

MALVERN HILLS DISTRICT COUNCIL

Financial Rules

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Reviewed: April 2019

1. STATUS OF FINANCIAL RULES

- 1.1 Malvern Hills District Councils (MHDC) Financial Rules provide the framework for managing the Council's financial affairs. They apply to every member and officer of MHDC and anyone acting on its behalf.
- 1.2 The regulations identify the financial responsibilities of Council, Executive Committee, overview and scrutiny members, the head of paid service, the Monitoring Officer, the Section 151 Officer and other Heads of Service. Special responsibilities are allocated to the Monitoring Officer and the Section 151 Officer. Executive Committee and Senior Management Team (SMT) should maintain a written record where decision making has been delegated to members of staff, including seconded staff.
- 1.3 All members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.
- 1.4 The Deputy Chief Executive as the Section 151 Officer is responsible for maintaining a continuous review of the financial regulations and submitting any additions or changes necessary to Council for approval. The Section 151 Officer is also responsible for reporting, where appropriate, breaches of the Financial Regulations to Council and/or to Executive Committee, and to the Scrutiny Committee or its equivalent.
- 1.5 To underpin the Financial Rules, the Section 151 Officer has responsibility for issuing in a timely manner, detailed financial management standards, advice and guidance that members, officers and others acting on behalf of MHDC are required to follow. The Section 151 Officer is also responsible for ensuring compliance with financial rules.
- 1.6 Such financial management standards, advice and guidance will be reviewed, and amended as necessary, by the Section 151 Officer.
- 1.7 Heads of Service are responsible for ensuring that all staff in their departments are aware of the existence and content of the Financial Rules and other internal regulatory documents and that they comply with them.

2. FINANCIAL REGULATION: FINANCIAL MANAGEMENT & CONTROL

Introduction

- 2.1 Financial management covers all financial accountabilities in relation to the running of MHDC. The Section 151 Officer is responsible for the compilation of policy statements on financial matters as they may determine which shall supplement these Financial Rules. These policies provide officers and Members with greater detail of the financial controls to be followed concerning revenue and capital expenditure and general financial matters. Policy Statements approved by Executive Committee and Council shall have the same effect and standing as Financial Rules and shall be observed by all officers of MHDC.

Council

- 2.2 Council is responsible for adopting the Constitution and Members' Code of Conduct and for approving the Policy Framework and Budget within which Executive Committee operates. Council is also responsible for approving and monitoring compliance with MHDC's overall framework of accountability and control as set out in the Constitution. Council is also responsible for monitoring compliance with the agreed policy and related Executive decisions.
- 2.3 Council is responsible for approving procedures for recording and reporting decisions taken. This includes decisions taken by Executive Committee and decisions taken by Council and its committees. Details of who has delegated responsibility for decisions are set out in the Constitution.

Executive Committee

- 2.4 Executive Committee is responsible for proposing the Budget to Council, and for discharging executive functions in accordance with the Budget.
- 2.5 Executive decisions can be delegated to a sub committee, a portfolio holder, an officer or a joint committee.
- 2.6 Executive Committee is responsible for establishing procedures to ensure that individual Executive members consult with relevant officers before taking a decision within their delegated authority. In doing so, the individual member must take account of legal and financial liabilities and risk management issues that may arise from the decision.

Committees of the Council

Overview and Scrutiny Committees

- 2.7 The overview and scrutiny process is responsible for scrutinising Executive decisions before or after they have been implemented and for holding Executive Committee to account. Overview and Scrutiny is also responsible for making recommendations on future policy options and for reviewing the general policy and service delivery of MHDC.

Audit and Standards Committee

- 2.8 The Audit and Standards Committee is established by Council and is responsible for promoting and maintaining high standards of conduct amongst Councillors. In particular, it is responsible for advising Council on the adoption and revision of the Members' Code of Conduct, and for monitoring the operation of the code.

Other Regulatory Committees

- 2.9 Various non executive functions are exercised through politically balanced regulatory committees under powers delegated by Council. The regulatory committees report to Council.

The Statutory Officers

Head of Paid Service (and Chief Executive)

- 2.10 The Head of Paid Service is responsible for the corporate and overall strategic management of MHDC. They must report to and provide information for Executive Committee, Council, overview and scrutiny and other committees. They are responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Head of Paid Service is also responsible, together with the Monitoring Officer, for the system of record keeping in relation to executive and council decisions. The Head of Paid Service is responsible for the manner in which the discharge by MHDC of their functions is coordinated and for the organisation, appointment and proper management of MHDC staff.

Monitoring Officer

- 2.11 The Monitoring Officer is responsible for promoting and maintaining high standards of conduct and therefore provides support to the standards committee. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to Council and/or to Executive Committee, and for ensuring that procedures for recording and reporting Executive Decisions are operating effectively.
- 2.12 The Monitoring Officer must ensure that Executive decisions and the reasons for them are made public. They must also ensure that Council members are aware of decisions made by Executive Committee and of those made by officers who have delegated Executive responsibility.
- 2.13 The Monitoring Officer is responsible for advising all Councillors and officers about who has authority to take a particular decision.
- 2.14 The Monitoring Officer is responsible for advising Executive Committee or Council about whether a decision is likely to be considered contrary to or not wholly in accordance with the Policy Framework.
- 2.15 The Monitoring Officer (together with the Section 151 Officer) is responsible for advising Executive Committee or Council about whether a decision is likely to be

considered contrary to or not wholly in accordance with the Budget. Actions that may be contrary to or not wholly in accordance with the Budget include:

- initiating a new scheme or policy for which no budgetary provision has been made in the Budget
 - committing expenditure in future years above the Budget level
 - incurring Budget transfers above virement limits
 - causing the total expenditure financed from Council tax, grants and corporately held reserves to increase,
- 2.16 The Monitoring Officer is responsible for maintaining an up-to-date copy of the Constitution.

Section 151 Officer

- 2.17 The Deputy Chief Executive as Section 151 Officer has statutory duties in relation to the financial administration and stewardship of MHDC. This statutory responsibility cannot be overridden. These arise from:
- Section 151 of the Local Government Act 1972
 - The Local Government Finance Act 1988
 - The Local Government and Housing Act 1989
 - The Accounts and Audit Regulations 2003
 - The Local Authority (Capital Finance & Accounting) (England) Regulations 2003
- 2.18 The Section 151 Officer is responsible for:
- the proper administration of MHDC's financial affairs
 - setting and monitoring compliance with financial management standards
 - advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
 - providing timely financial information
 - preparing the revenue Budget and capital programme
 - treasury management
 - all arrangements with MHDC's bankers
- 2.19 Section 114 of the Local Government Finance Act 1988 requires the Section 151 Officer to report to Council, Executive Committee and the external auditor if the Council or one of its officers:
- has made, or is about to make, a decision which involves incurring unlawful expenditure
 - has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to MHDC
 - is about to make an unlawful entry in MHDC's accounts.
- 2.20 Section 114 of the 1988 Act also requires:
- the Section 151 Officer to nominate a properly qualified member of staff to deputise should they be unable to perform the duties under section 114 personally

- the authority to provide the Section 151 Officer with sufficient staff, accommodation and other resources, including legal advice where this is necessary to carry out the duties under section 114.

Heads of Service

2.21 Heads of Service are responsible for:

- ensuring that Executive members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Section 151 Officer
- signing contracts (subject to the Contracts Rules) on behalf of MHDC.

2.22 It is the responsibility of Heads of Service to consult with the Section 151 Officer and seek approval on any matter liable to affect MHDC's finances materially, before any commitments are incurred.

Other financial accountabilities in relation to:

Virement

2.23 Council is responsible for agreeing procedures for virement of expenditure between Budget headings. Executive Committee is responsible for MHDC's virement policy statement and strategy for approval by Council and for reviewing compliance with the virement policy.

2.24 Heads of Service are responsible for agreeing in-year virements within delegated limits, with the agreement of the Section 151 Officer. All requests for virement are subject to the validation of the Section 151 Officer in accordance with the virement policy.

Accounting policies

2.25 The Section 151 Officer is responsible for setting accounting policies and ensuring that they are applied consistently, in accordance with relevant guidance and regulations.

Accounting records and returns

2.26 The Section 151 Officer is responsible for determining the accounting procedures and records for MHDC, in accordance with relevant guidance and regulations.

The annual statement of accounts

2.27 The Section 151 Officer is responsible for ensuring that the annual statement of accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (SORP) (CIPFA/LASAAC). Council is responsible for approving the annual statement of accounts.

3. FINANCIAL REGULATION: FINANCIAL PLANNING

Introduction

- 3.1 The key elements of financial planning are:
- Medium Term Financial Plan (MTFP) – Revenue and Capital
 - Revenue Budget
 - Capital Programme
 - Cashflow planning and balances management
 - Prudential Indicators for forward capital planning

Policy Framework

- 3.2 Council is responsible for approving the Council Plan and Budget, which will be proposed by Executive Committee
- 3.3 Council is also responsible for approving procedures for agreeing variations to approved Budgets, plans and strategies.
- 3.4 Council is responsible for setting the level at which Executive Committee may reallocate Budget funds from one service to another. Executive Committee is responsible for taking in year decisions on resources and priorities in order to deliver the Budget and Council Plan within the financial limits set by Council.
- 3.5 Council is responsible for setting prudential indicators when it approves the revenue budget for Council Tax setting purposes.

Preparation of the MTFP

- 3.6 The Section 151 officer is responsible for proposing the annual MTFP prepared on a three year basis to Executive Committee for consideration before its submission to Council for approval.
- 3.7 Executive Committee is responsible for issuing guidance on the content of the annual Budget, taking account of the Community Strategy, Corporate Plan, Key Decisions and Statutory Duties and Requirements and the approved medium term capital programme.
- 3.8 The Section 151 Officer is responsible for developing and maintaining a resource allocation process that ensures due consideration of the Council's Priorities.

Budgeting

- 3.9 The draft budget should integrate capital and revenue planning and should include allocation to different services and projects, proposed taxation levels, calculated mandatory prudential indicators; contingencies, and use of reserves.
- 3.10 It is the responsibility of Heads of Service to prepare annual service estimates and submit these to the Section 151 Officer for subsequent validation, consolidation and presentation to Executive Committee.
- 3.11 The Section 151 Officer is responsible for ensuring that an annual revenue budget is prepared for consideration by Executive Committee, before submission to Council as part of the process leading to the setting of the Council Tax. Council

may amend the Budget or ask Executive Committee to reconsider it before approving it.

- 3.12 The Section 151 Officer issues guidelines on budget preparation to members and Heads of Service. The guidelines will take account of:
- legal requirements (in conjunction, where appropriate, with the Monitoring Officer)
 - the MTFP
 - available resources (including the use of internal reserves and provisions)
 - spending pressures
 - best value and other relevant government guidelines
 - other internal policy documents

Revenue budget monitoring and control

- 3.13 The Section 151 Officer is responsible for providing appropriate financial information to enable budgets to be monitored effectively. Expenditure will be monitored against budget and the overall position reported to Executive Committee on a regular basis. The Chief Executive, Heads of Service and the Section 151 Officer are responsible for ensuring that budgetary control is properly exercised and for taking appropriate action to ensure that budgets are not exceeded.
- 3.14 It is the responsibility of budget managers to control income and expenditure within their area and to monitor performance, through MHDC's budget monitoring process approved by the Section 151 Officer. They should also take any action necessary to avoid exceeding their budget allocation and alert the Section 151 Officer to any problems.

Preparation and monitoring of the capital programme and prudential indicators

- 3.15 The Section 151 Officer is responsible for ensuring that the capital programme is prepared on an annual basis for consideration by Executive Committee before submission to Council. All schemes to be included in the Capital Programme must have been evaluated and approved by the Section 151 Officer. The Section 151 Officer is responsible for assessing potential capital programme resources for the ensuing three financial years and preparing a rolling programme of expenditure for approval by Executive Committee.
- 3.16 The Section 151 Officer will carry out monthly capital budget monitoring and consider the effect of any changes to the programme on the prudential indicators. Any such changes will be reported as soon as possible to Executive Committee and Council.

Maintenance of reserves and provisions

- 3.17 It is the Section 151 Officer's responsibility to advise Executive Committee and/or Council on prudent levels of reserves and provisions for MHDC, in accordance with CIPFA guidelines.

4. FINANCIAL REGULATION: AUDIT & CONTROL OF RESOURCES

Introduction

- 4.1 It is essential that robust systems are developed and maintained for identifying and evaluating all significant operational risks to MHDC. This should include the proactive participation of all those associated with planning and delivering services.

Audit requirements

- 4.2 The Accounts and Audit Regulations 2003 require every local authority to maintain an adequate and effective internal audit function. Section 151 Officer shall arrange for compliance with these regulations and CIPFA/SOLACE guidance on Corporate Governance and Risk Management.
- 4.3 Internal Audit shall have authority to:
- enter at all reasonable times any MHDC premises or land
 - have access to all records, documents, contracts and correspondence, including computerised hardware and software, relating to any financial and/or other transaction of MHDC
 - require and receive such explanations as are necessary concerning any matter under examination and
 - require any MHDC employee to produce cash, stores or any other Council property under his control.
- 4.4 The Audit Commission is responsible for appointing external auditors to each local authority. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by section 5 of the Audit Commission Act 1998.
- 4.5 MHDC may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Customs and Excise and the Inland Revenue, who have statutory rights of access.

Preventing fraud and corruption

- 4.6 The Deputy Chief Executive is responsible for the development and maintenance of an anti-fraud and anti-corruption policy.

Assets

- 4.7 Heads of Service should ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

Treasury management

- 4.8 MHDC has adopted CIPFA's Code of Practice for Treasury Management in Local Authorities.
- 4.9 Council is responsible for approving the treasury management policy statement setting out the matters detailed in paragraph 15 of CIPFA's Code of Practice for Treasury Management in Local Authorities. Executive Committee proposes the policy statement to Council. The Section 151 Officer has delegated responsibility for implementing and monitoring the statement.
- 4.10 All money under the control of MHDC is managed by the Section 151 Officer.
- 4.11 The Section 151 Officer is responsible for reporting to Executive Committee a proposed treasury management strategy for the coming financial year at or before the start of each financial year.
- 4.12 All Executive decisions on borrowing, investment or financing shall be delegated to the Section 151 Officer, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities.
- 4.13 The Section 151 Officer is responsible for reporting to Executive Committee not less than twice in each financial year on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. One such report will comprise an annual report on treasury management for presentation by 30 September of the succeeding financial year.

Staffing

- 4.14 Council is responsible for determining how officer support for Executive and non-Executive roles within MHDC will be organised and approving the staffing establishment.
- 4.15 The Head of Paid Service is responsible for providing overall management of staff and for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.
- 4.16 Heads of Service are responsible for controlling total staff numbers by:
- advising Executive Committee on the budget necessary in any given year to cover estimated staffing levels
 - adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within the approved establishment in order to meet changing operational needs
 - the proper use of appointment procedures.

5. FINANCIAL REGULATION: SYSTEMS & PROCEDURES

Introduction

- 5.1 Sound systems and procedures are essential to an effective framework of accountability and control.
- 5.2 The Section 151 Officer is responsible for the operation of MHDC's accounting systems, the form of accounts and the supporting financial records. Heads of Service may not make changes to the existing financial systems or establish new systems without the approval of the Section 151 Officer. However, Heads of Service are responsible for the proper operation of financial processes in their own departments.
- 5.3 Heads of Service should ensure that their staff receive relevant financial training.
- 5.4 Heads of Service must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation. Heads of Service must ensure that staff are aware of their responsibilities under this and all legislation.

Income and expenditure

- 5.5 It is the responsibility of Heads of Service to ensure that a proper scheme of delegation has been established within their area and is operating effectively. The scheme of delegation should identify staff authorised to act on their behalf, or on behalf of Executive Committee, in respect of payments, income collection and placing orders, together with the limits of their authority. The Section 151 Officer is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control. The Section 151 Officer will periodically report debt write off to Executive Committee.

Payments to employees and Members

- 5.6 The Section 151 Officer is responsible for payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to Members.

Taxation

- 5.7 The Section 151 Officer is responsible for advising Heads of Service, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect MHDC.
- 5.8 The Section 151 Officer is responsible for maintaining MHDC's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.
- 5.9 Responsibility for MHDC's tax returns connected with payments to employees and members rests with the Section 151 Officer.

Trading accounts/business units

- 5.10 The Section 151 officer will advise on the establishment and operation of trading accounts and business units.

Leasing

- 5.11 All leases entered into by MHDC can only be on the authority of the Section 151 officer.

Banking

- 5.12 All cheques and payment forms shall be ordered only on the authority of the, Section 151 Officer and proper arrangements for their safe custody will be made.
- 5.13 Cheques on MHDC's banking accounts shall bear the facsimile signature of the Deputy Chief Executive.

6. FINANCIAL REGULATION: EXTERNAL ARRANGEMENTS

Introduction

- 6.1 MHDC provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental well-being of its area.

Partnerships

- 6.2 Executive Committee is responsible for approving delegations, including frameworks for partnerships. Executive Committee is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.
- 6.3 Executive Committee can delegate functions, including those relating to partnerships to officers. These are set out in the scheme of delegation that forms part of MHDC's Constitution. Where functions are delegated, Executive Committee remains accountable for them to Council.
- 6.4 The Monitoring Officer and Section 151 Officer are responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout MHDC.
- 6.5 The Section 151 Officer must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory.
- 6.6 The Monitoring Officer and Section 151 Officer must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies and must ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- 6.7 Heads of Service are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

External funding

- 6.8 The Section 151 Officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in MHDC's accounts.

APPENDIX A: FINANCIAL MANAGEMENT and CONTROL

A1 FINANCIAL MANAGEMENT STANDARDS

A1.1 Why is this important?

All staff and members have a duty to abide by the highest standards of probity in dealing with financial issues. This is achieved in part by ensuring that every one is clear about the standards to which they are working, and the controls which are in place to ensure that these standards are met.

A1.2 Key controls

The key controls for financial management standards are:

- their promotion throughout MHDC.
- having in place a monitoring system to review compliance with financial standards, and that regular comparisons of performance indicators and benchmark standards are reported to Executive Committee and Council.

A1.3 Responsibilities of Deputy Chief Executive

- To ensure the proper administration of the financial affairs of MHDC.
- To set the financial management standards, and to monitor compliance with them.
- To ensure proper professional practices are adhered to, and to act as head of profession in relation to the standards, performance and development of finance staff throughout MHDC.
- To advise on the key strategic controls necessary to secure sound financial management.
- To ensure that financial information is available to enable accurate and timely reporting of comparisons of national and local financial performance indicators.

A1.4 Responsibilities of Heads of Service

- To promote the financial management standards set by the Deputy Chief Executive in their service areas and to monitor adherence to those standards and practices.
- To promote sound financial practices in relation to the standards performance and development of staff in their service areas.

A2 MANAGING and CONTROLLING SPENDING

Revenue Budget

A2.1 Why is this important?

Budget management ensures that resources allocated by Members are used for their intended purposes and that these resources are properly accounted for. Budgetary control is a continual process enabling MHDC to review and adjust its budget targets during the financial year. It also provides the mechanism to call to account managers responsible for defined elements of the budget.

By identifying and explaining variances against budgetary targets, the Council can identify changes in trends and resource requirements at the earliest opportunity. MHDC itself operates within an annual cash limit, approved in setting the overall budget. To ensure that MHDC in total does not overspend, each service is required to manage its own expenditure within the cash limited budget allocated to it.

For the purposes of budgetary control by managers, a budget head will normally be a cost centre. However, it may be at a more detailed level in the standard coding structure if required.

A2.2 Key controls

The key controls for managing and controlling the revenue budget are:

- budget holders should be responsible only for income and expenditure which they can influence
- each "£" of budgeted expenditure is allocated to a named budget holder
- budget holders accept accountability for their budgets and the level of service to be delivered
- all orders committing expenditure should be properly authorised and priced before issue
- budget holders follow an approved certification process for all expenditure
- income and expenditure is properly recorded and accounted for
- performance levels/levels of service are monitored in conjunction with the budget and necessary action taken to align service outputs and budget.

A2.3 Responsibilities of Deputy Chief Executive

These responsibilities are carried out through delegated finance officers reporting to the Deputy Chief Executive. To establish an appropriate framework of budgetary management and control which ensures that:

- Budget management is exercised within the annual cash limits agreed by Council.
- Each Head of Service has available timely information on income and expenditure on each budget heading, to enable budget holders to fulfill their budgetary responsibilities.
- Expenditure is committed only against an approved budget head.

- All officers responsible for committing expenditure comply with relevant guidance, including Financial Rules.
- Each budget head has a single named manager, determined by the Head of Service. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making which commits expenditure.
- Significant variances from approved budgets are investigated and reported by managers regularly.
- Procedures are in place for corrective action to be taken to manage significant variances.

To administer MHDC's scheme of virement.

To submit reports to Executive Committee, in consultation with the Head of Service, where a Head of Service is unable to balance expenditure and resources within existing approved budgets under their control.

To prepare and submit regular budget monitoring reports on MHDC's projected expenditure compared with the budget.

A2.4 Responsibilities of Heads of Service

To maintain budgetary control and to ensure that all income and expenditure is properly recorded and accounted for.

To ensure that a single accountable budget holder is identified for each item of expenditure. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making which commits expenditure.

To ensure that spending remains within the service overall cash limit, and that individual budget heads are not overspent, by monitoring the budget and, where it appears that areas of the budget are likely to be over or underspent, taking appropriate corrective action.

To ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and that any necessary action is taken.

To advise the Deputy Chief Executive immediately where it is clear that they are unable to balance expenditure or income (when a loss of income arises) within existing approved budgets under their control.

To ensure prior approval by Council for new proposals (A report on new proposals should explain the full financial implications, after consultation with the Deputy Chief Executive. Unless Council has agreed otherwise, Heads of Service must plan to contain the financial implications of such proposals within their cash limit).

To ensure compliance with MHDC's scheme of virement.

To consult with the relevant Head of Service and Deputy Chief Executive where it appears that a budget proposal, including a virement proposal, may impact materially on another service.

A3 SCHEME OF VIREMENT

A3.1 Why is this important?

The scheme of virement enables Heads of Service to manage budgets with a degree of flexibility within the overall policy framework determined by Council.

A3.2 Key Controls

The scheme is administered by the Deputy Chief Executive within guidelines set by Council. Any variation from this scheme requires the approval of Council. Virement will only be used where there is a confirmed change to the spending plans agreed by Executive, it will not be used purely to offset budget variances.

Heads of Service and budget holders are authorised to incur expenditure in accordance with the estimates agreed by Executive Committee and approved by Council. Virement is a switching of resources between budget heads or capital schemes. For the purposes of these Rules a budget head is considered to be at an equivalent level to the standard service sub-division as defined by CIPFA. The scheme applies equally to a reduction in income as to an increase in expenditure.

Heads of Service are expected to exercise their discretion in managing their budgets responsibly and prudently. They should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Heads of Service must plan to fund such commitments from within their own budgets.

A3.3 Responsibilities of Deputy Chief Executive

To prepare jointly with the appropriate Head of Service a report to Executive where virements in excess of £50,000 are proposed.

A3.4 Responsibilities of Heads of Service

A Head of Service may exercise virement on budgets under their control for amounts up to and including £25,000 on any one budget head during the year.

Virements within a policy area of greater than £25,000 but less than £50,000 require the approval of the Deputy Chief Executive and relevant portfolio holder, amounts greater than £50,000 require the approval of Executive Committee.

The prior approval of Executive Committee is required to any virement where it is proposed to vire between budgets managed by different Heads of Service.

Virement which is likely to impact on the level of service activity of another Service should be implemented only after consultation with the relevant Head of Service.

No virement relating to a specific financial year will be made after 31 March in that year.

A4 TREATMENT OF YEAR END BALANCES

A4.1 Why is this important?

The rules below cover arrangements for the transfer of resources between accounting years i.e. a 'carry forward'. Carry forwards will only be approved in the appropriate circumstances.

A4.2 Key controls

Appropriate accounting procedures are in operation to ensure that carried forward totals are agreed and correct.

Any under or overspend on revenue budgets will be written to General Fund revenue balances at the Financial Year end.

A4.3 Responsibilities of Deputy Chief Executive

To report the extent of overspends and underspends on service estimates to Executive Committee and to Council.

To report to Executive Committee and to Council any proposed carry forwards for both revenue and capital and their effect upon the balances of MHDC.

A4.4 Responsibilities of Heads of Service

Any request to carry forward underspends of either revenue or capital resources must have prior approval from the Deputy Chief Executive.

A5 ACCOUNTING POLICIES

A5.1 Why is this important?

The Deputy Chief Executive is responsible for the preparation of MHDC's statement of accounts in the format required by the CIPFA Code of Practice on Local Authority Accounting in Great Britain, for the financial year ending 31 March.

A5.2 Key controls

The key controls for accounting policies are:

- Suitable accounting policies are selected and applied consistently.
- Judgments are made and estimates prepared which are reasonable and prudent.
- Statutory and other professional requirements are observed to maintain proper accounting records.
- All reasonable steps have been taken for the prevention and detection of fraud and other irregularities.

A5.3 Responsibilities of Deputy Chief Executive

To adopt suitable accounting policies and to ensure that they are applied consistently. The accounting policies will be set out in the statement of accounts which is prepared at 31 March each year, and will cover such items as:

- separate accounts for capital and revenue transactions
- the basis on which year end debtors and creditors are included in the accounts
- details of provisions and reserves
- fixed assets
- depreciation
- work in progress
- stocks and stores
- deferred charges
- accounting for value added tax
- government grants
- leasing
- pensions.

A5.4 Responsibilities of Heads of Service

To adhere to the accounting policies approved by the Deputy Chief Executive.

A6 ACCOUNTING RECORDS AND RETURNS

A6.1 Why is this important?

Proper accounting records are one of the ways in which MHDC discharges its responsibility for stewardship of public resources. MHDC has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year. These are subject to external audit. This provides assurance that the accounts are properly prepared and proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of MHDC's resources.

A6.2 Key controls

The key controls for accounting records and returns are:

- All Executive Members, finance staff and budget managers operate within the required accounting standards of MHDC.
- All MHDC's transactions, material commitments and contracts and other essential accounting information have been recorded completely, accurately and on a timely basis.
- Procedures are in place to enable accounting records to be reconstituted in the event of failure.
- Balances and reconciliation procedures are carried out to ensure transactions are correctly recorded.

A6.3 Responsibilities of Deputy Chief Executive

To determine the accounting procedures and records for MHDC. Where these are maintained in a Service other than resources, before making any determination, they will consult the Head of Service concerned.

To compile all accounts and accounting records or ensure they are compiled under his/her direction.

To comply with the following principles when allocating accounting duties:

- Separating the duties of providing information about sums due to or from MHDC and calculating, checking and recording these sums, from the duty of collecting or disbursing them.
- Employees with the duty of examining or checking the accounts of cash transactions shall not themselves be engaged in these transactions.

To make proper arrangements for the audit of MHDC's accounts in accordance with the Accounts and Audit Regulations.

To prepare and publish the audited accounts of MHDC for each financial year, in accordance with the statutory timetable.

To administer MHDC's arrangements for under and overspendings to be written to General Fund balances.

To ensure the proper retention of financial documents. The periods for which documents are to be retained will be specified separately to these financial procedures in the Finance Document Retention Schedule.

To complete all statutory financial returns to government departments.

A6.4 Responsibilities of Heads of Service

To consult and obtain the approval of the Deputy Chief Executive before making any changes to accounting records and procedures.

To comply with the principles of separation of duties when allocating accounting duties.

To maintain adequate records to provide an audit trail leading from the source of income / expenditure through to the accounting statements.

To supply information required to enable the Statement of Accounts to be completed, in accordance with guidelines issued by the Deputy Chief Executive.

To observe such accounting instructions as may be made from time to time.

To maintain detailed records to support claims submitted for expenditure funded from specific grants

To supply information required to enable all statutory financial returns to be submitted within timescales.

APPENDIX B: FINANCIAL PLANNING

B1 RESOURCE ALLOCATION

B1.1 Why is this important?

A mismatch often exists between available resources and required resources. A common scenario is that available resources are not adequate to fulfill need/desire. It is therefore imperative that resource allocation is carefully prioritised and that resources are fairly allocated, in order to fulfill all legal responsibilities. Resources may include staff, money, equipment, goods and materials.

B1.2 Key controls

The key controls for resource allocation are:

- Budget Managers obtain appropriate resources for the specified level of service delivery.
- Resources are acquired using an approved authorisation process.
- Resources are only used for the purpose intended by Council, to achieve the approved policies and objectives, and are properly accounted for.
- Resources are secured for use when required.
- Resources are used with the minimum level of waste, inefficiency or loss

B1.3 Responsibilities of Deputy Chief Executive

To advise on methods available for the funding of resources, such as grants from central government and borrowing requirements.

To assist in the allocation of resources to managers.

B1.4 Responsibilities of Heads of Service

To work within budget limits and to utilise resources allocated and further allocate resources in the most efficient, effective and economic way.

To identify opportunities to minimise or eliminate resource requirement or consumption without a detrimental effect on service delivery.

B2 CAPITAL PROGRAMME

B2.1 Why is this important?

Capital expenditure involves acquiring or enhancing fixed assets with a long term value to MHDC, such as land, buildings and major items of plant and equipment or vehicles. Capital assets shape the way services are delivered for the long-term and create future financial commitments in the form of revenue running costs, they may also generate income.

There are strict controls on the financing capacity of MHDC. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximize the benefit of scarce resources.

B2.2 Key controls

The key controls for capital programmes are:

- Specific approval by Council for the programme of capital expenditure.
- Expenditure on capital schemes is subject to the approval of the Deputy Chief Executive.
- A scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared for each capital project, for approval by the Deputy Chief Executive and the Portfolio holder for Finance and Resources
- Proposals for improvements and alterations to buildings must be approved by the Deputy Chief Executive.
- The development and implementation of asset management plans.
- Accountability for each proposal is accepted by a named manager.
- Monitoring of progress in conjunction with expenditure and comparison with approved budget.
- Post project review to be undertaken on major capital schemes.

B2.3 Responsibilities of Deputy Chief Executive

To prepare capital estimates jointly with Heads of Service and report them to Executive Committee for approval at the same time as the revenue budget. Executive Committee will make recommendations on the capital estimates and on any associated financing requirements to Council.

To issue guidance concerning capital schemes and controls for example on project appraisal techniques. The definition of 'capital' will be determined by the Deputy Chief Executive, having regard to Government rules and accounting requirements.

To obtain authorisation by Executive Committee for individual schemes where the estimated expenditure exceeds the capital programme provision by more than the specified amount.

To prepare and submit regular capital monitoring reports to Executive Committee comparing expenditure to estimates, clearly identifying variances, with explanations for the variances and recommendations for any actions to be taken.

To approve with the Portfolio holder for Finance and Resources capital projects in excess of £50,000 for commencement.

B2.4 Responsibilities of Heads of Service

To comply with guidance concerning capital schemes and controls issued by the Deputy Chief Executive.

To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by the Deputy Chief Executive.

To ensure that adequate records are maintained in respect of all capital contracts.

To proceed with projects only when there is adequate provision in the capital programme, and where projects exceed £50,000 with the agreement of the Deputy Chief Executive.

To prepare and submit monitoring reports, jointly with the Deputy Chief Executive, to Executive Committee of any variation in contract costs greater than the approved limits.

To prepare and submit reports, jointly with the Deputy Chief Executive, to Executive Committee, on completion of all contracts where the final expenditure exceeds the approved contract sum by more than the specified amount.

To ensure that they do not enter into credit arrangements, such as leasing agreements, without the prior approval of the Deputy Chief Executive and, if applicable, approval of the scheme through the capital programme.

To consult with the Deputy Chief Executive and seek Executive Committee approval where the Head of Service proposes to bid for additional grants to be issued by Government departments to support expenditure which has not been included in the current year's capital programme.

B3 PREPARING REVENUE BUDGETS & MEDIUM TERM FINANCIAL PLANNING

B3.1 Why is this important?

MHDC needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. The budget is the financial expression of the Council's plans and policies.

The revenue budget must be constructed so as to ensure that resource allocation properly reflects the spending plans and priorities of MHDC. Budgets, are needed so that MHDC can plan, authorise, monitor and control the way money is allocated and spent.

Three year medium term planning involves a planning cycle in which each manager develops their own plans. As each year passes, another future year will be added to the medium term plan. Medium term planning ensures that MHDC is always preparing for events in advance.

B3.2 Key controls

Specific budget approval for all expenditure.

Budget Managers accept accountability within delegations set by Executive Committee for their budgets and the level of service to be delivered.

A monitoring process is in place to review regularly the effectiveness and operation of budget preparation and that any corrective action is taken.

Proper accounting practices and policies are adhered to.

Service budgets are zero based annually by Accountancy Services to ensure that service commitments are contained within approved cash limits

B3.3 Responsibilities of Deputy Chief Executive

To prepare and submit reports on budget prospects for Executive Committee, including resource constraints set by the Government. Reports should take account of medium term prospects, where appropriate.

To determine the detailed form of revenue estimates, consistent with the general directions of MHDC, after consultation with Executive Committee, and Heads of Service.

To prepare and submit reports to Executive Committee on the aggregate spending plans of departments and on the resources available to fund them, identifying, where appropriate, the implications for the level of Council Tax to be levied.

To advise on the medium term implications of Government statements on public spending and distribution of central government resources.

To encourage best use of resources and value for money by working with Heads of Service to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.

To advise Council on Executive proposals in accordance with their responsibilities under Section 151 of the Local Government Act 1972.

In consultation with the Heads of Service and in accordance with the laid down guidance and timetable to prepare detailed draft revenue and capital budgets for consideration by Executive Committee and Council.

To have regard to:

- spending patterns and pressures revealed through the budget monitoring process
- Legal requirements
- policy requirements as defined by Council
- initiatives already underway when drawing up draft budget requirements.

B3.4 Responsibilities of Heads of Service

To prepare estimates of potential revenue savings and growth requirements, in consultation with the Deputy Chief Executive, to be submitted to Executive Committee.

To prepare budgets which are consistent with any relevant cash limits, with MHDC's annual budget cycle and with guidelines issued by Executive Committee. The format should be prescribed by the Deputy Chief Executive in accordance with Council's general directions.

To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.

To consult with the relevant Head of Service, where it appears that a budget proposal is likely to impact on another service.

B4 USE OF RESERVES

B4.1 Why is this important?

Reserves are maintained as a matter of prudence.

B4.2 Key controls

To maintain reserves in accordance with the Code of Practice on Local Authority Accounting and agreed accounting policies.

B4.3 Responsibilities of Deputy Chief Executive

To advise on prudent levels of reserves for MHDC, and to act on the advice of external audit in this matter.

APPENDIX C: AUDIT & CONTROL OF RESOURCES

C1 INTERNAL AUDIT REQUIREMENTS

C1.1 Why is this important?

The Deputy Chief Executive has a statutory responsibility for the overall financial administration of MHDC's affairs and is responsible for maintaining an adequate and effective internal audit.

Internal audit is an independent and objective appraisal function established by Council for reviewing MHDC's system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

C1.2 Key controls

The key controls for internal audit are:

- that it remains independent in its planning and operation
- the Head of Audit has direct access to the Head of Paid Service, Executive Committee and Audit Committee
- the internal auditor complies with Auditing Practices Board's auditing guideline 'Guidance for Internal Auditors', CIPFA's Code of Practice for Internal Audit, and other relevant guidance.

C1.3 Responsibilities of Deputy Chief Executive

The Deputy Chief Executive has been delegated with maintaining an adequate and effective system of internal audit. They must ensure that internal auditors have the authority to:

- access at reasonable times, premises or land used by MHDC
- access all assets, records, documents, correspondence and control systems except for those from which they are statutorily prevented
- require and receive any information and explanation considered necessary concerning any matter under consideration
- require any employee of MHDC to account for cash, stores or any MHDC property under their control and produce for inspection if required
- access records belonging to third parties, such as contractors, when required
- report directly to the Head of Paid Service, Executive Committee and Audit Committee.

To maintain Strategic and Annual Audit Plans which take account of the characteristics and relative risks of the activities involved. They should liaise with Heads of Service on the Audit Strategy and cover required. In addition to the statutory requirement, this takes account of the need to seek added value, effective use of resources, improved performance and cost-effective controls.

Where an appropriate response to audit recommendations has not been made within a reasonable period, the Deputy Chief Executive may refer the matter to the Head of Paid Service and/or the Audit Committee.

To investigate promptly any fraud or irregularity of which they become aware and to report to the Head of Paid Service who will consider any legal proceedings and disciplinary action in consultation with the appropriate Head of Service.

To report annually to the Head of Paid Service and to the Audit Committee on the main issues raised by internal audit during the year. Furthermore strategic and annual audit plans will be submitted to and approved by the Audit Committee.

C1.4 Responsibilities of Heads of Service

To ensure that auditors are given access at all reasonable times to premises, personnel, documents and assets which the auditors consider necessary for the purposes of their work.

To ensure that auditors are provided promptly with any information and explanations which they seek in the course of their work.

To consider and respond promptly to recommendations in audit reports.

To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.

To notify the Deputy Chief Executive immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of MHDC's property or resources. Pending investigation and reporting, the Head of Service should take all necessary steps to prevent further loss and to secure records and documentation against removal, destruction or alteration.

To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by MHDC's Head of Audit Services, prior to implementation.

C2 EXTERNAL AUDIT REQUIREMENTS

C2.1 Why is this important?

The Local Government Finance Act 1982 set up the Audit Commission for local authorities and police authorities in England and Wales, which is responsible for appointing external auditors to each local authority. The Deputy Chief Executive is responsible for working with the external auditor and for advising Council, Executive Committee and Heads of Service on their responsibilities in relation to external audit. The external auditor has the same rights of access as the internal auditor to all documents which are necessary for audit purposes.

The basic duties of the external auditor are governed by Section 15 of the 1982 Act, under which auditors need to satisfy themselves that:

- the accounts are prepared in accordance with rules made under Section 23 of the 1982 Act and comply with the requirements of all statutory provisions applicable to the accounts
- proper practice has been observed in compilation of accounts
- MHDC has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

MHDC's accounts are scrutinised by external auditors, appointed by the Audit Commission, who must be satisfied that the statement of accounts 'presents fairly' the financial position of MHDC and its income and expenditure for the year in question and complies with the legal requirements.

C2.2 Key controls

External auditors are appointed by the Audit Commission normally for a minimum period of five years. The Audit Commission prepares guidelines which the external auditors follow when auditing MHDC's statement of accounts.

C2.3 Responsibilities of Deputy Chief Executive

To draw up the timetable and issue guidance for final accounts purposes and to advise staff and external auditors accordingly.

To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.

C2.4 Responsibilities of Heads of Service

To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purpose of their work.

To ensure that all paperwork and systems are up-to-date and available for inspection.

C3 PREVENTING FINANCIAL IRREGULARITIES

C3.1 Why is this important?

MHDC will not tolerate fraud or corruption in the administration of its responsibilities whether from inside or outside the Council.

MHDC's expectation of propriety and accountability is that members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

MHDC also expects that individuals and organisations (e.g. suppliers, contractors, service providers) that it comes into contact with, will act towards MHDC with integrity and without thought or actions involving fraud and corruption.

C3.2 Key controls

The key controls regarding the prevention of financial irregularities are that:

- Council maintains sound internal control procedures in line with best accounting practice, in particular there is a clear separation of duties in accounting routines evidenced by maintaining appropriate audit trail information.
- the culture of MHDC is one of honesty and opposition to fraud and corruption
- all members and staff act with integrity, and lead by example
- all individuals and organisations associated in with MHDC will act with integrity
- managers are required to deal swiftly and firmly with those who defraud MHDC or who are corrupt.

C3.3 Responsibilities of Deputy Chief Executive

To maintain adequate and effective audit arrangements for MHDC.

To ensure that financial irregularities are reported to the Head of Paid Service, Executive Committee, Audit Committee and the Monitoring Officer.

To determine the scope of any internal enquiries or investigations, subject to consultation with the appropriate Head of Service and Monitoring Officer.

To decide, in consultation with the appropriate Head of Service and Monitoring Officer, whether any matter under investigation should be referred for police investigation and take recovery action as appropriate on such matters.

To keep the Head of Paid Service and Monitoring Officer informed if a suspected irregularity occurs involving staff who are the responsibility of the Deputy Chief Executive.

To ensure, in conjunction with the appropriate Head of Service, that MHDC's disciplinary procedures are followed where the outcome of an audit or other investigation indicates fraud or irregularity.

C3.4 Responsibilities of Heads of Service

To ensure that all suspected irregularities are reported to the Deputy Chief Executive.

To instigate MHDC's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.

C4 RESOURCES: LAND, BUILDINGS, PLANT & MACHINERY

Security

C4.1 Why is this important?

MHDC holds assets in the form of property, vehicles, equipment, furniture and other items worth millions of pounds. It is important that assets should be safeguarded and used efficiently in the delivery of services, and that there should be arrangements for the security of both assets and service operations.

C4.2 Key controls

The key controls for the security of resources, such as land, buildings, fixed plant and machinery are:

- (a) budget managers obtain appropriate resources for the specified level of service delivery
- (b) resources are acquired using an approved procurement process
- (c) resources are used only for the purposes of MHDC and properly accounted for
- (d) resources are secured to be available for use when required
- (e) resources no longer required are disposed of in accordance with the law and MHDC rules so as to maximise benefits.
- (f) regular audits of assets are undertaken to ensure their continued existence and that they remain fit for purpose.

C4.3 Responsibilities of Deputy Chief Executive

To ensure that an asset register is maintained in accordance with good practice.

To receive information from Heads of Service required for accounting, costing and financial records.

To assist and advise, in consultation with the appropriate Head of Service, the records to be maintained to ensure proper security and control of premises, stocks, stores, furniture equipment, cash and other items of value.

C4.4 Responsibilities of Heads of Service

To ensure that lessees and other prospective occupiers of Council land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the Deputy Chief Executive and the Monitoring Officer, has been established as appropriate.

To ensure the proper security of all buildings and other assets under their control.

To periodically review land and buildings in order to identify any that are surplus to requirements.

Where land or buildings are identified as surplus to requirements, a recommendation for the sale of land should be the subject of a report by the Deputy Chief Executive.

Where the use of buildings or land is subject to appropriation between services, to refer the appropriation for approval by Executive Committee, taking into account the alternative possible uses of the land.

To pass title deeds to the Deputy Chief Executive, who is responsible for custody of all title deeds.

To ensure that no Council asset is subject to third party or personal use by an employee without proper authority.

To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to MHDC.

To ensure that the Service maintains a register of moveable assets.

To ensure assets are identified, their location recorded and that they are appropriately security marked and insured.

To consult the Deputy Chief Executive in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

To ensure cash holdings on premises are kept to a minimum and to advise the Deputy Chief Executive where there may be an exception to this case.

The disposal of all surplus equipment, stocks or stores expected to realise in excess of £5,000 should normally be by competitive tender or public auction unless, following consultation with the Deputy Chief Executive, Executive Committee agrees otherwise. A record of all such disposals should be maintained.

To arrange for the valuation of assets for accounting purposes to meet requirements specified by the Deputy Chief Executive.

To ensure that all their employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to MHDC in some way.

Inventories

C4.5 Responsibilities of Deputy Chief Executive

To advise on the layout and content of inventory records to be maintained by MHDC.

C4.6 Responsibilities of Heads of Service

To maintain inventories in a form approved by the Deputy Chief Executive to adequately record and describe furniture, fittings and equipment, plant and machinery under their control.

To carry out an annual check of all items on the inventory in order to take action in relation to surpluses or deficiencies, annotating the inventory accordingly and reporting any material discrepancies to the Deputy Chief Executive.

Attractive and portable items, such as computers and cameras should be identified with security markings as belonging to MHDC and appropriately controlled and secured.

To make sure that property is only used in the course of MHDC business unless the Head of Service concerned has given permission otherwise.

To seek Executive approval to the write-off of redundant equipment where individual items are valued in excess of £5,000.

Surplus ICT equipment is to be returned to the Deputy Chief Executive, who shall reallocate it or dispose of it in accordance with IT disposal policy.

Stocks and Stores

C4.7 Responsibilities of Deputy Chief Executive

To advise on the arrangements for the care and custody of stocks and stores and the method of stock valuation to be used where appropriate.

C4.8 Responsibilities of Heads of Service

To make arrangements for the care and custody of stocks and stores in Services.

To ensure stocks are maintained at reasonable levels and subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion.

To write-off discrepancies of up to £500 and seek advice from Internal Audit on discrepancies above this limit.

To authorise or write-off disposal of redundant stocks and equipment. Procedures for disposal of such stocks and stores should be by competitive quotations or auction unless, following consultation with the Deputy Chief Executive, Executive Committee decides otherwise in a particular case.

To seek approval from the Deputy Chief Executive to the write-off of redundant stocks and stores valued in excess of £500 and report any such write offs to Executive Committee.

C5 ASSET DISPOSAL

C5.1 Why is this important?

It would be unsatisfactory and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and rules of MHDC.

C5.2 Key controls

Assets are disposed of at the most appropriate time, and only when it is in the best interests of MHDC, and that the best price is obtained. For items of significant value, disposal should be by competitive tender or public auction.

C5.3 Responsibilities of Deputy Chief Executive

To advise on best practice for disposal of assets.

To ensure appropriate accounting entries are made.

C5.4 Responsibilities of Heads of Service

To seek advice from purchasing advisors on the disposal of surplus or obsolete materials, stores or equipment.

To ensure that income received for disposal of an asset is properly banked and coded.

C6 INSURANCE

C6.1 Why is this important?

Insurance has been the traditional means of protecting against loss, but this cannot be seen as the complete answer. By reducing or even preventing the incidence of losses (whether they result from crime or accident), MHDC will benefit from reduced costs of providing insurance cover and will also avoid the disruption and wasted time caused by losses and insurance claims.

C6.2 Key controls

Acceptable levels of retained risk are identified and evaluated and arrangements are in place for their funding, either by internal provision or external insurance as appropriate

C6.3 Responsibilities of Deputy Chief Executive

To determine and effect appropriate corporate insurance cover, through external insurance and/or internal funding,

To provide advice to Council and Executive Committee on insurance matters.

To include all appropriate MHDC employees in a suitable fidelity guarantee insurance.

C6.4 Responsibilities of Heads of Service

To notify the Deputy Chief Executive promptly of all new or increased risks, properties or vehicles which require insurance and of any alterations affecting existing insurances.

To consult the Deputy Chief Executive and Legal Services in respect of the terms of any indemnity which MHDC is requested to give.

C7 TREASURY MANAGEMENT AND BANKING

C7.1 Why is this important?

Many millions of pounds pass through MHDC's books each year. A few Councils have suffered high profile losses through inappropriate treasury management procedures. This led to the establishment of Codes of Practice. These aim to provide assurances that MHDC's money is properly managed in a way which balances risk with return, but with the overriding consideration being given to the security of MHDC's capital sum.

MHDC has adopted a Treasury Policy Statement based on the CIPFA Code of Practice for Treasury Management. All treasury operations are carried out in accordance with this Statement and the Code.

C7.2 Responsibilities of Deputy Chief Executive

To arrange the borrowing and investment activities of MHDC in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and MHDC's Treasury Policy Statement.

To prepare an Annual Treasury Strategy, for the forthcoming financial year, for approval by Council prior to the start of that financial year, including the determination of statutory financing limits in accordance with Section 45 of the Local Government and Housing Act 1989. Subject to the foregoing, the Deputy Chief Executive is responsible for the management of MHDC's loan debt and for the investment of surplus funds.

To manage, control and monitor MHDC's banking arrangements, including the opening and closing of such bank accounts as are considered necessary within the terms of the overall banking arrangement. Opening or closing any bank account shall only be undertaken by, or with the approval of, the Deputy Chief Executive. The title of any such bank accounts shall include the words "Malvern Hills District Council".

Cheques, including National Giro payment forms, shall be ordered only on the authority of the Deputy Chief Executive, who shall make proper arrangements for their safe custody.

Cheques drawn on official bank accounts, including National Giro accounts, shall bear the facsimile signature of the Deputy Chief Executive.

C7.3 Responsibilities of Heads of Service

To comply with financial rules relating to banking arrangements and to follow the guidance on banking issued from time to time by the Deputy Chief Executive.

To advise the Deputy Chief Executive of material amounts due to be credited or debited to MHDC's bank accounts in order to enable efficient cash flow management.

C8 INVESTMENTS AND BORROWING

C8.1 Responsibilities of the Deputy Chief Executive

Ensure that all borrowings and investments are made in the name of MHDC.

Ensure that all securities in support of investments which are the property of MHDC or its nominees and the title deeds of all property in MHDC's ownership are held in accordance with arrangements approved by the Deputy Chief Executive.

To act as MHDC's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by MHDC. They may also authorise the premature repayment of individual bonds and mortgages.

All money temporarily uninvested, shall be aggregated for the purpose of treasury management and shall be under the control of the Deputy Chief Executive.

Unofficial or voluntary funds are, wherever possible, in the name of MHDC. All officers acting as trustees by virtue of their official position shall deposit securities or similar documents relating to the trust with the Deputy Chief Executive unless the deed otherwise provides.

To arrange, where funds are held on behalf of third parties, for their secure administration and maintain written records of all transactions.

To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

C8.2 Responsibilities of Heads of Service

To ensure that no loans are made to third parties and no interests are acquired in companies, joint ventures, or other enterprises without the approval of Council, following consultation with the Deputy Chief Executive.

To ensure that all any unofficial or voluntary fund is declared to him/her by the controlling officer(s) and that annual accounts, audited by suitably qualified auditors, are submitted within a reasonable time after the end of each accounting period, to the body responsible for the management or control of each fund.

To ensure that all officers acting as trustees by virtue of their official position shall deposit securities or similar documents relating to the trust with the Head of Policy and Governance unless the deed otherwise provides.

To inform the Deputy Chief Executive of the names of all such funds and of their controlling officer(s) and managing body. Where the Head of Service so requests, the Deputy Chief Executive shall advise on the suitability of the form of accounts and of the audit arrangements.

C9 STAFFING

C9.1 Why is this important?

In order to provide the highest level of service, it is crucial that MHDC recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level. An appropriate staffing strategy and policy should exist, in which staffing requirements and budget allocation should be matched.

C9.2 Key controls

The key controls for staffing are:

- (a) that procedures are in place for forecasting staffing requirements and cost
- (b) that procedures are in place for monitoring staffing expenditure against budget
- (c) that controls are implemented that ensure that staff time is used efficiently and benefitsMHDC.

C9.3 Responsibilities of Deputy Chief Executive

To ensure that budget provision exists for all existing and new employees and to sign off the recruitment of all new employees once the satisfactory finances are in place.

To act as an advisor to Heads of Service on areas such as National Insurance, pension contributions as appropriate.

To ensure that an annual staffing budget is produced that is based upon MHDC's agreed establishment.

C9.4 Responsibilities of Heads of Service

To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.

To ensure that the staffing budget is not exceeded and that it is managed to enable the agreed level of service to be provided within the Services' cash limit.

Under no circumstances to appoint additional posts to the agreed Establishment without first agreeing the source of finance with the Deputy Chief Executive.

APPENDIX D: SYSTEMS AND PROCEDURES

D1 SYSTEMS AND PROCEDURES: GENERAL

D1.1 Why is this important?

MHDC has many systems and procedures relating to the control of assets, including purchasing, cash receipting and financial ledger systems. Services are increasingly reliant on computers for their financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

The Deputy Chief Executive has a professional responsibility to ensure that MHDC's financial systems are sound and should therefore be notified of any new developments or changes.

D1.2 Key controls

Basic data exists to enable MHDC objectives, targets, budgets and plans to be formulated

Performance is communicated to the appropriate managers on an accurate, complete and timely basis

Early warning is provided of deviations from target, plans and budgets that require management attention

Operating systems and procedures are secure.

D1.3 Responsibilities of Deputy Chief Executive

To make arrangements for the proper administration of MHDC's financial affairs, including to:

- issue advice, guidance and procedures for MHDC's officers and others acting on its behalf
- determine the accounting systems, form of accounts and supporting financial records
- establish arrangements for audit of MHDC's financial affairs
- approve any changes to be made to existing financial systems or new systems introduced.

D1.4 Responsibilities of Heads of Service

To ensure that accounting records are properly maintained and held securely.

To ensure that vouchers and documents with financial implications are not destroyed except in accordance with arrangements approved by the Deputy Chief Executive.

To ensure that a complete management trail, allowing financial transactions to be traced from the original document to the accounting records, and vice versa, is maintained.

To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and minimise the risk of fraud or other malpractice.

To ensure that systems are documented and staff trained in operations.

To consult with the Deputy Chief Executive before changing any existing system or introducing new systems.

To consult with the Deputy Chief Executive in situations where it is considered that the rigid application of Financial Rules will be likely to work against the best interests of MHDC.

To establish a scheme of delegation identifying officers authorised to act upon the Heads of Service behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.

To supply lists of authorised officers, with specimen signatures and delegated limits to the Deputy Chief Executive, together with any subsequent variations.

To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably offsite, or in an alternative location within the building.

To ensure that, where appropriate, computer systems are registered in accordance with the Data Protection legislation and that staff are aware of their responsibilities under the legislation.

To ensure that relevant standards and guidelines for computer systems issued by the appropriate Head of Service are observed.

To ensure that computer equipment and software are protected from loss and damage through theft, vandalism etc.

To comply with the copyright, designs and patents legislation and, in particular, ensure that:

- only software legally acquired and installed by MHDC is used on its computers
- staff are aware of legislative provisions

D2 INCOME

D2.1 Why is this important?

Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all of the income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves MHDC's cashflow and also avoids the time and cost of administering debts.

D2.2 Key controls

The key controls for income are:

- all income due to MHDC is identified and charged correctly
- all income is collected from the correct person, at the right time using the correct procedures and the appropriate stationery
- all money received by an employee on behalf of MHDC is paid without delay to MHDC's bank account, and properly recorded
- effective action is taken to pursue non-payment within defined timescales
- formal approval for write-off is obtained
- appropriate write-off action is taken within defined timescales
- appropriate accounting adjustments are made following write-off action
- all appropriate income documents are retained and stored for the defined period in accordance with the "Guidelines on the Destruction of Financial Record"

D2.3 Responsibilities of Deputy Chief Executive

To agree arrangements for the collection of all income due to MHDC and approve the procedures, systems and documentation for its collection.

To agree the write off of bad debts up to £10,000 in each case and to refer larger sums to Executive.

To ensure that appropriate accounting adjustments are made following write-off.

D2.4 Responsibilities of Heads of Service

To establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, and review it regularly, within corporate policies.

To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.

To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts which are not paid promptly.

To issue official receipts or maintain other documentation for income collection.

To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.

To hold securely receipts, tickets and other records of income, for the appropriate period.

To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling.

To ensure that income is paid fully and promptly into the MHDC bank account in the form in which it is received. Appropriate details should be recorded on to the Cash Receipting system to provide an audit trail.

To ensure income is not used to cash personal cheques or other payments.

To supply the Deputy Chief Executive with details relating to work done, goods supplied or services rendered or other amounts due, to enable the Deputy Chief Executive to record correctly the sums due to MHDC and to ensure accounts are sent out promptly.

Heads of Service have a responsibility to assist the Deputy Chief Executive in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on MHDC's behalf.

To keep a record of every transfer of official money between MHDC employees. The receiving officer must sign for the transfer and the transferor must retain a copy.

To recommend to the Deputy Chief Executive all debts to be written off and keep a record of all sums written off up to the approved limit. Once raised, no bona fide debt may be cancelled except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.

To obtain the approval of the Deputy Chief Executive when writing off any individual amounts in excess of £500 and amounts for an individual debtor that in total exceed £500.

To notify the Deputy Chief Executive of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Deputy Chief Executive.

D3 PAYMENTS TO EMPLOYEES AND MEMBERS

D3.1 Why is this important?

Employee costs are the largest item of expenditure for most MHDC services. It is, therefore important that there should be controls in place to ensure that payments are made only where they are due for services to MHDC and that payments accord with individual's contracts of employment and conditions of service.

D3.2 Key controls

The key controls for payments to employees and Members are:

- Proper authorisation procedures and adherence to corporate timetables for: appointments, resignations, dismissals, suspensions and secondments. absences from duty for sickness and unpaid leave. changes in remuneration, other than pay awards information necessary to maintain records of service for superannuation, income tax, national insurance.
- Frequent reconciliation of payroll expenditure against approved budget.
- All appropriate payroll documents are retained and stored for the defined period in accordance with the "Guidelines on the Destruction of Financial Records".

D3.3 Responsibilities of Deputy Chief Executive

To arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to employees in accordance with procedures prescribed on the due date.

To record and control tax and other statutory deductions.

To make arrangements for payment of all travel and subsistence claims or financial loss allowance

To make arrangements for paying Members travel or other allowances upon receiving the prescribed form duly completed and authorised.

Claim forms submitted more than three months after the expenditure has been incurred shall only be paid on the approval of the Deputy Chief Executive.

To secure payment of salaries and wages by most economical means.

D3.4 Responsibilities of Heads of Service

To ensure appointments are made in accordance with the rules of MHDC and approved establishments, grades, scales of pay and that adequate budget provision is available for the current financial year and subsequent years.

To notify the Deputy Chief Executive of all appointments, terminations or variations which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Deputy Chief Executive.

To ensure that adequate and effective systems and procedures are operated for personnel and payroll aspects, so that:

- payments are only authorised to bona fide employees
- payments are only made where there is a valid entitlement
- conditions, service and contracts of employment are correctly applied.
- employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness
- there is an effective system of checking and certifying payroll forms.

To send an up-to-date list of the names of officers authorised to sign records to the Deputy Chief Executive, together with specimen signatories.

To ensure that payroll transactions are processed only through the payroll system. Heads of Service should give careful consideration to the employment status of individuals employed on a "self employed consultant or sub-contract" basis. The Inland Revenue applies clear guidelines for employee status and in cases of doubt, advice should be sought from the Deputy Chief Executive.

To certify travel and subsistence claims and other allowances on a monthly basis. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by MHDC, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications and the Deputy Chief Executive is informed where appropriate.

Claim forms submitted more than three months after the expenditure has been incurred shall only be paid on the approval of the Deputy Chief Executive.

To ensure that the details of any employee benefits in kind are notified to the Deputy Chief Executive to enable full and complete reporting within then Income Tax Self Assessment system.

To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the "Guidelines on the Destruction of Financial Records".

D3.5 Responsibilities of Members

To submit claims for Members' travel and subsistence allowances on a monthly basis and, in any event, within one month of the year-end.

D4 ORDERING AND PAYING FOR WORK, GOODS & SERVICES

D4.1 Why is this important?

Public money should be spent with demonstrable probity and in accordance with MHDC's policies. MHDC's procedures help to ensure that services can receive value for money in their purchasing arrangements. These procedures should be read in conjunction with MHDC's Procurement Strategy and Contract Standing Orders.

It is imperative that budget managers keep a tight control over their budgets. Control starts with commitments placed against individual budgets in the form of Orders.

D4.2 General

Every officer and Member of MHDC has a responsibility to declare any links or personal interests which they may have with purchasers or suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of MHDC. The Monitoring Officer maintains a Register of Members' Interests for this purpose.

Official orders must be in a form approved by the Deputy Chief Executive.

Official orders must be issued for ALL work, goods or services to be supplied to MHDC with only the following exceptions:

- Bailiff and Recovery Agent Costs
- Utility bills (gas/electricity/water/oil/telephones and any other metered service)
- Approved petrol accounts
- Pre-paid postage
- Petty Cash
- Lease car rentals
- Housing renovations grants (capital)
- Inland Revenue payments
- Officer & member expenses/allowances
- Housing Benefit /Council Tax/Business Rates refunds or payments
- Commissions
- All payments to MHDC
- Refunding overpaid fees to customers
- Rent Refunds
- Superannuation payments
- Treasury / banking charges

Officers shall not give verbal orders, unless by reason of urgency (e.g. out of hours service) any such orders must be confirmed by an official order on the next working day.

Each order must conform with the directions of MHDC on central purchasing and the standardisation of supplies and materials. Standard terms and conditions must not be varied without the prior written approval of the Deputy Chief Executive and Head of Policy and Governance.

The normal method of payment of money due from MHDC shall be by BACS or other instrument drawn on MHDC's bank account by the Deputy Chief Executive. The use of direct debit shall require the prior agreement of the Deputy Chief Executive.

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

D4.3 Key controls

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

- all goods and services are ordered only by appropriate persons
- all goods and services shall be ordered in accordance with MHDC's Procurement Strategy and Contract Standing Orders
- all goods and services to be ordered using MHDC's purchasing system, except those detailed in section 4.2
- goods and services received are checked to ensure they are in accordance with the order
- payments are authorised by officers who can certify that goods have been received to price, quantity and quality
- all payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method
- all appropriate payment documents are retained and stored for the defined period in accordance with the Finance Document' Retention Schedule
- all expenditure including VAT, is accurately recorded against the right budget and any exceptions corrected
- in addition, electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.

D4.4 Responsibilities of Deputy Chief Executive

To ensure that all of MHDC's financial systems and procedures are sound and well administered.

To approve any changes to existing financial systems and to approve any new systems before they are introduced.

To approve the form of official orders, and associated terms and conditions.

To make payments from MHDC's funds on the appropriate authorisation that the expenditure has been duly certified in accordance with Financial Rules.

To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.

To make payments to contractors on the certificate of the appropriate Head of Service which must include details of the value of work, retention money, amounts previously certified and amounts now certified.

To provide advice and encouragement on making payments by the most economic means.

To ensure that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment confirming:

- receipt of goods or services
- that the invoice is addressed to Malvern Hills District Council
- that the invoice has not previously been paid
- that prices and arithmetic are correct
- correct accounting treatment of tax

- the invoice is correctly coded
- discounts have been taken where available
- that appropriate entries will be made in accounting records.

To ensure that all appropriate payment records are retained and stored for the defined period in accordance with the “Guidelines on the Destruction of Financial Records”.

D4.5 Responsibilities of Heads of Service

To ensure that only orders generated from the Financial System are used for all goods and services other than the exceptions specified earlier.

To ensure that orders are only used for goods and services provided to MHDC. Individuals must not use official orders to obtain goods or services for their private use.

To ensure that only agreed staff authorise orders and to maintain an up-to-date list of such authorised staff. The authoriser of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained in accordance with Contract Rules. Value for money should always be taken into consideration in accordance with MHDC’s Procurement Strategy.

To ensure that goods and services are checked on receipt to ensure they are in accordance with the order. This check should, where possible, be carried out by a different officer from the person who authorised the order.

To ensure that a different authorised member of staff, from the person who authorised the order, confirms the receipt of goods.

To ensure that they maintain and review periodically a list of staff approved to certify and authorise invoices. Names of authorising officers together with specimen signatures and shall be forwarded to the Deputy Chief Executive.

Payment should not be made on a statement or other document other than the formal invoice.

To encourage suppliers of goods and services to receive payment by the most economic means. Payments should, however, not be made by direct debit unless essential and with the prior approval of the Deputy Chief Executive.

To ensure that MHDC obtains best value for money from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, with regard to the guidelines and best practices set out in MHDC’s Procurement Strategy and Contract Rules.

To ensure that employees are aware of the national code of conduct for local government employees and any locally adopted codes or rules relevant to employees’ conduct.

To ensure that no loan, leasing or rental arrangements are entered into without prior agreement from the Deputy Chief Executive. This is because of the potential impact on MHDC’s borrowing powers, to protect MHDC against entering into unapproved credit arrangements and to ensure value for money is being obtained.

To notify the Deputy Chief Executive of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Deputy Chief Executive.

To notify the Deputy Chief Executive immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.

D5 TAXATION

D5.1 Why is this important?

Like all organisations, MHDC is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers to be aware of their role.

D5.2 Key controls

The key controls on taxation are:

- budget holders are provided with relevant information and kept up-to-date on tax issues
- budget holders are instructed on required record keeping
- all taxable transactions are identified, properly carried out and accounted for within stipulated timescales
- records are maintained in accordance with instructions
- returns are made to the appropriate authorities within the stipulated timescale.

D5.3 Responsibilities of Deputy Chief Executive

To complete all Inland Revenue returns regarding PAYE.

To complete a monthly return of VAT inputs and outputs to HM Customs and Excise.

To provide details to the Inland Revenue regarding the Construction Industry Tax Deduction Scheme:

To maintain up-to-date guidance for Council employees on taxation.

D5.4 Responsibilities of Heads of Service

To ensure that the correct VAT liability is attached to all income and that all VAT recoverable on purchases complies with HM Customs and Excise Regulations.

To ensure that all persons employed by MHDC are added to the payroll and tax deducted from any payments, except where the individuals are bona fide self employed or are employed by a recognised staff agency.

To follow the guidance on taxation issued by the Deputy Chief Executive

APPENDIX E: EXTERNAL ARRANGEMENTS

E1 PARTNERSHIPS

E1.1 Why is this important?

The days of the all-purpose authority that plans and delivers everything are over. It is in partnership with others - public agencies, private companies, community groups and voluntary organisations - that the future of local government lies. Local authorities will deliver some services, but their distinctive leadership role will be to bring together the contributions of the various stakeholders. They will need to deliver a shared vision of services by bringing cohesion and co-ordination to the fragmentation of local interests.

Local authorities will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations. Local authorities will be measured by what, in partnership with others, they achieve.

E1.2 General

The main reasons for entering into a partnership are:

- the desire to find new ways to share risk
- the ability to access new resources
- to forge new relationships.

A partner is defined as either:

- an organisation (private or public) undertaking, part funding or participating as a beneficiary in a project or
- a body whose nature or status give it a right or obligation to support the project.

Partners participate in projects by:

- acting as a project deliverer or sponsor, solely or in concert with others
- acting as a project funder or part funder
- being the beneficiary group of the activity undertaken in a project.

Partners have common responsibilities:

- to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation
- to act in good faith at all times and in the best interests of the partnership's aims and objectives
- be open about any conflict of interests which might arise
- to encourage joint working between themselves, promote the sharing of information, resources and skills between public, private and community sectors
- to hold confidentially any information received, as a result of partnership activities or duties, that is of a confidential or commercially sensitive nature
- to act wherever possible as ambassadors for the project.

E1.3 Key controls

The key controls for Council Partners are:

- to be aware of their responsibilities under Financial Rules and Contract Rules

- to ensure risk management processes are in place to identify and assess all known risks
- to ensure project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise.
- to agree the roles and responsibilities of each of the partners involved in the project before the project commences
- to communicate regularly with other partners throughout the project so that problems can be identified and resolved.
- Regular reviews are made by Council to ensure that the partnership is delivering the aims agreed in the project appraisal and that all parties are delivering their commitments as agreed.

E1.4 Responsibilities of Deputy Chief Executive

To advise on effective controls which will ensure that resources are not wasted.

To advise on the key elements of funding a project:

- scheme appraisal for financial viability
- risk appraisal
- resourcing, including taxation issues
- audit requirements

E1.5 Responsibilities of Heads of Service

To ensure that the approval of Executive Committee is obtained before any negotiations are concluded on partnership arrangements.

To maintain a register of all partnership arrangements entered into in accordance with procedures specified by the Deputy Chief Executive.

To provide appropriate information to the Deputy Chief Executive to enable a note to be entered into the statement of accounts.

E2 EXTERNAL FUNDING

E2.1 Why is this important?

As local authorities are encouraged to provide 'seamless' service delivery through working closely with other agencies and private service providers, the scope for external funding has increased.

E2.2 Key controls

To ensure that key conditions of funding and that any statutory requirements are complied with.

E2.3 Responsibilities of Deputy Chief Executive

To ensure that all funding notified by external bodies is received and properly recorded in MHDC's accounts.

E2.4 Responsibilities of Heads of Service

To ensure that all claims for funds are made by the due date.

E3 WORK FOR THIRD PARTIES

E3.1 Why is this important

Current legislation enables MHDC to provide a range of services to other bodies. Arrangements should be in place to ensure that any risk associated with this work is minimised.

E3.2 Key controls

To ensure that proposals are properly costed in accordance with guidance provided by the Deputy Chief Executive.

To ensure that contracts are drawn up using guidance provided by the Deputy Chief Executive and that the formal approvals process is adhered to.

E3.3 Responsibilities of Heads of Service

To ensure that the approval of Executive Committee is obtained before any negotiations are concluded to work for third parties.

To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Deputy Chief Executive.

To ensure that appropriate insurance arrangements are made.

To ensure that MHDC is not put at risk from any bad debts.

To ensure that no contract is subsidised by MHDC.

To ensure that, wherever possible, payment is received in advance of the delivery of the service.

To ensure that the Service has the appropriate expertise to undertake the contract.

To ensure that such contracts do not impact adversely upon the services provided for MHDC.

To ensure that all contracts are properly documented.

To provide appropriate information to the Deputy Chief Executive to enable a note to be entered into the statement of accounts.