



FINANCIAL PROCEDURAL RULES

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1 DEFINITIONS

1.1.1 In these Financial Procedure Rules, unless the context otherwise demands, the definitions and interpretations used in the Authority Procedural Rules shall apply.

1.1.2 The following terms shall also have the meaning assigned to them:-

- (a) **“Levy”** means the waste disposal levy set by the Authority pursuant to the Joint Waste Disposal Authorities (Levies) (England) Regulations 2006.
- (b) **“Asset”** means an item belonging to the Authority that has a value and can include buildings, equipment, vehicles, stocks, stores, money and items of intellectual value.
- (c) **Senior Leadership Team (SLT)** refers to the group comprising the Chief Executive, Director of Operations¹, Director of Finance² and the Director of Business Services and Strategy³, as specifically referred to under the approved Scheme of Delegation to Officers under the Authority’s Constitution
- (d) **Senior Officer** refers to members of the Senior Leadership Team (SLT) and Service Managers.

2 FINANCIAL GOVERNANCE

2.1 GENERAL

2.1.1 The Authority has a statutory duty to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has responsibility for the administration of those affairs. The Authority has resolved that the Chief Financial Officer (the post is currently designated as the Director of Finance) is the responsible officer.

¹ Currently also the Monitoring Officer

² Currently the S73 Officer

³ Currently also the Clerk to the Authority

- 2.1.2 The Authority is responsible for the approval of the Financial Procedure Rules to be used by all Members and officers, including any amendments or additions presented by the Director of Finance. The Authority is responsible for approving the procedures for recording and reporting decisions taken by the Authority itself, or by the Executive, or under approved delegation arrangements. The Scheme of Delegation is set out in Article 1 of the Constitution.
- 2.1.3 The Authority is responsible for approving the annual Budget, any amendments thereto (subject to any delegated responsibilities) and the determination of the Waste Disposal Levy.
- 2.1.4 The Authority is responsible for formulating a policy framework and for monitoring compliance with agreed policy.
- 2.1.5 The Authority is responsible for approving the Annual Statement of Accounts (although this may be delegated to the Audit Committee).
- 2.1.6 The financial values specified in this report are inclusive of VAT.

2.2 THE ROLE OF THE AUDIT COMMITTEE

- 2.2.1 The Audit Committee is responsible for reviewing the draft Annual Statement of Accounts and the Annual Governance Statement and approving the audited Authority's Annual Statement of Accounts which incorporates the Annual Governance Statement. This Committee also provides oversight on the Authority's Treasury Management Processes and practices, the Corporate Risk Management Strategy and Counter Fraud policies, and Internal Control matters.

2.3 THE ROLE OF THE CHIEF EXECUTIVE

- 2.3.1 The Chief Executive is responsible for the corporate and overall strategic management of the Authority.
- 2.3.2 The Chief Executive shall report to and provide information to the Authority.
- 2.3.3 The Chief Executive is responsible for establishing a management structure for the Authority and for monitoring the performance of the organisation. The Chief Executive is responsible for reporting performance to the Authority.
- 2.3.4 Together with the Clerk to the Authority, the Chief Executive is responsible for the system of record keeping with regard to the Authority's decisions.

2.4 THE ROLE OF THE DIRECTOR OF FINANCE (Section 73 Officer)

2.4.1 The Director of Finance is responsible for the proper administration of the Authority's financial affairs, and particularly for:

- (a) maintaining a continuous review of the Financial Procedure Rules and the submission of any additions or changes necessary for Authority approval;
- (b) providing corporate financial advice and information to the Authority i.e. on those issues where the Authority is regarded as one legal entity;
- (c) setting standards for good financial management including the accounting policies and financial procedures and records for the Authority and monitoring compliance with those standards;
- (d) advising on the key financial controls necessary including maintaining an effective internal audit function to secure sound financial management;
- (e) ensuring that proper systems of internal control are operated and reporting breaches of the Financial and Contract Procedure Rules to Authority, SLT, Audit Committee;
- (f) co-ordinating the preparation of the Revenue Budget and Medium-Term Financial Strategy, the Capital Strategy and Programme, the Treasury Management Strategy, the Levy, and once approved preparing reports to monitor budgets and strategies;
- (g) preparing the annual financial statements in accordance with the relevant accounting standards and codes of practice and any necessary technical accounting adjustments;
- (h) treasury management activities, including reporting on prudential indicators;
- (i) preparing a Risk Management Strategy and Framework and promoting/ embedding it throughout the Authority;
- (j) ensuring that the terms and conditions of grants awarded to the Authority by Government and other public bodies and organisations, including the Liverpool City Region Combined Authority, are complied with and that all grant claim forms are completed accurately and in a timely manner.

2.4.2 The Director of Finance also has a range of statutory duties, rights and responsibilities in relation to the financial administration and stewardship of the Authority and will have regard to the Statement of the Chartered Institute of Public Finance and Accountancy on the Role of the Chief Financial Officer in Local Government. The Director of Finance must report to the Authority under Section 114 of the Local Government Finance Act 1988, if:

- (a) a decision has been made, or is about to be made, which involves the incurring of expenditure which is unlawful;
- (b) there has been, or is about to be, an unlawful action resulting in a financial loss to the Authority;
- (c) anyone or anybody is about to make an unlawful entry in the Authority's accounts; or
- (d) it appears to him/her that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to

exceed the resources (including sums borrowed) available to it to meet that expenditure.

- 2.4.3 The Director of Finance may issue any instruction intended to fulfil these responsibilities and is entitled to any information or explanations as he/she may require.
- 2.4.4 The Director of Finance shall issue instructions and guidance to the Authority in line with Section 25 of the 2003 Local Government Act, with regard to the robustness of the estimates.

2.5 THE ROLE OF THE MONITORING OFFICER

- (a) The Monitoring Officer shall be the officer appointed in accordance with section 5 of the Local Government and Housing Act 1989, responsible for reporting any actual or potential breaches of the law or maladministration to the Authority.
- (b) The Monitoring Officer is responsible for advising about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.
- (c) The Monitoring Officer is responsible for maintaining an up-to-date constitution.

2.6 THE ROLE OF SENIOR OFFICERS

- 2.6.1 Senior Officers must ensure that proper financial controls are maintained in their service area.
- 2.6.2 Senior Officers must make arrangements to ensure that all officers involved in financial matters are aware of, and competent in the use of, these Financial Procedure Rules and the Authority's financial ledger. The extent of delegated authority to officers must be recorded. The main documents are also available on the Authority's Website:

[Merseyside Recycling and Waste Authority - About Us](#)

- 2.6.3 Senior Officers must ensure that the financial implications of all proposals in advance of any "key decision" report have been subject to approval by the Director of Finance and their representatives and the subsequent report sets out the financial implications.

- 2.6.4** Senior Officers must ensure that the legal implications of all proposals in advance of the “key decision” report production have been subject to approval by the **Monitoring Officer** and the subsequent report sets out the legal implications.

2.7 STAFF AND AUTHORITY MEMBERS

- 2.7.1 All staff and Members within the Authority are required to maintain and provide the highest standards of financial management, integrity and administration in line with the Financial Procedure Rules. Their conduct is also set out in the relevant Codes of Conduct included at Article 7 (Code of Conduct for Members), Article 8 (Code of Conduct for Employees) and Article 9 (Member/Officer Protocol) of the Constitution which they must be aware of and comply with at all times.

2.8 AUTHORITY OWNED COMPANIES

- 2.8.1 If the Authority wants to set up on alternative delivery model for its services which involves the creation of a company including a Shareholding of the Authority or the making of a loan, it can only do so with Authority approval, following consultation on the implications with the Chief Executive, Director of Finance and the Monitoring Officer.

3 FINANCIAL PLANNING

3.1 CORPORATE PLAN

- 3.1.1 The Chief Executive is responsible for proposing the Corporate Plan to SLT for consideration before its submission to the Authority for approval. When compiling the Plan, and in conjunction with other SLT members the Chief Executive will ensure that the plan is assessed and moderated by the Director of Finance
- 3.1.2 The Chief Executive shall also be responsible for the development of corporate and service plans and performance information.

3.2 BUDGET PREPARATION

- 3.2.1 The Director of Finance will advise SLT of each year about the detailed plans to prepare both the Annual Budget for the next financial year or two years and to update the Medium-Term Financial Strategy (which can cover a period of up to five years). The budget process will then be prepared following the standards set out by the Director of Finance.

- 3.2.2 The Director of Finance, following the detailed work, will submit to the Budget Authority meeting (usually held in February) each year a Medium-Term Financial Strategy for the following three to five years, and budget planning totals for all service budgets.
- 3.2.3 The Director of Finance will advise the Authority on the overall budget, the levels of Authority Tax, the use of reserves and the need for contingency budgets/balances, the robustness of the estimates and affordability and prudence of capital investments and on the risks that may exist in relation to the forecasts of spending levels and income.
- 3.2.4 Senior Officers will, in accordance with the corporate timeframes, produce draft service plans and budgets in accordance with the Budget Planning totals. These draft plans will explain the service changes proposed to be made, taking into account the Authority's Corporate Plan, performance targets and the resources allocated.

3.3 RESOURCE ALLOCATION

- 3.3.1 The general level of balances and reserves to be maintained by the Authority shall be calculated and recommended for approval by the Director of Finance using a risk-based approach in advance of the setting of the Budget for the approaching financial year. This will support the budget decisions being taken at the Budget Setting meeting which sets the Levy. The level of balances and reserves shall be subject to regular review in the budget monitoring reports presented to the Authority during the financial year. At the year-end as part of the production of the Annual Statement of Accounts the Director of Finance shall assess the risks facing the Authority and prepare the Accounts to minimise future unbudgeted expenditure including the assessment of required reserves in accordance with the Authority's agreed policy on Reserves. The Reserves Policy will be subject to scrutiny by the Audit Committee.
- 3.3.2 The Director of Finance is responsible for developing and maintaining a resource allocation process, taking into account, current information on the Authority's financial position and prospects for the future. It will also include an annual review of the budget to ensure that the resources allocated to each budget heading remain appropriate in the light of corporate priorities, business developments and national requirements.

3.4 REPORTING

- 3.4.1 The Chief Executive in consultation with SLT is responsible for ensuring that Service and Corporate Plans are implemented within the resources allocated in the Revenue and Capital Budgets. The Director of Finance will provide information on the Authority's performance against the Revenue and Capital Budgets to SLT (monthly) and to the Authority at regular intervals over the financial year. The report will include the projected out-turn for the agreed budgets. In addition, and as appropriate, the Audit Committee will receive

reports that include financial information on key partners and the progress made on issues identified with the Annual Governance Statement.

- 3.4.2 The general format of the budget proposed to the Authority will follow that advised by the Director of Finance. The draft budget should include indicative allocations to different services and projects, proposed levy levels and any contingency funds/balances. The headings proposed will be those advised by the Director of Finance.
- 3.4.3 Senior Officers will control income and expenditure within their areas of responsibility. They will monitor performance, taking account of financial information provided by the Director of Finance. They should report on actual variances within their own areas, and on the possible likelihood of them. They must also: alert the Director of Finance to any problems; consult with the Director of Finance about the remedial action necessary to avoid exceeding their budget allocations: and take the remedial action agreed.

3.5 MANAGING BUDGETS

- 3.5.1 Senior Officers are responsible for managing budgets within their delegated authority. They must take action to avoid overspending respective budgets and report any difficulties to the Director of Finance.
- 3.5.2 Senior Officers must, in consultation with the Finance Manager, use the financial reports from the financial ledger and review their budgets on a monthly basis. This must inform the regular budget monitoring undertaken by the Director of Finance.
- 3.5.3 The Director of Finance is accountable for all corporate and contingency budgets, which will be managed in the same way as service and activity budgets.
- 3.5.4 Where, as a result of a mistake or error by an officer, the Authority becomes liable for any charges, penalties or additional expenses, such costs will be met by the Service in which the error is made.

Carry forwards and recovery of overspends

- 3.5.5 Carry forward is a mechanism for transferring budgetary resources from one year to the next, or vice versa. This will be determined during the production of the Statement of Accounts. If the carry forward process is to be applied, there will be a presumption that the carrying forward of any underspending will only be allowed subject to a service managing its resources in line with its agreed budget. All overspendings may be recovered in the following financial year following the advice of the Director of Finance. The Authority, in determining the Revenue Budget for a particular year, will review any arrangements for carry forward for that year and can change the guidance on advice from the Director of Finance.

3.6 CAPITAL PROGRAMME PREPARATION AND MANAGEMENT

Responsibilities

- 3.6.1 The Authority is responsible for agreeing the overall allocation of resources to the Authority's Capital Strategy and Programme.
- 3.6.2 The Chief Executive is responsible for recommending to the Authority a multi-year Capital Strategy and Programme. The Chief Executive in consultation with SLT undertakes overall management oversight for the Capital Strategy and Capital Programme on behalf of the Authority.

Capital Strategy and Programme Preparation

- 3.6.3 The Director of Finance will submit to the Authority each year a multi-year Capital plan with planning totals for the main programme areas for at least the three following years, to align with the Medium-Term Financial Strategy.
- 3.6.4 The Chief Executive in consultation with SLT determines the criteria for the selection of projects to form the Capital Programme. This will assist the Director of Finance to prepare a programme of capital schemes for consideration by SLT and then by the Authority.
- 3.6.5 The Authority will approve the initial allocations to projects and programme areas. The Chief Executive in consultation with SLT will recommend the subsequent allocations of resources from programme areas to projects within the overall total agreed by the Authority
- 3.6.6 The Director of Finance will advise SLT and the Authority on the overall Capital Programme and levels of funding available.
- 3.6.7 Senior Officers are responsible for providing details of all projects in a format prescribed by the Director of Finance.

Management of the Capital Programme

- 3.6.8 The Chief Executive in consultation with SLT is responsible for implementing the Capital Programme within the resources allocated and will provide summary monitoring information to the Authority when required.

- 3.6.9 Senior Officers will recommend capital budget virements in accordance with the protocol set out at paragraph 3.9. All virements will be recorded in a way prescribed by the Director of Finance, who will arrange for virements to be reported to the SLT.
- 3.6.10 Senior Officers are responsible for managing programmes and projects. They must take action to avoid overspending the amounts provided in the Capital Plan and report any difficulties to the Director of Finance. Senior Officers must prepare regular reports on the progress of projects in a format and to a timetable prescribed by the Director of Finance.
- 3.6.11 The Director of Finance will report to the Authority on the projected overall out-turn of the Capital Programme as part of the regular budget monitoring reports.
- 3.6.12 The inclusion of a project within the Capital Programme confers authority to proceed with planning applications and the completion of feasibility studies and option appraisals.
- 3.6.13 Senior Officers must prepare a business case in respect of each project with a value in excess of £250,000 before proceeding to detailed project design or land acquisition. The business case should be prepared in a format prescribed by the Director of Finance and must be considered by SLT.
- 3.6.14 Once a business case is approved, Senior Officers are authorised to proceed to detailed design and to commit to contracts providing:
- (a) that the total costs of a project including tenders or quotations, fees etc, are estimated to be less than or equal to the amount approved in the business case and the Capital Programme;
 - (b) that where the total costs of a project exceed the amount approved in the business case and the Capital Programme and the excess is within the agreed tolerance levels, the appropriate virement has been approved to finance the additional cost;
 - (c) all necessary external approvals, if any are required, have been obtained;
 - (d) the incurring of the expenditure has been authorised by the Director of Finance;
 - (e) that any contract shall be executed in accordance with the Contract Procedure Rules.
- 3.6.15 The Director of Finance will authorise the incurring of the full project costs provided he/she is satisfied that the approval will not give rise to any further expenditure not provided for in either the Capital Programme or the Revenue Budget.
- 3.6.16 During the completion of corporate projects totalling £360,000 and over, Senior Officers must co-operate with any requirement to complete a gateway

review and the production of reports to SLT setting out the outcomes from the project and whether these match the planned outcomes set out in the original business cases. Further phased expenditure on a project cannot be agreed until an appropriate business case has been approved by the Chief Executive in consultation with SLT and an appropriate report produced as per agreed delegations.

3.7 GRANTS FROM THIRD PARTIES (OTHER THAN FROM CENTRAL GOVERNMENT OR LCR)

- 3.7.1 Where a Senior Officer proposes to accept grant funding from a third party or take on accountable body status then the Senior Officer should, in advance of accepting the funding, seek an appraisal of that proposal which will involve the approval of the Chief Executive in consultation with SLT.
- 3.7.2 Where the amount of the proposed third-party grant exceeds the sum of £250,000, this will become a key decision and therefore a report to the Authority will be required in order to gain approval to accept the funding.

3.8 PRODUCTION OF ACCOUNTS

- 3.8.1 The Director of Finance shall consolidate and produce the Authority's statutory accounts. Accounts will be prepared in accordance with the relevant statutory requirements (including timelines) and Codes of Practice.
- 3.8.2 Senior Officers shall assist the Director of Finance to undertake the closure of their service's accounts which must be in accordance with the standards, timescales and format set by the Director of Finance.
- 3.8.3 The Director of Finance is responsible for ensuring that the Annual Statement of Accounts is prepared in accordance with the CIPFA/LASSAC Code of Practice on Local Authority Accounting in the United Kingdom. This will include an assessment of the financial risks facing the Authority.
- 3.8.4 The Audit Committee has delegated authority from the Authority for approving the Annual Statement of Accounts.
- 3.8.5 The Director of Finance shall report to the Authority, after the accounts have been audited, the out-turn for the previous year for both the revenue and capital programme, identifying the out-turn against budget and the findings outlined in the Audit Completion Report prepared by the External Auditor.

3.9 CHANGES TO APPROVED REVENUE AND CAPITAL BUDGET

- 3.9.1 Senior Officers will propose items during their normal course of business which could have financial implications to increase the overall agreed net revenue and/or capital budget of the Authority. Where the expenditure is capital, the revenue implications also need to be calculated.
- 3.9.2 Where there is additional cost to the Authority, then in each case the potential commitment needs to be fully costed setting out the impact on the budget with details of how any additional cost will be financed and its performance effect. Where appropriate and after consultation with the Director of Finance, a report must be presented to the Authority for consideration, but a capital matter must first be considered by SLT.
- 3.9.3 All proposals which involve a change to the overall revenue or capital budget need to be considered in accordance with the advice of the Monitoring Officer and Director of Finance.

Revenue Budget Virements

- 3.9.4 The Chief Executive in consultation with SLT is responsible for agreeing procedures for virements (the transfer of resources) between department, earmarked reserves and service budget headings. However, the Director of Finance may approve virements to address identified budgetary challenges having regard to the financial position of services and the Authority as a whole.
- 3.9.5 The Chief Executive in consultation with SLT may approve a budget virement up to a limit of £360,000. Any virement above this level must be approved by the Authority (which may be by inclusion of the issue within the regular financial monitoring report).
- 3.9.6 The Director of Finance may approve an increase in an approved Service budget by a transfer from another approved service budget where: -
- (a) both budget heads are cash limited; and
 - (b) the variation does not exceed £50,000.
- 3.9.7 SLT members must consult with the Director of Finance about any proposed virements before allowing any action in respect of them to take place. All virements above the above limits must be approved by the Chief Executive and the Authority.

Note - "Approved budget" above means the original provision made when the annual budget was approved by Authority, plus or minus any variation which has been approved subsequently.

Capital Budget Virements

- 3.9.8 The Director of Finance may approve virements up to £50,000.
- 3.9.9 Senior Officers will make recommendations to the Chief Executive on virements within the overall agreed capital programme. Approval levels will be calculated at 10% of the approved estimate or £360,000 whichever is the greater. If this tolerance level is exceeded the approval to proceed must be sought by reporting to the Authority (which may be by inclusion of the issue within the regular financial monitoring report).
- 3.9.10 Whenever a project is to be funded via prudential borrowing it shall be done in accordance with the Authority's Treasury Management Strategy.

4 RISK MANAGEMENT AND CONTROL OF RESOURCES

4.1 RISK MANAGEMENT & INTERNAL CONTROL

- 4.1.1 The Chief Executive shall establish a Primary Assurance Group to review the Authority's governance and internal control arrangements and to ensure they are effective and fit for purpose. The Group will include the Treasurer, the Monitoring Officer and the Clerk.
- 4.1.2 The Chief Executive shall:
- (a) Manage processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risk
 - (b) Review existing controls in the light of changes affecting the Authority and to establish and implement new ones in line
- 4.1.3 The Director of Finance is responsible for preparing the Authority's Risk Management Strategy and Framework, which includes the approach to ensuring proper insurance cover, and for promoting the Strategy and Framework throughout the Authority, and for ensuring there is appropriate insurance cover in place.
- 4.1.4 The Chief Executive in consultation with SLT is responsible for approving the Authority's Risk Management Strategy and Framework. Monitoring of the effectiveness of risk management is undertaken by the Audit Committee on behalf of the Authority.

- 4.1.5 Internal Control is the systems of control devised by management to help ensure the Authority's objectives are achieved in ways which promote economic, efficient and effective use of resources and which ensure that the Authority's assets and interests are safeguarded.
- 4.1.6 The Director of Finance will advise the Authority on the requirements for an effective system of Internal Control. Arrangements devised and implemented must ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They will also ensure that public money is properly safeguarded; and is used economically, efficiently, effectively and in accordance with the statutory and other authorities which govern their use.
- 4.1.7 It is the responsibility of Senior Officers to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets. In doing this they must consult as necessary with the Director of Finance about matters past and present and future which bear upon the framework of Internal Control.

4.2 INTERNAL AUDIT AND COUNTER FRAUD

Responsibility & Authority

- 4.2.1 Under the Accounts and Audit (Amendment) Regulations 2022 the Director of Finance must arrange and direct a continuous Internal Audit, which is an independent review of the accounting, financial and other operations of the Authority. The Public Sector Internal Audit Standards (PSIAS) ("Standards") came into effect on 1 April 2013, replacing the 2006 Code of Conduct, and was then revised in 2017. The Standards are mandatory for all central government departments, local government and agencies and have been developed based in global and national best practice. They are intended to promote professionalism, quality, consistency and effectiveness of Internal Audit across the public sector and for local authorities, are supported by CIPFA. Therefore, the scope, objectives and operation of Internal Audit for the Authority is that recommended by CIPFA and set out in the Standards.
- 4.2.2 The Chief Internal Auditor (the Head of Internal Audit and Counter Fraud performs that role for St Helens Council), or role(s) designate will report directly to the Chief Executive and the Chair of the Audit Committee in any circumstance where the functions and responsibilities of the Director of Finance are being reviewed. The Standards note that a professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector. The Chief Internal Auditor, in accordance with the PSIAS, will provide an Annual Opinion on the overall internal control environment of the Authority to the Audit Committee.

4.2.3 Internal Audit and Counter Fraud Staff have the authority to:

- (a) enter at all times any Authority premises or land or location from which Authority services are provided;
- (b) have access to all property, records, documents and correspondence relating to all activities of the Authority;
- (c) require and receive explanations concerning any matter; and
- (d) require any employee of the Authority, without prior notice, to produce cash, stores or any other property for which they are responsible.

Reporting

4.2.4 The Director of Finance must report upon:

- (a) the risks inherent in and associated with the operational/service processes and information technology;
- (b) the soundness, adequacy and application of the financial and other management controls and systems within each Service;
- (c) the extent of compliance with, and the financial effects of, established policies, plans and procedures;
- (d) the extent to which the organisation's assets and interests are accounted for and safeguarded from losses of all kinds arising from fraud, other offences, waste, extravagance and inefficient administration, poor value for money and other cause; the suitability, accuracy and reliability of financial and other management data within the organisation; and
- (e) value for money aspects of service provision.

4.2.5 In respect of any Internal Audit and Counter Fraud report or communication issued, the Senior Officer, and/or their nominated deputy, must reply within 3 weeks indicating the action proposed or taken, by whom and including target dates. Where a draft report is issued for initial comments, a reply must be made within 2 weeks of issue.

4.2.6 SLT members responsible for an area of service provision / financial or other management system which is the subject of Internal Audit recommendations, must respond to Internal Audit and Counter Fraud requests for progress and status updates against previously agreed Internal Audit recommendations. This requirement exists until all recommendations are actioned satisfactorily.

4.2.7 The Chief Internal Auditor will report to the Audit Committee on a cyclical basis about the findings of Internal Audit and Counter Fraud, the progress on issues in the Corporate Risk Register. The Chief Internal Auditor will report the Annual Report and Opinion on the System of Internal Control for the year ended 31st March (year, as relevant) to the Audit Committee.

Investigations and Suspected Fraud or Corruption

- 4.2.8 The Director of Finance is responsible for the provision of an appropriate Counter Fraud service to minimise fraud risks and to investigate potential fraud and corruption. The Counter Fraud service at the Authority operates as recommended by CIPFA. The Cabinet Office also provide guidance on professional Counter Fraud standards across the public sector, and such guidance is followed in Counter Fraud activities undertaken by the Authority.
- 4.2.9 The Director of Finance is responsible for the development and maintenance of the anti-fraud policy and for directing the Authority's efforts in fraud investigation. The Monitoring Officer supported by the Chief Internal Auditor is responsible for the development of the Whistleblowing Policy and the Chief Internal Auditor is responsible for the assessment of Whistleblowing disclosures against the Public Interests Disclosure Act 1998 and reporting disclosures to the Monitoring Officer.
- 4.2.10 Senior Officers must ensure that all Members and employees are:
- a) aware of the Authority's Anti-Fraud Policy;
 - b) aware of the Whistleblowing Policy; operating in a way that maximises internal check against inappropriate behaviour; and
 - c) able to undertake the on-line training package on preventing fraud supported by the Authority.
- 4.2.11 It is the duty of any officer who suspects or becomes aware of any matter which may involve loss or irregularity concerning cash, stores or other property of the Authority or any suspected financial irregularity in the operations or exercise of the functions of the Authority to immediately advise their manager. The Senior Officer concerned must immediately notify the Director of Finance who may take action by way of investigation and report.
- 4.2.12 Where, following investigation, the Director of Finance and/or Monitoring Officer considers that there are reasonable grounds for suspecting that a loss has occurred as a result of misappropriation, irregular expenditure or fraud, consultations will be held with Senior Officers on the relevant courses of action, including the possibility of police involvement and the invoking of any internal disciplinary procedure in accordance with the relevant conditions of service.
- 4.2.13 Where there are sufficient grounds to believe that a criminal act may have been committed and it is agreed to refer the matter to the Police for investigation, this should be recorded on a central log of "matters referred to the Police" maintained by the Monitoring Officer.

4.3 INSURANCE

- 4.3.1 The Director of Finance, in consultation with Senior Officers is responsible for assessing insurable risks and for arranging all insurance cover, including the management and control of the insurance fund. He/she will control all claims and maintain records of them.
- 4.3.2 Senior Officers must promptly notify the Director of Finance in writing of all new risks or assets to be insured and of any alterations affecting existing insurances. All insurances held must be reviewed on an annual basis.
- 4.3.3 In the event of any insurance claim or occurrence Senior Officers must:
- (a) not admit liability where this may prejudice the outcome of any settlement;
 - (b) promptly notify the Director of Finance in writing, of any loss, liability, damage or any event likely to lead to a claim; and
 - (c) inform the Police in the case of loss or malicious damage to Authority property.
- 4.3.4 Senior Officers must consult the Director of Finance and the Monitoring Officer as to the terms of any indemnity the Authority is required to give.
- 4.3.5 The Director of Finance will determine the extent of insurance cover in line with Contract Procedure Rules which must be provided for in any external contract for the supply of goods, works or services. The Director of Finance, in consultation with the relevant Senior Officer, may reduce the cover requirements in respect of specific contracts.

4.4 ASSETS

- 4.4.1 Senior Officers are responsible for the care and custody of all current and fixed assets of the relevant service (including stocks, stores, inventory items and all other items used for the Authority's purposes, including property). These items must only be used for the authorised purposes of the Authority. Assets must be recorded in the Authority's Asset Register, in accordance with the CIPFA Code of Practice.
- 4.4.2 Senior Officers must ensure that contingency plans exist for the security of assets and the continuity of service in the event of any disaster, significant event, or system failure. Whilst the Authority's Emergency Plan, Business Continuity Plans and its Disaster Recovery Plan for Information Systems are the main devices to be used and followed by SLT members, they are not exhaustive and should be added to or improved upon by them when necessary.

Disposal of Assets

- 4.4.3 Surplus or obsolete goods, materials and inventory items are to be disposed of by agreed transfer to another Service, a Community Asset Transfer, competitive sale or public auction in accordance with both Contract Procedure Rules and the Land and Property Protocols, except when the Authority instructs otherwise. Where appropriate, the Authority's Asset Register should be amended accordingly.
- 4.4.4 Leased items should only be disposed of in accordance with the instructions of the lessor.

Asset Register

- 4.4.5 The Director of Finance must ensure that an Asset Register in accordance with agreed auditing standards is maintained. This will include all land and property
- 4.4.6 Each Senior Officer must immediately notify the Director of Finance of the acquisition of any asset having a value of £5,000 or more.
- 4.4.7 Each Senior Officer must immediately notify the Director of Finance of the disposal (or transfer to another Service) of any asset (or part of any asset) which is included on the Asset Register.
- 4.4.8 In respect of any item acquired by lease the inventory must be marked with the name of the leasing company and the date of expiry of the lease agreement. When requested by the leasing company the item must be suitably marked as the property of that company.

4.5 Land and Property Assets

- 4.5.1 The Director of Finance must ensure that the detailed record of all land and property owned by the Authority is included in the Authority's Asset Register.
- 4.5.2 The Monitoring Officer is responsible for the security and custody of all title deeds and must maintain a suitable register.

Decision Making

- 4.5.3 Transactions Subject to Authority Approval
 - (a) All recommendations to acquire by agreement, appropriate or dispose of land or property valued in excess of £250,000.
 - (b) All recommendations to dispose of land for less than the best consideration reasonably obtainable where the likely Land undervalue is greater than £50,000.
 - (c) All recommendations to acquire individual plots of land, compulsorily

or by agreement, or properties of any value that have not been separately approved within an approved development project.

- 4.5.4 The Chief Executive is authorised, to approve property acquisitions, appropriations and disposals of land valued below £250,000 (subject to 4.5.3 (b)).
- 4.5.5 For Transparency, all transactions involving consideration in excess of £50,000 will be reported retrospectively to the Authority

Emergency Decisions

- 4.5.6 In circumstances where actions are required urgently, to acquire land and property of strategic significance, where the value of the transaction is greater than £250,000, the Chief Executive in agreement with the Chair of the Authority and in consultation with the Directors of Finance and the Monitoring Officer will have authority to take appropriate action. An Emergency Action will be reported to the Authority for information at the next available opportunity.

Compulsory Acquisition of Land

- 4.5.7 Authority approval is required for any acquisition of land (or programme of acquisition) where it is proposed to use the Authority's powers of compulsory acquisition. Any approval to acquire the same land by agreement should be sought from Authority at the same time as the approval to use compulsory powers.

Content of Reports

- 4.5.8 Reports seeking consent to dispose of or acquire land should include details of the interest held, appropriate site plans and valuation information provided by an appropriately qualified source.
- 4.5.9 Reports seeking to dispose of land at less than best consideration should in addition:
 - (a) include the provision of a Red Book Valuation in respect of the amount of undervalue
 - (b) demonstrate that all relevant legal issues have been considered and addressed and that there is no legal barrier to prevent a decision from being taken.
- 4.5.10 Reports seeking acquisition of land or property in respect of a development project should include a plan showing the individual properties whose acquisition it is proposed to seek.

Independent Valuations of Land/Property

4.5.11 With regard to those transactions for the disposal and acquisition of property that have not been exposed to the open market it is considered prudent to seek an independent valuation from a Chartered Surveyor (valuer) in accordance with the RICS Red Book.

4.5.12 Only transactions correctly approved as set out in above will be accepted.

4.6 SECURITY OF INFORMATION

4.6.1 All staff must maintain proper security, privacy and use of information held in computers and all other recording systems under their control. Senior Officers must ensure that:

- (a) all employees are aware of and comply with the Authority's Information Security and Information Management policies; all sensitive information is protected from unauthorised disclosure;
- (b) the accuracy and completeness of information and software is safeguarded;
- (c) software and other intellectual property is used only in accordance with licensing agreements;
- (d) Data Protection legislation is complied with;
- (e) the Freedom of Information Act and Environmental Information Regulations are complied with;
- (f) proper controls to system and physical access are in place;
- (g) the Authority's intellectual property rights are protected; and
- (h) data taken off site by staff has the appropriate security such as encryption in place to protect the data should it be lost.

5 TREASURY MANAGEMENT

5.1 GENERAL

5.1.1 The Director of Finance shall arrange the provision of a Treasury Management service governed by good practice as set out in the CIPFA "Code for Treasury Management in Local Authorities".

5.1.2 The Authority has adopted requirements of the Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance (via its SLA with St Helens), the MHCLG Minimum Revenue Provision Guidance, the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and the CIPFA Treasury Management Code.

5.1.3 The Authority is responsible for adopting:

- (a) A Treasury Management Strategy Statement, setting out the policies and objectives of its treasury management activities, and treasury management practices, setting out how those policies and objectives will be achieved and how treasury management will be managed and controlled;
- (b) An Annual Investment Strategy, determining the type and level of investments to be entered into over the coming year together with a policy on risk management and a creditworthiness policy, and the level of investment in specified and non-specified investments;
- (c) The Minimum Revenue Provision policy (in line with Government Guidance) and the Borrowing Strategy.

5.1.4 The Director of Finance will prepare a report before each financial year recommending a treasury management strategy and investment plan, and subsequently an annual report after the end of the year. In addition, there will be a treasury management update at the end of quarter 2 including performance in relation to prudential indicators. Each of these reports must be considered by the Audit Committee where there will be a recommendation to the Authority where there will be final approval.

5.1.5 The Audit Committee is responsible for the review of treasury management policies, procedures and practices and reviewing all treasury management reports (including reports presented to the Authority).

5.1.6 The Director of Finance is responsible for the execution and administration of treasury management decisions in accordance with the policy statement and agreed practices as set out at in the Treasury Management Strategy Statement report presented to the Authority for Budget setting.

5.2 ADMINISTRATION

5.2.1 All money under the management of the Authority is to be aggregated for the purposes of treasury management and will be controlled by the Director of Finance.

5.2.2 A suitable register must be maintained in respect of all investments, securities, bearer securities and borrowings.

5.2.3 The Director of Finance will arrange all loans. The Director of Finance is to be informed of all leases entered into by Senior Officers.

6 SALARIES, WAGES AND PENSIONS

6.1 GENERAL

All payments of salaries, wages, pensions, compensations, gratuities, allowances and other emoluments to current or former employees and Members are to be made by the Authority's Payroll Service (currently provided by St Helens Council) or an agreed payroll provider in accordance with information supplied by the Business Services Manager. All payroll transactions must be processed through the Authority's nominated payroll system. This will include any Members and Officers expenses which are to be paid in arrears by payroll.

- 6.1.1 Senior Officers, in conjunction with the Business Services Manager, must ensure that appointments of all employees and agency staff are in accordance with the appropriate Conditions of Service of the Authority or any approved scheme of delegation, and are within the approved budgets, grades and rates of pay. Any variations of terms and conditions must be in accordance with arrangements approved by the Chief Executive.

6.2 RECORDS

- 6.2.1 Senior Officers, in conjunction with the Business Services Manager, must maintain adequate records to notify the Payroll Service of all appointments, resignations, dismissals, and retirements together with changes in pay rates, bonuses due, overtime worked and other matters affecting remuneration, and provide all information to ensure that the correct adjustments are made in respect of absences, pensions, income tax, national insurance, sickness and maternity pay and any other additions, to or deductions from pay. Senior Officers must also advise the Business Services Manager of any employee benefit in kind to enable reporting for taxation purposes.

- 6.2.2 Time records and other pay documents must be maintained in a manner approved by the Business Services Manager and be certified by the relevant Senior Officers. A record of all authorised officers must be maintained together with specimen signatures.

6.3 OVERPAYMENTS

- 6.3.1 The Director of Finance is authorised to write-off any net overpayment of salary/wage where death-in-service of an employee occurs, except where the Authority holds a statutory obligation to recover such overpayments. All other overpayments of pay must be treated for the purposes of recovery and write off in accordance with Financial Procedure Rule 8.

6.4 TRAVEL, SUBSISTENCE AND OTHER ALLOWANCES

- 6.4.1 Payment of all claims is to be made via payroll or under other arrangements approved by the Director of Finance and must be in accordance with Schemes of Conditions of Service adopted in respect of the employee to which the payment relates.
- 6.4.2 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses, must be made by the payroll system.
- 6.4.3 The certification of a claim by or on behalf of a Senior Officer is taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Authority. Expense claims which relate to a period more than 6 months before the date of submission will not be paid, except where agreed by the Director of Finance.

6.5 TAXATION

- 6.5.1 The Director of Finance is responsible for advising the Authority / SLT members on all taxation issues that affect the Authority.
- 6.5.2 Each Senior Officer must ensure taxation is treated correctly and consult with the Director of Finance in the event of any uncertainty as to any taxation treatment (this includes compliance with IR35 regulations where interim staff are engaged). Should an error in taxation occur due to the failure of a Senior Officer to follow an appropriate procedure then there shall be a charge against that Services budget.
- 6.5.3 The Director of Finance will maintain the Authority's tax records, make all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate, as well as lead and co-ordinate discussion or negotiations with His Majesty's Revenue and Customs about any taxation matter.

7 ORDERING AND PAYING FOR WORK, GOODS AND SERVICES

7.1 GENERAL

- 7.1.1 Every Officer and Member of the Authority has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the authority, in accordance with appropriate codes of conduct. These interests should be registered with the Monitoring Officer as per the Authority's agreed procedures.
- 7.1.2 Public money must be spent with demonstrable probity and in accordance with the Authority's policies, including ensuring suppliers' compliance with

taxation in accordance with resolutions of Authority. Where appropriate a valid purchasing order shall be raised. Local Authorities have a statutory duty to achieve best value in part through economy and efficiency and the Authority's procedures (Contract Procedure Rules, Scheme of Delegation, Financial Procedure Rules and in accordance with Procurement Policy and Practice) must be followed to help Services obtain value for money from their procurement arrangements.

- 7.1.3 Whilst Contract Procedure Rules have a threshold for written competitive quotations, it is nevertheless an obligation on officers to be able to show that they have received value for money at much lower levels than the formal requirement of these rules.
- 7.1.4 Where the Authority has corporately negotiated contracts for goods, services or works, Service Managers shall normally use these contracts for such supplies. Information on these contracts can be obtained from the Corporate Procurement Section.
- 7.1.5 Senior Officers must ensure that all valid invoices are paid as a minimum within 30 days of receipt. Suppliers should be encouraged to participate in the early discount scheme of the Authority and that invoices are submitted in a timely manner to maximise the amount of early payment. In payment of invoices all officers should comply with the detailed guidance issued by the Director of Finance. This includes an analysis where appropriate that a supplier is financially robust to receive all payments via the early payments scheme.

7.2 RAISING ORDERS

- 7.2.1 All orders for goods, services and works shall be made using the Authority's agreed procurement system, Unit 4. Unless agreed by the Director of Finance as an agreed exception, orders should be issued in advance of the receipt of the service and invoice.
- 7.2.2 Each SLT member's own Scheme of Delegation must identify employees authorised to act on their behalf, or on behalf of the Authority, in respect of payments and orders, together with the limits of each person's authority.
- 7.2.3 The Business Services Manager must approve a schedule of Authority officers authorised to raise requisitions, undertake approvals up to order and invoice stages and to supply their names, job titles and authorised approval levels to the Director of Finance. The schedule must be reviewed at least once per year.

- 7.2.4 By approving a requisition, the approving officer indicates that satisfactory checks have been carried out to ensure that:
- (a) the authoriser of the order should be satisfied that the goods and services ordered are appropriate and necessary;
 - (b) the order value indicates that prices, extensions, calculations, discounts, other allowances and all relevant taxes are correct;
 - (c) payment will be processed via a proper tax invoice;
 - (d) the proposed expenditure will be properly incurred, is within budget, and has been charged to the appropriate budget;
 - (e) entries will be made in asset registers, inventories, stores and other records as appropriate;
 - (f) the order has not been processed previously;
 - (g) the commitment is a proper liability of the Authority.
- 7.2.5 There should be adequate controls to agree invoice values to contracts or non-Unit 4 orders where a dispensation has been received for not using A1/Agresso ordering as detailed in section 7.2.1. The supplier's sales invoice reference should be recorded in spreadsheet format by the budget holder's department to allow the tracing of invoices input to Unit 4 in the absence of a Unit 4 purchase order reference.
- 7.2.6 The correct receipt of goods shall be acknowledged by recording the details on Unit 4 or the signature of an appropriate officer who checks for quantity and quality to the details set out on the delivery note to validate the receipt of goods or services. This should not be the same officer who has approved the order.
- 7.2.7 Signed delivery notes shall be matched and checked to the appropriate electronic order and retained as a record of receipt of the delivery.
- 7.2.8 System procedures must be followed for the treatment of part or incorrect deliveries and the system updated appropriately.

7.3 PAYING INVOICES

- 7.3.1 Payments shall only be made in respect of goods or services properly received on receipt of an official invoice from the supplier. The invoice must contain, if appropriate, the company registration and VAT numbers and valid Purchase Order number. Failure to quote an order number will not allow the Authority system to match with the original purchase order and as a result the invoice will be returned to the sender for the inclusion of this data.
- 7.3.2 Invoices will be received and processed by St Helens' Accounts Payable Team, who will electronically scan the invoices, which will be matched by the system to the relevant order and goods/services received record and passed for payment if within system tolerances.
- 7.3.3 An exception to this matching process relates to non-order invoices input under the dispensation rule detailed in 7.2.1 above where the budget holder effectively gives retrospective order approval after an invoice has been input.
- 7.3.4 SLT members are responsible for ensuring that undisputed invoices are processed for payment within a maximum of 30 days from receipt of the invoice.

7.4 ADVANCE PAYMENTS

- 7.4.1 Where a supplier or contractor requires payment prior to the despatch of goods or the provision of services for a new service, an official order signed by a duly authorised officer and clearly marked that payment is to be made before receipt of the goods or services must be completed. A pro forma invoice or supplier's order form detailing fully the goods/service to be obtained must be approved by an officer authorised to certify invoices and retained as a record of the payment made.
- 7.4.2 Where a supplier or contractor of a supply/ works has already been agreed under a tender/ contract process, then a payment can only be agreed following the submission of a mod.gov report setting out the rationale for agreeing the payment.

7.5 TRANSPARENCY AGENDA

- 7.5.1 As a part of Transparency Agenda the Authority shall publish all individual transactions for expenditure in excess of £500 within statutory deadlines.

7.6 PAYMENT CARDS

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- 7.6.1 All arrangements regarding payment and procurement cards must be approved by the Director of Finance and the Chief Executive.
- 7.6.2 Senior Officers in conjunction with Director of Finance will determine the credit limit for individual payment and procurement cards.
- 7.6.3 Each cardholder will ensure safe custody of the card and not exceed their monthly limit.
- 7.6.4 Cards may be used only in accordance with the approved scheme and for legitimate expenses incurred by the cardholder in the course of official Authority business.
- 7.6.5 They must not be used:
 - (a) to circumvent the procedures for the ordering of and payment for, goods and services under these regulations; or
 - (b) to purchase items for the private or personal use of cardholders.
- 7.6.6 Each cardholder must ensure that all expenditure incurred is supported by adequate records and in respect of payment cards, a VAT receipt is obtained to support all expenditure.

8 INCOME

8.1 GENERAL

- 8.1.1 The Revenue Budget report presented to the Authority prior to the start of each financial year will include proposals for fees and charges, including any amendments, for the forthcoming financial year. This will be prepared by the Director of Finance in consultation with Service Managers and SLT. Any amendments in year should be reported to the Authority for approval.
- 8.1.2 The methods of collecting, recording and banking of all income due to the Authority are to be approved by the Director of Finance.

8.2 DEBTORS

- 8.2.1 Wherever possible, payment should be obtained in advance or at the time of provision of a service, goods, letting or works.
- 8.2.2 Where credit is given, Senior Officers must ensure that the credit status of each customer is satisfactory. Senior Officers are responsible for arranging for staff to raise debtor accounts using the financial ledger approved by the Director of Finance immediately a debt falls due. Each Senior Officer, in conjunction with the Director of Finance must maintain adequate records to ensure that all credit income due to the Authority is promptly recovered. Where services are proposed through the year's accounts, they should be raised on a monthly basis to the body in receipt of the service.
- 8.2.3 The authorisation limits for the writing off of debts are as follows:
- (i) individual debts up to £5,000 by the relevant SLT member in conjunction with the Director of Finance;
 - (j) individual debts over £5,000 by the Director of Finance and the Chief Executive; and
 - (k) individual debts over £30,000 by the Authority.
- 8.2.4 As part of the closure of the final accounts the Director of Finance shall undertake a detailed review of the outstanding debts owed to the Council and write off amounts that the Director deems irrecoverable prior to the draft annual accounts being submitted for approval.
- 8.2.5 The 'writing off' of a debt does not absolve a Senior Officer or a Service of the responsibility to collect such debts, and the position in relation to such debtors is to be monitored by SLT members.

9 GIFTS AND HOSPITALITY

- 9.1.1 A separate Code of Conduct is available which sets out how officers and members should deal with issues such as receipt of personal gifts and offers of hospitality. All officers and members need to be aware of the requirements of the Code and ensure they are followed. All gifts and offers of hospitality over £25 need to be registered with the Business Services Manager.

10 WORKFORCE

- 10.1.1 The Chief Executive is responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration for a job.

- 10.1.2 The Chief Executive is responsible for controlling total numbers in the workforce and its cost by:

- (a) Determining, in conjunction with the Director of Finance, the budget necessary in any given year to cover the workforce levels previously approved by SLT members,
- (b) adjusting the workforce to levels that can be funded within approved budget provision, varying the numbers provided (though not the remuneration, or levels of remuneration for the specific categories of the workforce) as necessary, within that constraint, in order to fulfil operational needs.

- 10.1.3 The Director of Business Services & Strategy is responsible for:

- (a) Ensuring the proper use the proper use of appointment procedures;
- (b) ensuring an establishment list which includes job titles, names and contact details is prepared and maintained.

11 MONEY LAUNDERING

- 11.1.1 The legislation concerning money laundering impacts on local authorities. Potentially any member of staff could be caught by the money laundering provisions if they suspect money laundering and either become involved with it in some way and/or do nothing about it. The Authority has therefore established an internal Anti-fraud Policy, which includes the provision of training to all employees, designed to prevent the risk of the Authority being involved in money laundering and to enable staff to report suspicions of money laundering activity to the Monitoring Officer (as the Authority's nominated Money Laundering Reporting Officer).

- 11.1.2 All staff should have regard to the Authority's Anti-Money Laundering Policy and supporting Guidance. A member of staff should report any transaction which involves the receipt of £50 or more of cash to the Authority's Monitoring Officer and the Finance Manager; notwithstanding such financial limit, and member of staff who has reasonable grounds to believe that money

laundering is taking place (or is being attempted) in respect of a smaller amount of cash should report the matter to the Authority's Monitoring Officer.