

FINANCIAL INSTRUCTIONS

INTRODUCTION

These Financial Instructions have been prepared for all staff of the Authority who are responsible for financial matters during the course of their duties and must be observed at all times.

The Financial Instructions concentrate on the basics and give general guidance only. Detailed procedures applicable to different areas of financial control, may supplement these. Financial Instructions prevail over any other procedures which may have been issued.

These Financial Instructions should be considered in conjunction with the Authority Constitution, Standing Orders, Financial Procedural Rules, Scheme of Delegation, Health and Safety Guidelines and other guidance issued by the Authority.

The Director of Waste Disposal shall designate appropriate officers as authorised for the purpose of certifying financial transactions and shall agree these, including any limitations on their scope of authority, with the Treasurer to the Authority.

Employees have a duty if they suspect incidences of fraud, misappropriation or corruption which impact on the Authority, to report such matters. This would normally be to a Director, Assistant Director, or equivalent or to the Internal Audit Section of the Chief Executive's Department at St. Helens Council. However if the employee is concerned at this approach then specific procedures for confidential reporting within the 'Whistleblowing Policy'. Further information regarding this matter is contained within the Authority's Anti Fraud and Corruption Strategy.

Where there is doubt about any instruction, the Business Support Manager will offer guidance or seek advice from the Treasurer to the Authority, where necessary.

The requirements of the Financial Instructions should be adhered to, failure to do so could, and probably will, lead to disciplinary action.

Ian Roberts
Treasurer to the Authority
February 2007

SECTION ONE

ACCOUNTING AND BUDGETARY CONTROL

"The Authority must be able to account for its actions and the expenditure of Public Money properly"

- 1.1 The Director of Waste Disposal shall designate relevant Officers as being authorised to certify financial transactions and/or be accountable for the management of budgets in accordance with Financial Procedural Rules and Contract Procedural Rules.
- 1.2 Appropriately designated Officers shall ensure that all payments are properly incurred, legal and within existing budget limits.
- 1.3 All payments shall be coded correctly in line with the coding structures prevailing at the time and taking into account the relevant budget head against which expenditure is to be incurred.
- 1.4 Similarly, Officers responsible for the accounting of income transactions shall ensure that a valid relevant code is attached to each transaction.
- 1.5 Designated responsible Officers shall ensure that they receive and review budget monitors on a regular basis (at least monthly). These should be derived, directly or indirectly, from the St. Helens Council's Financial Information System which shall remain the prime record of budgetary control in terms of approved budgets and expenditure. Officers shall make arrangements for the accurate assessment of committed expenditure since the last update of F.I.S.
- 1.6 The designated Officers shall ensure that the periodic information provided from F.I.S. represents accurately the transactions they have incurred and that all necessary maintenance of F.I.S. has been carried out. The Business Support Manager will be required to monitor the position to ensure that the integrity of F.I.S. is not undermined by the misuse of coding or as a result of any other issue.
- 1.7 The Business Support Manager will also be responsible for controlling the rectification of wrong codings and inaccurate budgets and will ensure that all suspense items are cleared on a frequent and regular basis.
- 1.8 Designated responsible Officers shall have a duty to manage their budgets in order to obtain best value for money and ensure that the policies and priorities of the respective service areas are achieved efficiently and cost effectively. In doing so they must ensure that they discuss with and/or inform the Business Support Manager whenever issues of a budgetary nature arise. This will include circumstances where new or additional areas of expenditure or income are identified, or issues relating to the appropriateness of current budgets determine.
- 1.9 The Business Support Manager is responsible for reporting variations and pressures against approved budgets to the Director of Waste Disposal and the Treasurer to the Authority on a frequency to be determined by the Treasurer to the Authority.

- 1.10 The Business Support Manager will be responsible for the preparation of Annual Final Accounts and budget estimates, in compliance with Financial Procedure Rules and all relevant Strategies, Plans, Policies and priorities of the Authority, and in accordance with the timetable determined by the Treasurer to the Authority.
- 1.11 It should be noted that these Instructions apply equally to revenue and capital items of income and expenditure.

SECTION TWO

INCOME

"All income received should be receipted"

2.1 AUTHORISED OFFICERS

2.1.1 Only specifically authorised officers should be engaged in the receipt and collection of cash.

2.1.2 Every officer involved in the receipt and collection of cash must receive sufficient training to enable them to carry out such duties. They should have access to, and be familiar with these Financial Instructions and comply with these Instructions

2.2 FORMS OF INCOME

2.2.1 The following forms of payment are taken as income by the Authority. These payment methods are taken in order:-

2.3 CHEQUE PAYMENTS

2.3.1 Cheques and postal orders must not be left blank and should be completed by the payer with the necessary details i.e. payee (Merseyside Waste Disposal Authority) date, amount in words and figures, signature.

2.3.2 Cheques should be made payable to Merseyside Waste Disposal Authority. In no circumstances whatsoever may a cheque be made payable to an individual officer. Third Party cheques should not be accepted.

2.3.3 Post Dated Cheques must not be accepted unless by prior arrangement with the Treasurer to the Authority.

2.3.4 Where possible, a cheque payment for sales, fees or charges should be substantiated by a cheque card ensuring the signature on the card and the cheques correspond and the card number is written on the back of the cheque along with the card expiry date.

2.3.5 A cheque payment for sales, fees or charges must not be accepted if:-

- (i) the identity of the payer cannot be established with certainty;
- (ii) if the service for which the payment is in consideration cannot subsequently be cancelled without loss to the Authority.

2.3.6 Where a cheque card is not produced, the address of the payer should be written on the back of the cheque, together with the name or stamp of the establishment receiving the cheque.

2.3.7 Cheques should be scrutinised to ensure their validity, in particular the matching of words and figures and the date is valid. Special care should be taken when a cheque is received early in the new Calendar Year.

2.4 ELECTRONIC PAYMENTS

- 2.4.1 Electronic payments can only be received through St. Helens Council's cash receipting system, or other authorised system. All devices and locations used in the receipt of electronic payments must be approved by the Treasurer to the Authority.

2.5 CASH

- 2.5.1 Income accepted in cash should be in current Bank of England Notes and coinage, but may also include notes issued by the Banks of Scotland and Isle of Man. The Authority may also accept payments in Euro currency.
- 2.5.2 As a protection against forged notes and coins, the Authority reserves the right to refuse certain denominations of note, or types of currency on advice from the Bank of England or the police, where there is a high risk of forgery.

2.6 AUTOMATED PAYMENTS

- 2.6.1 Automated payments include payments received by BACS transfer, and Direct Debits, and are the most cost-effective method of receiving income.
- 2.6.2 Arrangements to receive BACS payments must be made through the Accounts section of the Finance Division at St. Helens Council. Where significant payments are anticipated, authorised officers must inform the St. Helens Income Section of Finance in advance, and provide a valid objective code, against which the income can be associated with.
- 2.6.3 Direct Debits arrangements must be made through the St. Helens Council's Debtors system, or through other approved accounting systems. Services offering payment by direct debit must only do so on the approval of the Treasurer to the Authority.
- 2.6.4 Customers must be informed, in writing, of any changes in direct debit amounts, or dates, in writing, at least 28 Days before these are effective.

2.7 USE OF THIRD PARTY COLLECTION AGENTS

- 2.7.1 Third parties may only be used to collect income for the Authority on the approval of the Treasurer to the Authority and any arrangements must be subject to appropriate contractual arrangements, which protect the Authority from any loss of income. All third parties must provide the Authority with appropriate documentation to demonstrate amounts and timings of payments, and all income must be paid into the Authority's bank account in accordance with contractual arrangements.

2.8 CONTROL OF INCOME

- 2.8.1 This section sets out the responsibilities of officers in respect of income. Some of these regulations are specific to individual types of payment, however they all are based on common principles.

2.9 RECEIPTING OF PAYMENTS

2.9.1 Receipt Books and Paying In Books must be obtained from the Treasurer to the Authority. The following instructions apply in respect of official receipts for Authority payments.

- i. A Receipt/Ticket must be issued whenever a payment is received.
- ii. A receipt must be issued to the customer and a copy retained.
- iii. Only official Receipts/Tickets must be used.
- iv. Receipts/Tickets should be issued consecutively.
- v. Receipts must be fully completed, showing the customers name, the date, the amount, the cheque number if applicable and a description/reference relating to the sum received.
- vi. The receiving officer should sign the receipt.
- vii. Cancelled receipts should be retained.
- viii. Receipts/Tickets should be reconciled to the cash received.
- ix. If appropriate, Collecting Officers should sign for stocks of receipts and tickets, ensure they are stored securely and that they are issued/used consecutively.

2.10 POSTAL REMITTANCES

2.10.1 A Register of Remittances must be kept at all establishments where monies are received, irrespective of the numbers and value.

2.10.2 The sending of cash through the post should be discouraged. If cash is received, it should be verified in the presence of another officer and returned to the original envelope in which it was received, resealed with the amount noted on the envelope.

2.10.3 Remittances should be recorded in the Register immediately after the mail is opened and record the following details:-

- (i) date (of receipt of payment);
- (ii) name of payer;
- (iii) amount;
- (iv) comments/details of payments;
- (v) details of when passed for banking/to cashier.

2.10.4 Remittances should be checked for the following:-

- (i) date;
- (ii) payee completed as "Merseyside Waste Disposal Authority" (no other payee acceptable). Any correspondence to persons likely to send a remittance to the Authority should advise "Cheques should be made payable to MWDA

- (iii) the amount (words and figures agree);
- (iv) the signature of the payer;
- (v) reference/details of the payment.

2.10.5 Any remittance that does not give the above information or gives general cause for concern, should be brought to the attention of a Senior Officer, particularly where the payee is not Merseyside Waste Disposal Authority.

2.10.6 Any invalid remittance e.g. Unsigned or post-dated cheque should still be recorded in the Remittance Register but endorsed to state that it has been returned and the reason why. A Senior Officer should verify that it has been returned for a valid reason and sign the Register accordingly.

2.10.7 Remittances should be banked at the earliest possible convenience. Individual cheques received for over £1,000 must be passed to the appropriate banking point by 2.00 p.m. on the day of receipt.

2.10.8 When remittances are banked, the reference to the corresponding 'paying in' slip should be recorded on the Remittance Register.

2.10.9 Special arrangements may need to be made with the Treasurer to the Authority in areas where large volumes of remittances are received by external or internal mail and where working practices may need a different arrangement.

2.11 SECURITY

2.11.1 Every Officer involved in the handling of money is responsible for its correctness and safe custody.

2.11.2 All monies must be locked in a safe receptacle and not left unattended unless safely stored.

2.11.3 Access to monies should be restricted to designated personnel and keys giving access to safes, drawers, etc., should only be retained by designated officers.

2.11.4 Amounts retained in premises overnight should be kept to a minimum, and must be within the appropriate insurance cover limits.

2.11.5 Authority money must be kept separate from private or unofficial monies at all times. Private or unofficial monies are not covered by the Authority's Insurance. Authority money must not be used for unofficial purposes and staff who break this instruction may face disciplinary action.

2.11.6 All monies collected must remain intact and not used for reimbursements or purchases.

2.11.7 Official monies should not be used to cash personal cheques or make personal advances. Any contravention of this regulation constitutes gross misconduct, and may also result in police action against the individual concerned.

2.11.8 Officers should not retain large sums of money on their person.

2.11.9 Cash should also be scrutinised to guard against forgeries. The Bank of England guide on forged notes should be read and displayed to the public.

2.12 BANKING AND DEPOSITS

2.12.1 Every Collecting Officer must pay in all cash, cheques and postal orders in such a manner and at such intervals as determined by the Treasurer to the Authority.

2.12.2 Such in-payments (bankings) must be balanced to receipts and any under or over banking recorded on the relevant accounting documents.

2.12.3 All relevant documentation ('paying-in slips') must be fully and accurately completed.

2.12.4 The information on 'paying in' slips should be:-

- (i) the Period Ended covering the monies (or date);
- (ii) the signature of the officer paying-in;
- (iii) details of the Income Code (if known);
- (iv) the amount of each collective sum or similar type of income;
- (v) details of the cash/cheques and for cheques, the corresponding receipt number.
- (vi) VAT breakdown

2.12.5 Information on a Bank Paying-in Slip or Post Office Paying-in Slip should be in accordance with the requirements of each bank or post office.

2.12.6 In both 2.12.4 and 2.12.5 there is a statutory requirement (The Accounts and Audit Regulations 1996) to enter on the paying-in slip the amount of the cheque and the receipt number/or the "debtor's" name in order to connect the cheque and the "debt". The name of the drawer of the cheque (if different from the name of the debtor) should be recorded.

2.12.7 Bankings should be paid to the Authority's Cashiering Points, direct to the Authority's Bank Account, or to any Security Firm engaged by the Authority for this purpose.

2.12.8 For all monies deposited at an Authority Cashiering Point or at a Bank or Post Office, a receipt must be obtained. No monies must be left without obtaining a receipt.

2.13 CREDIT INCOME

2.13.1 Unless otherwise agreed, all accounts raised for income due to the Authority, should be rendered by the Treasurer to the Authority.

2.13.2 Copies of all accounts should be provided to the Treasurer to the Authority promptly for control and recovery purposes.

2.13.3 All accounts should be raised promptly on information becoming available.

2.13.4 All accounts should be produced accurately, neatly and with the necessary information, to enable the debtor to pay promptly.

- 2.13.5 Retention of back-up information is subject to the same requirements as other forms of income, which is for a minimum three years, but longer where an account is subject to Legal dispute.
- 2.13.6 Accounts should not be numbered until immediately prior to despatch and then the copies should be forwarded to the Treasurer to the Authority.
- 2.13.7 Information regarding VAT and VAT Codes should be addressed via the Business Support Manager.
- 2.13.8 Additional guidelines for completing accounts are available from the Revenues Division (Income Section) at St. Helens Council.

2.14 FORGED CURRENCY

- 2.14.1 Where facilities have been provided for the scrutiny of bank notes, these must be used at all times.
- 2.14.2 Notes which are forged or suspected of being forged should be retained and not passed back to the payer. An acknowledgement of receipt of the forgery should be given but the payment should not be formally receipted.
- 2.14.3 Forged currency received after a receipt has been issued, should be forwarded to the Treasurer to the Authority, who will issue a form of discharge on receipt of the forgery. Details of when and where the forgery was taken should be forwarded if known.
- 2.14.4 The Treasurer to the Authority will hand the forgeries to the Police from whom a receipt will be obtained.
- 2.14.5 Any forgeries discovered after banking by the Treasurer to the Authority or the Authority's Banker or Agent, will result in the banking total being reduced and the establishment advised by the form of discharge.
- 2.14.6 On advice from the Bank of England, or from the Police, the Authority may refuse certain denominations, or types of currency, where there is an increased risk of forgery. In such circumstances, an instruction may be issued by the Treasurer to the Authority and prominently displayed in all facilities where cash is received.

2.15 MONEY LAUNDERING REGULATIONS/PROCEEDS OF CRIME ACT 2002

- 2.15.1 The Authority has access to the St. Helens Council appointed Money Laundering Reporting Officer, in compliance with the Proceeds of Crime Act, 2002. This role is the responsibility of the Treasurer to the Authority.
- 2.15.2 The Authority should not accept payments of cash in excess of the limit set by the Proceeds of Crime Act (2002). This limit is set at 15,000 euro, and as a proxy for this, the Authority's limit is set at £10,000 (to be reviewed with any significant movements in sterling / euro exchange rate)
- 2.15.3 Payments of cash in excess of this amount should be refused unless in exceptional circumstances. Where it may be necessary to accept cash in excess of this amount, the transaction must be referred to the St. Helens Council's Money Laundering Reporting Officer for approval.

2.15.4 The Authority must take reasonable steps to protect itself from receiving the proceeds of crime, whether in cash, or in other transactions. The Money Laundering Reporting Officer is responsible for providing training and guidance on the Act to staff involved in receiving, or negotiating, transactions.

2.15.5 Staff involved in receiving or negotiating transactions should have regard for unusual transactions, or business practices such as:-

- Use of cash where other means of payment would be more usual
- Unusual transactions or ways of conducting business
- Secretiveness / evasiveness
- Use of overseas companies
- New companies
- Companies with nominee directors
- Payment of deposits, which are wanted back
- Lack of 'tracability'
- Lack of a track record for companies / individuals
- Approach to Authority to be involved in novel sorts of business or transaction
- Involvement in developments with unusually generous terms
- High bids for land sales or other assets
- Request to structure a deal a particular way 'for tax purposes'

2.15.6 Where suspicion is aroused, the staff involved must refer the transaction to the St. Helens Council's Money Laundering Reporting Officer, who will decide whether to accept the transaction, or to make a referral to NCIS, in accordance with the Act.

2.15.7 Officers should be aware that even unwitting receipt of the proceeds of crime, may lead to personal liability for prosecution.

SECTION THREE

EXPENDITURE

"Expenditure must be legal, appropriate and within budget provision"

3.1 ACCOUNTS PAYABLE (INVOICES)

- 3.1.1 No commitment to incur expenditure should be made before ascertaining that the purpose and extent of the expenditure is legal, properly authorised and is covered by an approved budget provision, or specifically approved by the Treasurer to the Authority.
- 3.1.2 Official orders must be issued for all goods and services using the Authority's electronic ordering system with the exception of recurring payments e.g. insurances, rents, rates, telephone charges, gas, electricity, water, petty cash purchases, or any other services specifically approved by the Treasurer to the Authority. Any verbal orders must be confirmed immediately by an official. All orders must be issued in accordance with approved Purchasing Procedures and Practices and should, wherever possible, fully comply with the Authority's e-procurement processes.
- 3.1.3 All goods and services must be checked on receipt or completion, the delivery note or other record signed by the person receiving the goods and any discrepancies notified immediately in writing to the supplier.

Signed delivery notes should be retained or passed to the appropriate, designated Invoice Processing Officer to be matched with the electronic order and to enable payment to be authorised upon the subsequent receipt of a request for payment.

Proper and timely entries must be made in inventories.

- 3.1.4 Unless other arrangements have been specifically approved by the Treasurer to the Authority, suppliers must be requested to send invoices to the address specified on the official order and must include the name of the Authority, order number(s), details of the works, goods or services supplied, and any reference to delivery notes (where applicable).
- 3.1.5 The Director of Waste Disposal or his/her authorised representative shall be responsible for the certification of invoices having taken appropriate checks to ensure:-
- (i) the goods and services to which the invoice relates have been ordered, received, examined and approved as to quality and quantity or that the work has been done satisfactorily in accordance with the order;
 - (ii) that the prices, trade discounts, arithmetic, expenditure code and V.A.T. allocation are correct and the account has not been paid previously;
 - (iii) the expenditure is lawful;
 - (iv) the expenditure complies with all requirements of the Authority Constitution, with particular regard to Financial Procedural Rules;

- (v) that appropriate entries have been made in inventories.
- 3.1.6 Authorised invoices, together with a properly completed input document (Type 1) must be passed to the Accounts Payable Section at St. Helens Council at the earliest opportunity, and in all instances, in sufficient time to enable payment to be processed within agreed payment terms. Duplicate invoices must be endorsed with an adequate explanation for the non-availability of the original invoice and confirmation given that the amount has not been previously paid. Under no circumstances should payment be made purely on the basis of supplier statements having been received.
- 3.1.7 The Accounts Payable Section will control the timing of payment in accordance with the payment terms established for each vendor, and will calculate and deduct early payment discount as appropriate.
- 3.1.8 The Treasurer to the Authority will specify the method of dealing with regular periodical payments and information concerning any change in, or the cessation of such liability, must be notified by the designated responsible Officer immediately as soon as such arises.
- 3.1.9 For all suppliers, vendor records including payment terms will be established by the Accounts Payable Section at St. Helens Council on receipt of a properly authorised vendor requisition together with the initial account payable.
- 3.1.10 Every attempt should be made to facilitate the payment of sums by BACS and suppliers should be encouraged to provide full account details on official supplier stationery as part of the vendor requisition process.
- 3.1.11 No payment should be made to parties without good reason for not having obtained an official invoice. In these circumstances, any other documentation that can be used to substantiate payment must be attached to the relevant Accounts Payable Input document (Type 2), which must also be fully completed with sufficient narrative detail to explain the exact nature of payment. Certifying Officers have a responsibility to ensuring this is enforced.
- 3.1.12 No VAT must be reclaimed without sufficient detail included on the relevant documentation to substantiate the transaction, and steps must be taken to ensure that the coding of VAT is appropriate in all cases - including the necessary liaison with the Business Support Manager or the St. Helens Council VAT Officer.
- 3.1.13 Cheques will not be returned to Originating Officers without sufficient justification and any requests for such to be implemented must be certified by an appropriate Officer. Such instances must be considered as exceptional, since provision exists within processes and procedures for documentation required to accompany cheques to be posted directly from the Accounts Payable Section.
- 3.1.14 Credit notes, refunds or other appropriate redress must be obtained where payments have been made and goods are subsequently deemed faulty, services considered unsatisfactory or payment has resulted in an overpayment.

3.2 ACCOUNTS PAYABLE (SELF-BILLING PAYMENTS)

- 3.2.1 Arrangements have been agreed with H.M. Customs, and are in place within Authority procedures, for the operation of a self-billing scheme in relation to major building, construction and engineering contract works.
- 3.2.2 All staff involved in the making of payments to contractors under these arrangements must be fully conversant and compliant with the detailed self-billing instructions prepared by the Treasurer to the Authority.
- 3.2.3 Payment will be made to the contractor by the Accounts Payable Section upon receipt of the appropriately completed and certified payment certificate.

3.3 PAYMENT OF SALARIES, WAGES AND ALLOWANCES

- 3.3.1 All arrangements for the payment of salaries, wages and other emoluments to Members, employees or former employees of the Authority shall be approved and controlled by the Head of Human Resources at St. Helens Council.
- 3.3.2 Any instructions by an authorised Officer to amend payroll records should be either by use of the appropriate pre-formatted payroll document, fully completed and duly authorised, or an alternative document in a form previously approved by the Assistant Corporate Services Manager.
- 3.3.3 All claims for remuneration such as timesheets, overtime, expenses, college and subsistence allowances, mileage and lump sum, by individual employees, must be made on the appropriate pre-formatted documentation, fully completed and signed by the employee and certified by an authorised Officer. All claims should be submitted by the processing deadlines set by the Head of Human Resources, St. Helens.
- 3.3.4 Budget Managers must promptly satisfy themselves that payroll transactions in respect of their budget are accurate in terms of value and coding, that all employees exist, all leavers have been terminated and suspensions have been effected. The Assistant Corporate Services Manager should be advised immediately where any related issues arise.

3.4 PETTY CASH

- 3.4.1 All expenditure including petty cash transactions must be properly controlled and accounted for and will be processed through the Accounts Payable system at St. Helens, which operates on a daily routine. In this context, petty cash should be reserved for small value purchases and those exceptional circumstances where the normal procurement and payment routines cannot satisfy operational requirements e.g. emergency cash payment out of hours.
- 3.4.2 Petty cash imprest will be held by and be the responsibility of a specified officer. It should be subject to official cash handover procedures when shift changes are in operation. If other officers have access to the imprest they should be made aware of and adhere to the procedures outlined below to ensure that sound administration and control exists:-

- (i) cash must always be held in a secure place;
- (ii) every person receiving cash must sign a voucher detailing the amount and purpose of the expenditure and submit a receipted voucher from the supplier. VAT invoices/receipts must be obtained from suppliers whenever possible. All vouchers must be coded to the appropriate head of expenditure, the amount of VAT being coded separately;
- (iii) receipts must be numbered consecutively signed by the Officer undertaking the expenditure and entered in the Petty Cash Book as soon as possible, at least daily or prior to handover;
- (iv) a single payment from petty cash should not normally exceed £30. Exceptions to this should be agreed by the Treasurer to the Authority.
- (v) petty cash must not be used for personal requirements under any circumstances e.g. cashing personal cheques, giving IOUs or for any other unofficial purpose;
- (vi) payments to claimants must never be made from any other float;
- (vii) the petty cash book, together with the summarised coded account, supported by the appropriate vouchers should be submitted at regular intervals, at least monthly, for reimbursement of the imprest;
- (viii) annually, any officer responsible for petty cash must certify a form issued by the Business Support Manager stating the total imprest amount held at an establishment.

SECTION FOUR
CREDIT CARDS
'APPROPRIATE USE'

4.0 CREDIT CARDS

4.1 QUALIFICATION FOR CARDS

Cards will be issued to facilitate the on-the-spot purchase for eligible items of expenditure for:

- i. Director of Waste Disposal
- ii. Other officers for whom a defined need exists; who can provide a justification for this need; and whose need is certified by the Treasurer to the Authority.

4.2 APPLICATION FOR CARDS

An official Business Card Application will be completed for qualifying individuals upon the receipt of a certified application within the Accounts & Payments division (see Annex 1) at St. Helens Council .These applications will be controlled by the Accounts & Payments division only - no other sections should undertake any process relating to the applications.

4.3 ACKNOWLEDGEMENT OF CARDS

Arrangements will be made such that Nat West will send all new cards to the Treasurer to the Authority who in turn will make arrangements to ensure, and witness, that:

- i. The card is signed by the cardholder applicant, and
- ii. The applicant signs an acknowledgement and indemnity relating to use of the card (see Annex 2)

Upon receipt of a signed acknowledgement and indemnity the Accounts and Payments division at St. Helens Council should ensure that the relevant sections at Merseyside Waste Disposal Authority are informed of the existence of a credit card for the individual concerned.

4.4 TRANSACTIONS UNDERTAKEN

At all times the card will remain the property of Merseyside Waste Disposal Authority and must not be used for any unauthorised purpose.

All relevant Financial Regulations, Financial Instructions and Standing Orders of the Authority must be adhered to at all times. In particular, the necessity for expenditure incurred to be legal, appropriate and within budget provision must be constantly ensured.

Transactions undertaken on credit cards should only be in respect of those items where invoicing from the supplier would prove inappropriate or not acceptable. Appropriate receipts should be obtained for each and every transaction and an official order raised to record the transaction.

4.5 PAYMENT OF BILLS

Individual statements will be sent by Nat West to the Treasurer of the Authority every month who in turn will forward them to the Accountancy & Payments Division at St. Helens Council.

A composite statement will also be received. This statement is forwarded to Accounts Payable at St. Helens Council for control purposes, who will debit appropriate suspense codes with the sum total of the payment that will be made to the card provider direct from the bank account.

The Business Support Manager will be provided with copies of the relevant statements and will have the responsibility of liaising with the cardholder to ensure that the suspense codes are credited and all relevant Cost Centres are charged for expenditure incurred, with VAT to be recovered as appropriate.

4.6 RETENTION OF RECORDS

There is a necessity to ensure that the charges included on the statements and debited from the bank account are backed up by official receipts for purchases made. These receipts should include sufficient level of detail where VAT is applicable, to enable the reclaim of VAT as appropriate.

All receipts should be retained by the user, alongside the individual statement, and made available for inspection upon demand. Periodic audits of records held will be made.

4.7 PERIODIC REVIEW OF CARDHOLDERS

The list of current cardholders will be reviewed, as a minimum, as part of the annual review of the Corporate Banking Services for the Authority.

4.8 RENEWAL OF CARDS UPON EXPIRY

Shortly prior to the expiry of individual cards, renewal cards will be submitted by Nat West to the Treasurer to the Authority. Upon expiry of the original cards, the Treasurer to the Authority will arrange for the undertaking of those procedures included in Section 4.3 above - Acknowledgement of Cards, whilst ensuring that the old card is destroyed.

4.9 CANCELLATION OF CARDS

Upon determining the need to cancel an individual card, a letter should be sent by Accounts & Payments at St. Helens Council to Nat West (St. Helens Corporate Office) requesting that the cardholder be removed from the facility and confirming that the card has been destroyed by cutting through the magnetic strip. This letter should be signed by the pertinent cardholder or by another existing cardholder, with a copy sent to the appropriate section at Merseyside Waste Disposal Authority for referencing.

A confirmation letter should be subsequently received by the Treasurer to the Authority from Nat West confirming the cancellation. This should be forwarded to

the Accounts & Payment division at St. Helens Council and matched to the initial cancellation letter.

The Assistant Corporate Services Manager should ensure that prior to existing cardholders leaving the employ of the authority that the card is recovered from the individual concerned, destroyed by cutting through the magnetic strip, and forwarded to Accounts & Payments at St. Helens Council for actioning.

4.10 LOST CARDS

Lost cards should be reported via the Accounts & Payments division at St. Helens Council to Nat West (St. Helens Corporate Office) as soon as the loss is noticed and followed up by a letter to the same effect. A 'caution' will be placed on the card account and a new card issued. The procedures outlined in 4.3 above - Acknowledgement of cards, will then be followed.

If the previous card is subsequently found it must not be used under any circumstances, and its recovery must be reported via the Accounts and Payments division at St. Helens Council to Nat West (St. Helens Corporate Office) by phone and by letter.

Any queries relating to the procedures pertaining to the issue and control of credit cards should be directed to:

Wayne Traynor	Accounts & Payments	01744 456097
Joanne Gaskell	Audit	01744 456145

4.11 APPLICATION FOR THE USE OF CREDIT CARD

NAME: _____

POSITION HELD: _____

TELEPHONE NO: _____

PURPOSE OF USAGE: _____

I HEREBY APPLY FOR USE OF AN AUTHORITY CREDIT CARD AND AGREE TO ABIDE BY CONDITIONS (i) to (xi) AS DETAILED ON THE ATTACHED SHEET.

SIGNED: _____

DATE: _____

CERTIFIED: _____

DATE: _____

(Where appropriate)

AUTHORISED: _____

DATE: _____

(Director of Waste Disposal)

4.12 CONDITIONS OF USAGE - AUTHORITY CREDIT CARDS

- i. At all times the card will remain the property of Merseyside Waste Disposal Authority.
- ii. The card must not be used for any unauthorised purpose;
- iii. All relevant Financial Procedural Rules, Financial Instructions and Standing Orders will be observed in conjunction with the use of the card;
- iv. Transactions entered into on the card will only be those where the use of official orders would prove inappropriate.
- v. No other claim shall be made for those items for which the card has been used;
- vi. The card shall be returned on demand to Merseyside Waste Disposal Authority.
- vii. Official receipts should be obtained for every transaction completed on the card and retained, alongside all relevant accompanying documentation. All such documentation should be made available to the Business Support Manager to enable relevant accounting entries and VAT reimbursement to be made;
- viii. Merseyside Waste Disposal Authority reserves the right to terminate the provision of credit facilities at its discretion.
- ix. The card must be recognised as a valuable possession, and kept in safe possession at all times;
- x. The card shall be preserved in good condition - a damaged card may not be accepted by retailers;
- xi. The Accounts & Payments division at St. Helens Council shall be informed immediately upon noticing the loss of the card.

4.13 Acknowledgement and Indemnity Form for the use of Authority Credit Cards

NAME: _____

DEPARTMENT: _____

TELEPHONE NO: _____

I acknowledge receipt of Credit Card No. _____ And understand that:

- i. At all times the card will remain the property of Merseyside Waste Disposal Authority.
- ii. The card must not be used for any unauthorised purpose;
- iii. All relevant Financial Regulations, Financial Instructions and Standing Orders will be observed in conjunction with the use of the card;
- iv. Transactions entered into on the card will only be those where the use of official orders would prove inoperable;
- v. No other claim will be made for those items for which the card has been used;
- vi. I will return the card on demand to Merseyside Waste Disposal Authority.
- vii. Official receipts will be obtained for every transaction completed on the card and retained, alongside all relevant accompanying documentation. All such documentation will be made available to the Business Support Manager to enable relevant accounting entries and VAT reimbursement to be made;
- viii. Merseyside Waste Disposal Authority reserves the right to terminate the provision of credit facilities at its discretion;
- ix. The card must be recognised as a valuable possession, and kept in safe possession at all times;
- x. The card must be preserved in good condition - a damaged card may not be accepted by retailers;
- xii. The Accounts & Payments division at St. Helens Council must be informed immediately upon noticing the loss of the card.

SIGNATURE: _____ DATE: _____

SECTION FIVE
BANK ACCOUNTS

"Must be balanced and solvent"

5.1 **OFFICIAL FUNDS**

- 5.1.1 No income or expenditure should be processed through any accounts other than the Authority's Bank Accounts unless the approval to do so has been obtained from the Treasurer to the Authority.
- 5.1.2 No Officer shall open any bank account for official funds without the approval of the Treasurer to the Authority who shall approve the administrative arrangements.
- 5.1.3 The title of any bank account should include "Merseyside Waste Disposal Authority".
- 5.1.4 A minimum of two Officers shall be required to authorise payment from an account except the Authority's main payments accounts.
- 5.1.5 The approval of the Treasurer to the Authority is required before initiating arrangements for:-
- (i) the incurring of bank charges;
 - (ii) the setting up of direct debit or standing order payments;
 - (iii) any other means of debiting an account not referred to in (i) or (ii).
- 5.1.6 A list of authorised signatories should be maintained for each account along with specimen signatures. Authorised signatories should, in general, be designated Senior Officers and their numbers should be restricted to four or five per account.
- 5.1.7 A bank reconciliation should be undertaken no less frequently than once per month. Where the nature of this account, or other procedures specify more frequent reconciliations, these should be adhered to.
- 5.1.8 All records should be stored in an orderly manner and shall be accessible for inspection at all times.
- 5.1.9 Where there are detailed procedures available in administering bank accounts, Officers should ensure they are complied with at all times.
- 5.1.10 All monies, cheque books and other bank account stationery shall be securely stored at all times with access restricted to Senior Officers.
- 5.1.11 Blank cheques should never be signed.

SECTION SIX
ASSET CONTROL

"The Authority must safeguard its assets and use them effectively"

6.1 **INSURANCES**

6.1.1 **NOTIFICATION OF NEW RISK TO BE INSURED**

It is the responsibility of the Merseyside Waste Disposal Authority to ensure that risks are identified and properly insured and to notify the Insurance Officer of the Finance Division at St. Helens Council of any new risks. This will include items purchased or disposed of and any changes in the level or nature of their activities which might affect the risk to be insured.

Any decision to carry out work for other bodies must be notified to the Insurance Officer in advance to enable the necessary insurance arrangements to be made and the cost to be taken into account.

6.1.2 **NOTIFICATION OF POTENTIAL CLAIMS**

Incidents (actual or potential) of a serious nature which may lead to major claims should be reported to the Insurance Officer as soon as possible.

6.1.3 **LIMIT OF INSURANCE COVER ON SAFES**

All Officers responsible for safes should ensure the upper limit of cash covered by the Authority's insurance policies is not exceeded. Personal monies are not covered by the Authority's insurance policies.

6.1.4 **CLAIMS PROCEDURE**

Claims should be made as soon as the loss is discovered. It should be noted that the Insurer may refuse to deal with claims that are unreasonably delayed.

General procedures are as follows:-

(i) **Cash**

All cases involving the theft of cash must be reported to a Senior Manager of the Merseyside Waste Disposal Authority and to the Audit Section of the Chief Executive's Department at St. Helens Council.

The Merseyside Waste Disposal Authority must notify the Insurance Section of the Chief Executive's Department at St. Helens Council who will forward an insurance claim form to the relevant officer.

On completion, the form should be returned via the Merseyside Waste Disposal Authority (and not sent direct to the Insurers) to the Insurance Section at St. Helens Council.

(ii) Equipment

If theft of equipment occurs the Business Support Manager and Internal Audit at St. Helens Council must be notified in writing.

Where the item was insured the Merseyside Waste Disposal Authority must notify the Insurance Section of the Chief Executive's Department at St. Helens Council who will forward an insurance claim form to the Merseyside Waste Disposal Authority.

On completion, the form should be returned from the Merseyside Waste Disposal Authority (and not sent direct to the Insurers) to the Insurance Section.

(iii) Liabilities

Claims against the Authority by employees or members of the public should be forwarded to the Insurance Officer at St. Helens Council as soon as possible. No admissions of liability should be made. Correspondence from claimants or their Solicitors should be referred unanswered to the Insurance Officer to be acknowledged and forwarded to the appropriate insurers or their agents, unless alternative arrangements have been specifically agreed with the insurers or their agents. This complies with the arrangements in the claims handling procedures brought in in response to the Woolf reforms to ensure the correct procedures as followed for acknowledging claims.

(iv) General

Correspondence from the Authority's insurers or their agents must be dealt with promptly. Any relevant information they require in order to settle a claim must be fully provided.

6.1.5 Any additional information or guidance can be obtained from the Insurance Section of the Chief Executive's Department at St. Helens Council.

6.2 DISPOSALS

6.2.1 DISPOSAL OF FURNITURE AND EQUIPMENT

The Director of Waste Disposal should determine those items which are surplus to requirements and inform the Corporate Services Manager of his/her decision.

All disposals should be made in accordance with the appropriate Authority procedures.

The Director of Waste Disposal or representative, in consultation with the Corporate Services Manager, should first inspect the items and decide:-

- (i) if they can be re-used in their existing condition, in which case they should be publicised for re-use throughout the Authority.
- (ii) the approximate value of the items, if appropriate.

6.2.2 If no Authority section has expressed an interest in a surplus item, its sale by tender should be advertised via the Corporate Services Manager in a newspaper circulating within the locality and formal bids invited by a specified closing date. A reserve price may be specified.

Bids should be submitted in pre-addressed envelopes and, kept unopened until the last day of return, when the envelopes should be opened by two Officers from the Merseyside Waste Disposal Authority one of whom should be from the Corporate Services Section.

The bids should be recorded in a register for this purpose.

The highest offer should be accepted and, if other than this is to be accepted, or if the value of the offers exceeds £5,000, the proposed disposal should be subject to approval via the Executive Decision Process for consideration.

If the item(s) for disposal are of a technical or specialised nature, the Corporate Services Manager may supplement the local advertisement by simultaneously inviting sealed bids from organisations:-

- (i) who have previously registered an interest in equipment of the type for disposal and have been held on a relevant list;
- (ii) who have responded to an advert placed in a relevant trade journal;
- (iii) believed by the Corporate Services Manager to be possibly interested in the items for disposal, when no list exists.

6.2.3 Should there be no interest following the closing date of an advertising process then the Director of Waste Disposal or representative may dispose of the goods appropriately.

Any deviation in this process, excepting for the circumstances as detailed at 6.2.5 below, shall be subject to approval by Executive Decision.

6.2.4 DISPOSAL OF LAND AND PROPERTY

The Director of Waste Disposal or his/her designated representatives should regularly review the use of land and property under their control. Any such assets, which are considered to be surplus to requirements, should be dealt with in accordance with the Authority's Constitution - Land and Property Disposal Procedure Rules.

6.2.5 Exceptions

The above instructions will not apply for any disposal where there are stated special circumstances and which have been excepted the Executive Decision making process;

6.3 INVENTORIES

An up-to-date register of equipment and property at Merseyside Waste Disposal Authority and its establishments should be maintained by the responsible officer. This record should contain:-

- description of item
- locations
- dates purchased (if available)
- serial numbers
- dates of disposal
- method of disposal

Items purchased from non-official funds should be included, but clearly identified as non-Authority items.

The inventory is not intended to include consumables of small value.

An off-site copy should be maintained in case of fire.

The inventory should be subject to annual certification as to its accuracy and completeness by the Corporate Services Manager.

6.4 REMOVAL OF PROPERTY AND EQUIPMENT

No property of the Authority should be used for personal purposes. Any Officer who removes property and equipment for official purposes from the establishment where it is normally kept, shall obtain the permission of the Corporate Services Manager prior to removal. A record of all such property will be retained at the establishment and include date of removal, name and signature of officer and date of return (confirmed by authorising officer).

6.5 VALUABLE DOCUMENTS

Valuable documents and documents which have a monetary value are subject to the same personal responsibility and security arrangements that apply to cash.

Officers are responsible for their safe custody and correct use and will be held responsible for any misuse or failure to control whilst under their control.

The level of detail maintained should be commensurate with the risk of loss from the theft of an item.

6.6 LOST PROPERTY

- (i) The Merseyside Waste Disposal Authority should make arrangements for a lost property record at an establishment level.
- (ii) All items found should be recorded in the record which should identify the date, nature of the item, the name and address of the person who found the property. The property should be held in a secure place.
- (iii) Cash should be paid in immediately, a receipt obtained and maintained with the lost property record.

- (iv) Where the owners identity is known he/she should be notified in writing and requested to collect the property. In all cases a signature must be obtained for items returned to the owner.
- (v) Where goods are unclaimed after a six month period, they should be offered to the person who found them. A signature must be obtained for any item claimed in this manner.
- (vi) If for any reason goods are not claimed as described in (iv) and (v) above, they should be disposed of after the relevant period has expired in accordance with the disposal procedure.
- (vii) Goods considered to be of material value (i.e. Cash, jewellery, watches, rings audio/visual equipment), the value should be forwarded to the Police immediately after recording in the lost property record. A record of receipt should be obtained from the Police and retained with the lost property record.

SECTION SEVEN

TAXATION

"Taxation should be applied where required and clearly accounted for"

7.1 V.A.T.

7.1.1 CODING

It is essential that all V.A.T. is coded correctly, as failure to do so can result in loss of monies to the Authority. Where V.A.T. is being reclaimed, it is essential that a valid tax invoice is held, otherwise the V.A.T. suspense code should be used until an invoice is obtained.

For goods and services of a value in excess of £250, a full tax invoice is required.

A full tax invoice must satisfy the criteria set out below:-

- (a) identifying number;
- (b) date of supply (i.e. tax point);
- (c) name, address and registration number of the supplier;
- (d) name and address of the person to whom the goods or services are supplied;
- (e) type of supply (i.e. sale, loan, etc.);
- (f) description sufficient to identify the goods or services;
- (g) quantity of goods or, extent of service, rate of tax and amount payable;
- (h) gross amount payable excluding tax;
- (i) amount of tax chargeable.

Less detailed tax invoices may be used to reclaim V.A.T. when the supply is less than £250 in value. The following details must be shown on each invoice:-

- (a) name, address and registration number of supplier;
- (b) date of supply;
- (c) description of goods/services;
- (d) total amount payable including V.A.T.;
- (e) rate of tax.

V.A.T. Regulations stipulate that invoices must be kept for a minimum of 6 years. Where storage is a problem, microfilmed copies will be accepted, but must be available to V.A.T. officers at any time.

7.1.2 CALCULATION

The amount of V.A.T. payable on a transaction is determined by the rate of V.A.T. and the nature of the transaction. Goods and services will either be subject to V.A.T. at the Standard Rate; at Zero Rate; at a rate other than the Standard Rate; or exempt / outside the scope.

These rates, and the goods and services to which they apply, are determined by Act of Parliament and enforced by H.M. Customs and Excise.

Details of current rates of V.A.T., and the goods and services to which they apply, are available to staff through the Authority's V.A.T. Manual.

7.1.3 Any correspondence or queries with the V.A.T. Office should be dealt with via the Accountancy & Payments Section, Finance Division, Chief Executive's Department at St. Helens Council.

7.2 INCOME TAX

The Inland Revenue places individuals whose services are bought in by the Authority into two categories:-

- (i) those who are regarded as 'employees' for tax purposes and who must be paid via the payroll system where a tax assessment is made;
- (ii) those who are regarded as 'self-employed' for tax purposes who may be paid directly, gross of any Income Tax. Such payments should be made on presentation of an invoice.

It is the role of the Inland Revenue to determine the tax status of a service provider and not the Authority. However, as general guidance the following should apply:-

- (i) anyone employed on a strictly "one-off" basis can be regarded as self-employed and paid gross e.g. a local builder providing "one-off" repair service;
- (ii) where the nature of the employment becomes more regular, the payment should be made through the payroll system.

The onus is on the individual service provider to obtain permission from the Inland Revenue to be paid on a different basis to that determined by the Authority. Each case has its own circumstances and the Inland Revenue will consider them.

If there is the remotest chance that an individual may be regarded as an employee, as opposed to self-employed, payment should be made through payroll.

If you have any doubt about how to deal with such an issue, contact the Assistant Corporate Services Manager.

Failure to carry out the correct action could result in financial penalties against the Authority.

7.3 CONSTRUCTION INDUSTRY TAX DEDUCTION SCHEME

- 7.3.1 Certain payments to third party contractors will involve the potential deduction of tax. The Inland Revenue's Tax Deduction Scheme applies to construction work and certain maintenance work including installation, repairs, decoration and demolition.
- 7.3.2 Officers involved in the payment of invoices for such work should establish whether the payment falls within the Scheme. Further guidance on the types of work covered can be obtained from the H.M. Revenue and Customs at <http://www.hmrc.gov.uk/cis>
- 7.3.3 The nominated officer shall check that the sub-contractor is registered under the scheme and where the sub-contractor is not registered, make the necessary tax deduction determined by the scheme.
- 7.3.4 Chief officers shall ensure that a nominated officer in his/her Finance Section is responsible for administering the scheme, including the tax deduction element.
- 7.3.5 Nominated officers shall ensure tax deducted, and monthly returns are passed to Inland Revenue within the required timescale.

SECTION EIGHT

ADVICE AND ASSISTANCE

"If in doubt seek advice!"

8.1 Financial Instructions attempt to provide advice and assistance for officers in relation to financial matters. Further advice on the application of these Instructions, interpretation of the contents of the Instructions and the impact of these Instructions on procedures is available from a number of sources. In the first instance your immediate Line Manager or Business Support Manager should be contacted. If further advice is required this can be given by staff within the Finance Division of the Chief Executive's Department at St. Helens Council

8.2 Specific or specialist advice is also available from the following sources:-

Issue	Contact	Contact Details	Written Guidance
Ordering Goods	Corporate Services		
Payments and Invoices	Corporate Services		
Income and Cashiering	Corporate Services		
Accounting and Budgeting	Business Support Manager		
Banking	Business Support Manager		
Capital and Assets	Business Support Manager		
Payroll and Income Tax	Corporate Services		
VAT	Business Support Manager		
Fraud, Misappropriation, Loss and Error	Internal Audit External Audit		
Grant Claims	Corporate Services Manager		

8.3 The use of public money places significant responsibilities on those employed to administer and manage its effective deployment. Error, loss and misuse of public money can have immense impact on the individuals responsible for that loss and the Authority as a whole. Losing the trust of the Authority's stakeholders can have implications beyond the actual event which caused that loss of trust. It is for these reasons that staff are asked to seek advice if they are unsure or concerned about any specific issue affecting their involvement with financial administration.

SECTION NINE

FINANCIAL RECORDS

"All income and expenditure should be supported by adequate documentation"

- 9.1 All financial records, should be stored in a safe environment, and must be available and readily accessible. This principle applies to both electronic and paper records.
- 9.2 The vast majority of financial transactions are generated electronically, and as such are stored and backed-up in accordance with IT back-up and recovery protocols. Where any financial information is recorded outside the main accounting systems, information should not be stored on 'stand alone' personal computers. In such cases, all relevant files should be stored on shared drives, or if not possible, backed up using appropriate external storage devices, such as disks or external memory.
- 9.3 Where manual records are held, the Manager of each service must ensure that the storage medium is appropriate, secure, and complies with legislative requirements, or the requirements of any authorised inspection agency. In particular, all information held must comply with the requirements of our external auditors.
- 9.4 The manner in which financial information is retained, must, where applicable, be able to support any legal action which may be taken by, or against, the Authority relating to financial transactions.
- 9.5 All information retained, and the timescales for retention, are included on St. Helens Council's Retention and Disposal Policy. It is the responsibility of each Manager to ensure that this Policy is regularly reviewed and updated, to take into account any changes in legislative or audit requirements relating to their service.
- 9.6 Retention and disposal of information is subject to the requirements of the Data Protection Act and the Freedom of Information Act, and the Retention and Disposal Policy will reflect these requirements.