage in a secure location.
- 6.1.3 A register of all properties owned or leased by the Company will be kept in a form approved by the Director of Finance, ICT and Governance recording location, extent, purchase details, particulars or nature of the Company's interest, details of rents payable and particulars of tenancies granted.
- 6.1.4 A Fixed Asset Register and inventory shall be maintained, recording a description and location of furniture, fittings, equipment, plant and machinery and other capital equipment owned or leased by the Company as well as an appropriately assigned responsible officer. The form in which the fixed asset register shall be kept is to be set by the Director of Finance, ICT and Governance.

- 6.1.5** Each officer assigned responsibility for assets in the fixed asset register shall be responsible for maintaining an annual check of all their respective assets. Nominated officers responsible for individual assets shall ensure that all property and equipment is maintained in good working order.
- 6.1.6** Responsible officers are responsible for determining when an asset is no longer required by the Company by reason of obsolescence, exhaustion, wear & tear, over-provision, or otherwise.
- 6.1.7** Responsible officers are also responsible for formally communicating all asset additions and disposals or other changes in asset data to the Director of Finance, ICT and Governance who is responsible for ensuring that the fixed asset register on a timely basis throughout the year and at the year-end.
- 6.1.8** The disposal of any asset deemed as obsolete or no longer required by the Company must be for the highest available consideration and be approved by the relevant Executive Director. Where the estimated net realisable value of the asset is in excess of £5,000, prior approval for the sale must be obtained from the Board.
- 6.1.9** The Company's assets shall not be removed or used other than in the ordinary course of the Company's business or for general Company purposes, except in accordance with specific directions issued by the Chief Executive.
- 6.1.10** 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, ICT and Governance and, where appropriate, an insurance claim should be made.

6.2 Stocks and Stores

- 6.2.1** All relevant staff shall be responsible for the care and custody of the stocks and stores under their control.
- 6.2.2** Arrangements shall be made for periodical test examinations of the Company's stock. Test examinations (or stock counts) should be performed on all categories of stock on a rolling basis at least once every year. Appropriate levels of stocks shall be maintained at all times.

- 6.2.3 Adequate procedures shall be in place to ensure that all Company stock is counted and reconciled to the stock management system on, or at a date not significantly different to, the financial year end.
- 6.2.4 All adjustments to stock values, arising due to variances identified during either perpetual or year-end stock takes, are to be reviewed and authorised as per the requirements of the Financial Authorisation Matrix – see 8.2.
- 6.2.5 Each relevant member of staff must provide to the Director of Finance, ICT and Governance, at the earliest opportunity, all information as deemed required in relation to stores for the accounting, costing and financial records.
- 6.2.6 Significant stock losses must be reported to the Director of Finance, ICT and Governance who must then ensure appropriate action is taken in accordance with internal procedures.
- 6.2.7 A list of all proposed stock write-offs shall be prepared by the stores manager and signed as authorised by both the Assistant Director of Contract Services and the Director of Finance, ICT and Governance.
- 6.2.8 Service Managers are responsible for identifying Work In Progress (WIP) adjustments. All WIP review forms, which include proposed WIP adjustments, should be authorised by the Assistant Director of Contract Services. Those forms with individual job WIP write-offs in excess of £1,000 should be counter-signed by the Director of Finance, ICT and Governance.

6.3 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 are therefore dormant and not operable until or unless the treasury management functions revert to the responsibility of the Company. The Director of Finance, ICT and Governance's current responsibilities relating to the treasury management function are restricted to the client function in relation to the SLA with the City Council.

- 6.3.1 The Director of Finance, ICT and Governance is responsible for ensuring that the banking, cash handling, income collection, payment and investment arrangements of the Company are compliant with relevant law, recognised best practice and the policy, control and framework of the Company.

6.3.2 The Company shall adopt in full the principles set out in CIPFA's Code of Practice for Treasury Management in the public service, its accompanying guidance notes ('CIPFA Code and Guide') and the related recommendations relevant to the Company's treasury management activities.

Accordingly, this Company will create, formally adopt and maintain the following cornerstones for effective treasury management:

- A 'Treasury Management Policy Statement' (TMPS) which outlines the Company's objectives, policies and relevant activities in relation to treasury management; and
- Approved 'Treasury Management Practices' (TMP), setting out the manner in which the organisation will seek to achieve its TMPS and prescribing how it will manage and control the related activities.

The Company delegates the responsibility for the implementation and monitoring of its treasury management policies and practices to the Performance and Regulatory Committee and the responsibility for the execution and administration of treasury management decisions to the Director of Finance, ICT and Governance. All staff and Board members are expected to act in accordance with the CIPFA Code and Guidance, and all relevant Financial Reporting Standards at all times.

6.3.3 The Treasury Management Policy Statement and Practices will be reviewed annually by the Performance and Regulatory Committee and approved by the Board. These documents should include a risk assessment.

6.3.4 An annual Treasury Management 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 Performance and Regulatory Committee.

6.3.5 Treasury management activities will conform to the requirements of the City Council, other bodies with statutory authority over the Company and in line with Industry guidelines. The Company's activities shall be subject to annual review by the Board.

6.4 Investment of Available Funds

6.4.1 The Director of Finance, ICT and Governance is responsible for ensuring that investment assets held by the Company are managed in the best

interests of the Company, taking a balanced view of risk and potential gain.

- 6.4.2** As there is normally an interest rate differential between funds borrowed and invested, it is the responsibility of the Director of Finance, ICT and Governance to ensure that neither loan draw downs nor invested funds are excessive.
- 6.4.3** The level of funds as well as the type of investments approved by the Company will be invested in accordance with the approved Treasury Management Policy Statement and Practices.
- 6.4.4** The Director of Finance, ICT and Governance has delegated authority to invest available funds in institutions approved by the Board and up to limits defined by the Performance and Regulatory Committee. The Director of Finance, ICT and Governance is responsible for monitoring the credit worthiness of approved deposit takers and of any other counter-parties, using appropriate external sources of information.

6.5 Borrowings

- 6.5.1** The Company will raise additional finance or replace existing finance as necessary in order to achieve the Company's objectives as well as those set out in the approved strategic plans.
- 6.5.2** The Director of Finance, ICT and Governance will maintain records of all borrowings made.
- 6.5.3** All borrowings must be made in accordance with the Treasury Management Policy Statement and the Treasury Management Strategy for the relevant financial period.
- 6.5.4** 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; and
 - 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 do 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 the facility documents.

6.6 Information Technology

The provision of IT systems and services are the currently the responsibility of the City Council through an SLA with the City Council. In addition to the SLA agreed with the City Council the Director of Finance, ICT and Governance is also responsible for in house IT services as set out below in section 6.6.1.

- 6.6.1** The Director of Finance, ICT and Governance shall be responsible to the Chief Executive for the implementation of proper and effective information technology systems. He/she 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.
- 6.6.2** The Head of ICT is responsible for establishing the Company's annual IT investment requirements and liaising with the City Council and Director of Finance, ICT and Governance to ensure that initial and future year costs associated with IT investment are funded within the respective City Council capital and Company revenue budgets.

7 OTHER MATTERS

7.1 Insurances

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

- 7.1.1** All insurances, arrangements and levels of cover will be reviewed annually and arrangements will be made by the Director of Finance, ICT and Governance to ensure the Company's assets and activities are properly insured in accordance with good practice.
- 7.1.2** The Director of Finance, ICT and Governance will record all new risks and new assets as well as any alterations affecting existing risks and/or insurances and ensure that insurance arrangements are in place to adequately mitigate these risks and insure all assets against damage.
- 7.1.3** The Director of Finance, ICT and Governance 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.
- 7.1.4** The Chief Executive shall consult the Company's solicitors regarding the terms of any indemnity which the Company is requested to give, as and when required.
- 7.1.5** 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. See also the Company's Standing Orders, Part 3: Tender and Contract Procedure Rules.

7.2 Insolvency Procedures

- 7.2.1** 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 Section 151 Officer of the City Council should it be suspected that the Company may be, or is at risk of becoming insolvent.

7.3 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 land and buildings. The following sections therefore currently remain dormant but could be activated by the Company in the future if it wishes to exercise its powers of acquisition and disposal.

7.3.1 The acquisition of any interest in land and buildings must be approved by the Board and by any parties involved in providing funds for any such purchases.

7.3.2 In circumstances where, prior to purchase, scheme proposals have changed fundamentally since the approval to purchase was provided, a new or revised approval to purchase shall be obtained from the Board.

7.4 Disposal of Land and Buildings

7.4.1 The disposal of any land or buildings assets by the Company requires the prior approval by 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.

7.4.2 It is the responsibility of the Director of Finance, ICT and Governance to ensure that adequate records of all land and building disposals are maintained and the fixed asset register kept up to date.

7.5 Taxation

7.5.1 Nottingham City Homes is incorporated as a private Company limited by guarantee under the Companies Act 1985 and is a wholly owned subsidiary of Nottingham City Council. The Director of Finance, ICT and Governance is responsible for ensuring that income derived from services provided by the Company is non-taxable and for agreeing with HM Revenue and Customs that any surpluses the Company makes on transactions with the City Council are not taxable.

7.5.2 The Director of Finance, ICT and Governance is responsible for ensuring that the tax registrations of the Company are appropriate to its activities in accordance with the law. This will include:

- Corporation Tax;
- Pay As You Earn (PAYE); and
- Value Added Tax (VAT).

7.5.3 Dealing with the Company's taxation liabilities is a service currently provided to the Company by the City Council through the Financial Services SLA. This does not take away the responsibility of the Director of Finance, ICT and Governance to ensure compliance with all relevant legislation.

7.5.4 The Director of Finance, ICT and Governance must ensure that all statutory tax returns are completed correctly, accurately and returned on time in accordance with deadlines set by HMRC as well as the associated tax payments. Any overpayments of tax or tax rebates must be reclaimed promptly.

7.5.5 The Director of Finance, ICT and Governance is also responsible for ensuring that the financial transactions of the Company are accounted for and recorded in such a way as to provide an adequate record for tax purposes.

7.5.6 The Director of Finance, ICT and Governance is responsible for advising the Board on taxation issues pertaining to the business activities of the Company.

7.6 Partnerships

7.6.1 The Company may elect to enter into arrangements with other parties in order to achieve its objectives. The Board is responsible for approving delegations to other parties including frameworks for partnerships.

7.6.2 The Board may delegate functions, including those relating to partnerships, to members of staff. These will be set out the Company's Scheme of Delegation.

7.6.3 The Director of Finance, ICT and Governance is responsible for ensuring that the accounting arrangements adopted in respect of partnerships, pooled budgets and joint ventures are adequate for the purpose. He/she must also consider the overall Corporate Governance arrangements and

legal issues when arranging contracts with external bodies. He/she must ensure that the risks have been fully appraised before arrangements are entered into with external bodies.

- 7.6.4** Prior to entering partnership or collaborative arrangements with other organisations Executive Directors shall undertake a risk assessment to identify and assess the risks associated with the proposals and consider the viability of the partnership in terms of the resources available to it. An agreement between the two parties should clearly specify their respective roles and responsibilities as well as the communication and reporting mechanisms to be adopted.
- 7.6.5** Executive Directors are responsible for ensuring that appropriate approvals, both internal and external, are obtained before any negotiations are concluded in relation to work with external bodies.
- 7.6.6** The Company Secretary is responsible for promoting and maintaining the same high standards of conduct, with regard to financial administration, in partnerships that apply throughout the Company. Potential partners shall be made aware of the Company's responsibilities in respect of these Financial Regulations.

7.7 Security

- 7.7.1** Each Company manager is responsible for maintaining proper security at all times in relation to all Company buildings, stocks, stores, furniture and equipment, cash etc under his or her control. Managers must always consult with the Director of Finance, ICT and Governance in any case where security is thought to be defective or where advice and/or special arrangements may be required.
- 7.7.2** 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, ICT and Governance.
- 7.7.3** Where Company safes, or other security devices, are accessed using security codes this information should be limited to those officers prescribed in the Company's Cash Handling Procedures. Security codes should be changed on a timely basis and, as a matter of urgency, in every instance where an individual with access to the safe leaves the Company's employment.
- 7.7.4** The Director of Finance, ICT and Governance 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.

- 7.7.5** The Director of Finance, ICT and Governance 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.

7.8 Gifts and Hospitality

- 7.8.1** It is a disciplinary offence for any person to use their position within the Company to request or accept any gift, reward or other incentive while undertaking work in an official capacity. Such acts seriously undermine the public image of the Company and as a result the Company will discipline all staff found to be in breach of Financial Regulation 7.8.1 on the grounds of misconduct.
- 7.8.2** Members of the Board and members of staff shall refuse all material hospitality and gifts offered by an individual or Company that does or could provide services to the Company.
- 7.8.3** Items such as calendars, mouse mats, pencils and minor stationery may be regarded as outside of these requirements. However, in such cases where there is doubt as to whether a gift or offer of hospitality should be accepted or refused the Company Secretary should be consulted.
- 7.8.4** There can be occasions, e.g. conferences, when refusal is difficult or impractical and therefore when acceptance is considered acceptable and appropriate the officer must inform their line manager and the Company Secretary.
- 7.8.5** The Company Secretary is responsible for maintaining a register of all gifts and hospitality made to or declined by the Company or any of its employees (Gifts and Hospitality Register).

8 APPENDICIES

8.1 APPENDIX A – List of Associated Company Documents

Document	Financial Regulations' Reference(s)
Articles of the Company	1.1.1
Terms of Reference	1.1.1
Standing Orders (Includes the Governance SOs, Financial Regulations and Tender & Contract Procedure Rules)	1.1.1, 1.1.3, 4.2.8
Members Code of Conduct (Included in the Governance Standing Orders)	1.3.1
Register of Dispensations	1.6.1, 1.6.3
Tender and Contract Procedure Rules (Included in the Company Standing Orders – see above)	1.6.3, 4.2.7, 4.3
Management Agreement	2.1.1, 2.1.4, 2.3.2, 2.12.4, 2.15.3, 3.2.1
Delivery Plan	2.1.1, 2.3.6, 2.15.3
Medium Term Financial Plan (Company's Financial Strategy)	2.1.1, 2.3.1, 2.5.10, 4.3.7
Asset Management Strategy	2.1.1
Directorate Service Improvement Plans (SIPs)	2.1.1

Document	Financial Regulations' Reference(s)
Strategic Business Plan	2.1.1
Budget Holder Handbook	2.4.8
Risk Management Framework (Includes the Risk Management Strategy and Policy)	2.10.1, 2.10.2, 2.10.3
Risk Management Strategy (Included in the Risk Management Framework)	2.10.6
Risk Management Policy (Included in the Risk Management Framework)	2.10.2
Annual Risk Management Report	2.10.7
Company Risk Register	2.10.6, 2.10.7
Anti-Fraud and Corruption Strategy	2.12.2
Anti-Fraud and Corruption Policy	2.12.2
Confidential Reporting Code (Included in the HR Handbook)	2.12.2
Scheme of Delegation (Included in the Governance Standing Orders)	2.1.3, 2.14.3, 2.15.1
Register of Authorised Signatories	2.13.3, 2.13.4, 2.13.6
HR Handbook	2.15.3

Document	Financial Regulations' Reference(s)
Financial Services SLA	3.1, 6.3, 7.5.3
Cash Handling Procedures	Error! Reference source not found., 7.7.3
Register of Interests	4.2.2
Procurement Strategy	4.2.3, 4.2.8
HM Revenue and Customs' Construction Industry Scheme	4.2.3
CIPFA's Code of Practice for Treasury Management	6.3.2
Gifts and Hospitality Register	7.8.5
<u>Documents currently dormant i.e. not produced or required until, or unless, the treasury management and fixed asset functions, managed by the City Council, revert to the responsibility of the Company.</u>	
Fixed Asset Register	6.1
Treasury Management Policy Statement	6.3.2, 6.3.3, 6.4.3, 6.5.3
Treasury Management Practices	6.3.2, 6.3.3, 6.4.3
Treasury Management Strategy	6.3.4, 6.5.3

8.2 APPENDIX B – Financial Authorisation Matrix

- 8.2.1** The Financial Authorisation Matrix sets out the prescribed limits, thresholds and authorisation levels, as well as the respective authorising officers, established within the Company. The Matrix should be adhered to by employees at all times and failure to do so, will constitute a breach of the Company's Financial Regulations – see section 1.5.
- 8.2.2** The required authorisation levels, and the seniority of the authorising officers, increase as the value of financial the commitment approved increases. Any valuations or variations shall be authorised in line with the values included in the Matrix
- 8.2.3** As there is an ongoing impact on the City Council and NCH Finances, no distinction is made between the approval levels for capital and revenue.

8.2.4 GENERAL AUTHORISATION LIMITS

EXPENDITURE TYPE	BOARD (Committee)	CHIEF EXECUTIVE	DIRECTOR	LEVEL 1	LEVEL 2	LEVEL 3
Approve orders	More than £250,000	More than £100,000	£50,000 to £99,000	£10,000 to £49,999	£1,500 to £9,999	Up to £1,500
Approve cheques/payments without invoices		More than £10,000	£1,000 to £10,000	£500 to £999	Up to £500	
Compensation payments to tenants / leaseholders	More than £1,000	£500 to £1,000	Up to £500			
Staff Expenses		More than £1,000	£500 to £1,000	£100 to £500	Up to £99	
Stock take adjustments (perpetual and year-end)			More than £1,000	Up to £1,000		
WIP adjustments/write- offs (per job)			More than £1,000	Up to £1,000		
Approve Service Level Agreements (SLAs)	More than £150,000 (Performance & Regulatory)	Up to £150,000				
Variations to Revenue Contracts (% increases based on	More than 25% or £75,000	More than 25% and up	Up to 25% and £75,000			

EXPENDITURE TYPE	BOARD (Committee)	CHIEF EXECUTIVE	DIRECTOR	LEVEL 1	LEVEL 2	LEVEL 3
the initial contract price)		to £10,000				
Variations to Capital Contracts (% increases based on the initial contract price)	More than 5% or £75,000 *	More than 25% and up to £10,000	Up to 5% and £75,000 *			
Virements to Revenue Budgets (% increases based on initial base budget)	More than 10% or £100,000	Up to 10% or £100,000 *	Up to 10% or £10,000 *			
Virements to the Capital Budgets (% increases based on initial base budget)	More than £500,000	Up to £500,000 #				
Net Realisable Value of Assets Sold	More than £5,000	Up to £5,000				

* - Whichever is the lower.

- Adjustments to the Capital Programme between £100,000 and £500,000 should be approved in consultation with the Chair of the P&R Committee.

8.2.5 DIRECTORATE AUTHORISING OFFICERS

EXPENDITURE TYPE	LEVEL 1	LEVEL 2	LEVEL 3
FINANCE, ICT & GOVERNANCE	<ul style="list-style-type: none"> • Heads of Finance – Company and Property. • Head of ICT. • Company Secretary. 	<ul style="list-style-type: none"> • Managers 	<ul style="list-style-type: none"> • Managers
ORGANISATIONAL DEVELOPMENT	<ul style="list-style-type: none"> • Head of HR. • Head of OD & Learning. • Head of Health & Safety. 	<ul style="list-style-type: none"> • Managers 	<ul style="list-style-type: none"> • Managers
STRATEGY & PARTNERSHIPS	<ul style="list-style-type: none"> • Head of Business Improvement & Development. • Head of Equality & Diversity • Head of Communications & Marketing. 	<ul style="list-style-type: none"> • Managers 	<ul style="list-style-type: none"> • Managers
HOUSING SERVICES	<ul style="list-style-type: none"> • Assistant Directors. • City Lettings Manager. • Sheltered Housing Manager. • Rents Manager. 	<ul style="list-style-type: none"> • Area Housing Managers. • Tenant & Leaseholder Involvement Manager 	<ul style="list-style-type: none"> • Team Leaders
PROPERTY SERVICES	<ul style="list-style-type: none"> • Assistant Directors. • Service Managers. 	<ul style="list-style-type: none"> • Project Managers. • Contract Surveyors. 	<ul style="list-style-type: none"> • Team Leaders

8.2.6 FINANCE COUNTER AUTHORISATIONS

COUNTER SIGNATURE TYPE	DIRECTOR OF FINANCE, ICT AND GOVERNANCE	HEAD(S) OF FINANCE	FINANCE MANAGER	FINANCE OFFICER
Invoices <£50,000 passed for payment – authorisation of batch (not separate invoices)				Two FOs (or more senior finance officer in their absence) to sign batch header.
Invoices of £50, 000 and above	Invoices more than £100,000	Invoices £50,000 to £100,000		
Month-end Journals	More than £10,000			
Stock take adjustments (perpetual and year-end)	More than £1,000	Up to £1,000		
WIP adjustments/write-offs (per job)	More than £1,000			

8.3 APPENDIX C – Financial Regulations’ Updates and Amendments

Updated by	Updated on	Filename & path	Status
Julie Hadfield	July 2007	http://intra.nottinghamcity.gov.uk/nottCityHomes/Standing_Orders/docs/NCH.FR_Total_Version.doc	Approved by the Board 26 th July 2007
Steve Everson	January 2008	S:\Finance\Steve\Amended Financial Regulations	-
Darren Phillips	February 2008	S:\Finance\Steve\Amended Financial Regulations V2	-
Steve Everson	March 2008	S:\Finance\Steve\Standing Orders etc\Review\Amended Financial Regulations V2 SE review	-
Darren Phillips	April 2008	S:\Finance\Steve\Amended Financial Regulations V3	-
Steve Everson	May 2008	S:\Finance\Steve\Amended Financial Regulations Final for Board	