



**RENFREWSHIRE VALUATION JOINT BOARD  
FINANCIAL REGULATIONS & CODES**

**January 2011**

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## **FINANCIAL REGULATIONS**

### **1. SCOPE AND OBSERVANCE**

- 1.1 Section 95 of the Local Government (Scotland) Act 1973, as applied by Section 106 of that Act, requires the Renfrewshire Valuation Joint Board to have adequate systems and controls in place to ensure the “proper administration of the financial affairs”, including the appointment of an appropriate officer with full responsibility for their governance.

These Financial Regulations of the Renfrewshire Valuation Joint Board (Joint Board) detail the responsibilities of the Treasurer who has been appointed as the “proper officer” for administering those affairs in terms of Paragraph 4 of Schedule 2 of the Valuation Joint Boards (Scotland) Order 1995.

- 1.2 The Assessor will ensure that all relevant employees of the Joint Board are aware of these Regulations and that they are fully complied with.
- 1.3 All actions affecting the Joint Board finances should only be conducted by properly authorised employees, and the Assessor will establish a clear and effective framework of authorisation for the Joint Board.
- 1.4 The Treasurer and other authorised persons will ensure that only expenditure within the legal powers of the Joint Board is incurred.
- 1.5 Any contravention of, or potential non-compliance with these Regulations will be reported immediately to the Treasurer, who will determine any action to be taken.
- 1.6 The Assessor and other authorised persons will ensure that all spending within capital and revenue estimates conforms to proper accounting standards and will seek clarification of the proper classification if required from the Treasurer.
- 1.7 The Financial Regulations will be applied and interpreted in a manner which takes account of the obligations contained within the Joint Board’s Standing Orders Relating to Contracts.

### **2. CORPORATE GOVERNANCE**

- 2.1 Corporate governance is about the structures and processes for decision making and accountability, controls and behaviour in the Joint Board. The fundamental principles of corporate governance are:

**Openness:** anyone with an interest in the Joint Board’s affairs should have confidence in the decision-making and management processes and the individuals within them. This confidence is gained through openness in the Joint Board’s affairs and by providing full, accurate and clear information which leads to effective and timely action and scrutiny.

**Integrity:** there should be honesty, selflessness and objectivity and high standards of propriety and probity in the stewardship of the Joint Board's funds and the management of its affairs. Integrity is dependent on the effectiveness of the control framework and on the personal standards and professionalism of its employees.

**Accountability:** there needs to be a clear understanding by everyone involved in the Joint Board's affairs of their roles and responsibilities. There should also be a process which provides appropriate external scrutiny of the decisions and actions of those involved in the Joint Board's affairs including the stewardship of the Joint Board's funds and performance are managed.

These Financial Regulations supported by Financial Codes and Practice Notes where appropriate (see Section 4.2. below) are an essential component of the corporate governance of the Joint Board.

### **3. JOINT BOARD RESPONSIBILITIES**

- 3.1 The Joint Board will continuously strive to secure best value for money and economy, efficiency and effectiveness in their use of resources.
- 3.2 The Treasurer will advise the Assessor on the financial implications of the Joint Board's activities.
- 3.3 The Joint Board will consider and approve all Capital Plans and Estimates and, subject to the delegated authority of officers, no capital expenditure can be authorised unless provided for in approved Capital Estimates.
- 3.4. The Joint Board will consider and approve all Revenue Plans and Estimates and, subject to the delegated authority of officers, no revenue expenditure can be authorised unless provided for in Revenue Estimates.
- 3.5. The Joint Board will consider and approve the framework for the transfer of resources from reserves and across budget headings. The framework to operate will be:
  - the transfer does not alter agreed policy;
  - transfers of £20,000 or less to be approved jointly by the Treasurer and Assessor and reported to the Board at its next meeting;
  - transfers over £20,000 to be approved by the Joint Board as a whole
- 3.6 The Joint Board will consider and approve any alterations to the Financial Regulations.
- 3.7. The Treasurer will provide to each meeting of the Joint Board budget monitoring reports along with explanations for any significant variances from budget and the remedial action planned.
- 3.8. The Joint Board may delegate responsibility to another public body (presently Renfrewshire Council) for the appointment of external financial services and advisers, including bankers, investment managers, tax advisers, insurance brokers and advisers,

insurers/underwriters and claims handlers.

- 3.9. The Joint Board will consider any reports made by their external auditors, including reports on the audited Annual Accounts.

#### **4. FRAMEWORK FOR FINANCIAL ADMINISTRATION**

- 4.1. The Financial Regulations detail the responsibilities of the Assessor and the Treasurer. The Financial Regulations may only be amended by the Joint Board.
- 4.2. The Treasurer as the 'proper officer' for the proper administration of the Joint Board's financial affairs will oversee the operation of the Financial Regulations within the Joint Board. The Treasurer will provide to the Joint Board a written framework which governs the Joint Board's financial affairs, in the form of Financial Codes.

Under current arrangements, the majority of financial transactions, including the raising of cheques, accounting for income, and production of expenditure reports are processed, on behalf of the Joint Board, by the Joint Board's Lead Authority - Renfrewshire Council. The Treasurer's responsibility to the Joint Board will continue to be discharged in his or her capacity as Director of Finance and Corporate Services of Renfrewshire Council. Where not otherwise covered within the Joint Board's Financial Regulations and Financial Codes, the principles of Renfrewshire Council's Financial Codes listed in Annex 1 will be adopted by the Joint Board to provide a complete written framework governing the Joint Board's financial affairs.

These Financial Codes will cover all relevant aspects of financial administration and the Treasurer will have the delegated authority, in consultation with the Assessor and the Clerk, to alter the Financial Codes, except for any matters which are covered by the Financial Regulations where approval as detailed in 5 below will be required.

- 4.3. All Financial Codes adopted in terms of these Financial Regulations will have the same status and authority as if they were contained within these Financial Regulations.

#### **5. REVIEW OF FINANCIAL REGULATIONS**

- 5.1 These Financial Regulations may be varied or revoked by the Joint Board and any variation or revocation will be effective from the first working day after the conclusion of the Joint Board meeting at which it was approved.

#### **6. LEGAL INTERPRETATION**

- 6.1 Any matters requiring legal interpretation will be referred in the first instance to the Clerk of the Joint Board.

## FINANCIAL CODE 1

### 1. **FINANCIAL REPORTING**

#### **Introduction**

This Financial Code gives advice on the Joint Board's requirements for accounting procedures and records, production and publication of Annual Accounts, maintenance of an asset register and the presentation of External Audit reports to the Joint Board.

#### **Preparing Procedures, Records and Accounts**

- 1.1 The accounting procedures and records of the Joint Board will be prepared by the Treasurer and all accounting records of the Joint Board will be compiled by the Treasurer, or under his or her direction.
- 1.2 The Treasurer will prepare the Annual Accounts in accordance with the Accounting Code of Practice (ACOP), reporting the Joint Board's financial performance for the year to 31 March to the Joint Board. The approved Accounts must also be forwarded to the Controller of Audit no later than the 30th June of the same year, or such date as decided by the Controller of Audit.
- 1.3 The Assessor must provide any information necessary for the closure of the Accounts and within prescribed timescales. Details of the information required and procedures to be followed will be issued annually by the Treasurer.

#### **Maintaining an Asset Register**

- 1.4 In accordance with statutory requirements, the Treasurer will maintain a register of all assets owned by the Joint Board. To enable the asset register to be updated and maintained, the Assessor must comply with any procedures and requirements issued by the Treasurer in respect of all assets under his or her control.

#### **Presenting External Audit Reports**

- 1.5 The Treasurer will ensure the presentation of all External Audit reports including reports on the audited Annual Accounts to the Joint Board.
- 1.6 In consultation with the Clerk to the Joint Board, the Treasurer will make appropriate arrangements for the public inspection of the Joint Board's Accounts

## FINANCIAL CODE 2

### 2. **CAPITAL PLANNING**

#### **Introduction**

**This Financial Code details the Joint Board's requirements in relation to its Capital Plan covering three financial years.**

#### **Preparing the Capital Plan**

2.1 The following procedures apply to the preparation of the Joint Board's Capital Plans:

2.1.1. The Treasurer, in consultation with the Assessor and other Officers as necessary, will co-ordinate the preparation of the Capital Plan.

2.1.2. In order to prepare the above plan, the Assessor will provide any information as required, including detailed reports for all new projects where additional revenue expenditure will be incurred.

2.1.3. The Capital Plan will be submitted to the Joint Board for approval. The Assessor will consult with the three Councils prior to actioning any approved Plan.

#### **Approval of the Capital Plan**

2.2. The Joint Board will approve operational Capital Programmes (containing estimated capital expenditure for each project) covering three financial years with regard to the availability of the capital resources.

2.3. Once the Capital Programmes have been approved by the Joint Board, the Assessor will ensure that all statutory and non statutory approvals and permissions including legal entry to any land or buildings are available in due time.

2.4. Subject to Financial Codes No. 3.4 and 5.7 (Emergencies), approval of the operational Capital Programme gives the Assessor authority to incur expenditure on specific projects, other than those items which the Joint Board has rejected or deferred decisions on.

## FINANCIAL CODE 3

### 3. CONTROL OF CAPITAL EXPENDITURE

#### Introduction

**This Financial Code details the Joint Board's requirements for monitoring Capital Expenditure in relation to the approved Capital Plan. It also provides guidance for dealing with emergencies and necessary approvals.**

- 3.1 The Joint Board will monitor and regulate the financial performance of the Capital Programmes within their control.
- 3.2. The Assessor will consult with the three Councils before the commencement of all capital projects, including those projects subject to grants for Partnership, specific Scottish or UK Grants and European Grants.
- 3.3 Subject to Financial Codes 3.4 and 5.7 (Emergencies), Capital Expenditure will not be incurred on projects included in the Capital Programme, until a report has been submitted by the Assessor and approved by the Joint Board for incurring expenditure in that year.
- 3.4 Subject to Financial Code 5.7 (Emergencies) unless a Supplementary Estimate has been approved by the Joint Board, the Assessor must not permit expenditure on a particular project to exceed its financial allocation.
- 3.5 The Treasurer and the Assessor will jointly provide regular budget monitoring statements comparing estimated with actual financial performance to the Joint Board. Explanations for any significant variances will be provided and the Assessor must ensure that the provision in the Capital Estimates is not exceeded and that the expenditure conforms to the requirements of these Codes.

## FINANCIAL CODE 4

### 4. REVENUE ESTIMATES

#### Introduction

**This Financial Code details the Joint Board's requirements for the preparation of Revenue Estimates covering the next three financial years. The Assessor has a key role to play in supplying the Treasurer with accurate and timeous information. The approval of the Revenue Estimates by the Joint Board gives the Assessor the authority to incur appropriate expenditure.**

- 4.1 The format of the Revenue Estimates will be determined by the Treasurer
- 4.2. The Treasurer annually, will prepare revenue estimates of income and expenditure for the next three financial years. In order to timeously complete the annual estimates, the Assessor will provide all information required, within the prescribed timescales.
- 4.3 Copies of the proposed Revenue Estimates will be presented to the Joint Board, to approve decisions regarding existing levels of net expenditure, and proposals relating to any alterations to these amounts.
- 4.4 The Joint Board will review and approve the Revenue Estimates, with any revisions as necessary, and determine amounts to be contributed by the constituent authorities.
- 4.5. Approval of the Revenue Estimates gives the Assessor authority to incur expenditure, other than those items which the Joint Board has rejected or deferred decisions on.

## FINANCIAL CODE 5

### 5. CONTROL OF REVENUE EXPENDITURE

#### Introduction

This Financial Code provides details of the Joint Board's requirements for budget monitoring, phasing of budgets, variance reporting and virement. Emergency procedures for immediate needs are also covered.

**Budget monitoring is an essential tool in developing a business and management culture which continually monitors and reviews the use of its resources in seeking to achieve the strategic aims of the Joint Board.**

#### Budget Monitoring

- 5.1 Throughout the financial year the Joint Board will monitor and regulate the financial performance of the Revenue Budget.5.2 In consultation with the Treasurer, the Assessor will provide an estimate of the net expenditure to be incurred in each accounting period for each budget line in the approved Revenue Budget in accordance with the timescales established by the Treasurer.
- 5.3 The Treasurer will provide the Assessor with periodic budget monitoring statements including any other relevant information required to provide comparisons with the approved budget. In addition, the Assessor will provide the Treasurer with any explanations regarding significant variances, and as far as is possible within his powers, ensure that the Revenue Budget is not overspent and that net expenditure conforms to the requirements of the Financial Codes.

#### Reporting Variances

- 5.4 Variance reports are to be prepared by the Treasurer in consultation with the Assessor and submitted to the Joint Board. The Assessor will provide timeous comments on these reports to the Treasurer. Where the Assessor considers that any item on the report will not be contained within the bottom line budget, this will be promptly reported to the Joint Board.
- 5.5 The Assessor will manage his or her Revenue Budget on a bottom line basis subject to paragraph 5.6 below, with authorisation to take any remedial action necessary to avoid an overspend in the year of account with the proviso that any action requiring a change to policy requires approval by the Joint Board.

#### Virement

- 5.6 Virement between approved budget lines is only permitted in the following circumstances:
- 5.6.1 The transfer of resources will not lead to a change in Joint Board policy
- 5.6.2 It is in accordance with the framework for the transfer of resources approved by the Joint Board

- Transfers of £20,000 or less will be approved by the Treasurer and Assessor or their authorised representatives.
- .
- Transfers over £20,000 will be approved by the Joint Board.

### **Emergencies**

5.7 Where no financial provision exists in either the capital or revenue budgets, these Financial Codes do not prevent the Assessor from incurring expenditure essential to meet immediate needs arising from a statutory requirement. This is dependent on the expenditure being approved by the Joint Board.

Where it is not feasible for expenditure to be deferred pending Joint Board approval, the Assessor may incur expenditure not exceeding the total reserves held by the Joint Board, subject to full consultation with the Treasurer. Where proposed expenditure exceeds the total reserves, the prior agreement of the Clerk to the Joint Board must be sought.

Where Joint Board approval has not been obtained for such expenditure, a report must be submitted as soon as possible after the expenditure has been incurred.

## FINANCIAL CODE 6

### 6. **PETTY CASH**

#### **Introduction**

This Financial Code details the Joint Board's requirements for the operation of petty cash expenditure. It includes:

- opening of bank accounts
- what petty cash can be used for the submission of an annual certificate of balance at 31 March

The Practice Note "Operation of the Petty Cash Imprest - Instructions for Imprest Holders" provides full guidance.

#### **Petty Cash Advances**

- 6.1 The Treasurer will provide advances for petty cash and other expenses as appropriate.

#### **Imprest Accounts**

- 6.2 Accounts for use by imprest holders will only be opened by the Treasurer and under no circumstances will these accounts be overdrawn.
- 6.3. Income received on behalf of the Joint Board will not be paid into Imprest accounts. All income must be banked intact or paid to the Joint Board (as detailed elsewhere in these Codes). Any bank interest accrued must be remitted separately and timeously to the Treasurer.
- 6.4 Payments from Imprest accounts will be limited to minor items of expenditure only, unless approved by the Treasurer (suppliers invoices must not be paid from Imprest accounts). Imprest levels may be reviewed by the Treasurer and a maximum limit for individual items may also be set. All payments will be backed up with receipted vouchers.
- 6.5 The Practice Note "Operation of the Petty Cash Imprest -Instructions for Imprest Holders" issued by the Treasurer will be complied with.

#### **Imprest Certificate**

- 6.6 At 31 March each year, and at any other time requested, the Assessor will provide a certificate detailing the balance on the Imprest.

#### **Responsibility of Imprest Holders**

- 6.7 On leaving the employment of the Joint Board, or when ceasing to be responsible for the holding of the Imprest account, the officer with responsibility for the imprest will account for any amounts advanced.

## FINANCIAL CODE 7

### 7. INVENTORIES

#### Introduction

This Financial Code gives details of Joint Board requirements for inventories.

**Inventories relates to items of equipment, plant, machinery, vehicles, computer equipment, software and other similar items. The Practice Note “Inventory Procedures” has been issued by the Treasurer.**

- 7.1 The Assessor will maintain up to date inventories, including detailed descriptions of all items, and will comply with the Practice Note ‘Inventory Procedures’ issued by the Treasurer.
- 7.2 The Assessor will be responsible for maintaining and updating inventories. Annual checks must be carried out and the completed inventory certificate retained for inspection, if required by Internal or External Auditors. Any unresolved discrepancies must be reported to the Treasurer (or nominated officer) for further action if appropriate
- 7.3 Property belonging to the Joint Board will only be removed or used in line with the ordinary course of Board business, except in line with specific directions issued by the Assessor and where appropriate records have been maintained.

## FINANCIAL CODE 8

### 8. **INCOME**

#### **Introduction**

This Financial Code details the Joint Board's requirements for income. It includes:

- a review of charges annually (at least)
- arrangements for collection, custody, control and banking of cash
- notification of relevant information for submission or certification of grant claims to the Treasurer.

#### **Reviewing the Charges**

- 8.1 Unless prescribed by statute the Joint Board will determine the rates to be charged for goods and services supplied to the public and external organisations.

The Assessor will annually review the charges for goods or services provided, and, except where the charge is fixed externally, will submit proposals to the Joint Board for approval.

To preserve the real value of such income, increases recommended to the Joint Board will take into account the current rate of inflation and reflect the impact of any change in the rate of VAT.

#### **Arrangements for Collecting, Holding Controlling and Banking Cash**

- 8.2 The Treasurer, in his or her capacity of Director of Finance and Corporate Services of Renfrewshire Council, will implement arrangements to ensure the appropriate recording of all monies due, and the proper collection, control and banking of all cash due to the Joint Board.

#### **Information to be Given to, and Items to be Approved by the Treasurer**

- 8.3 The Treasurer will be promptly notified of all charges to be made for services rendered and goods supplied by the Joint Board, and of all other amounts due to the Joint Board, in a format approved by the Treasurer. All amounts due to the Joint Board will be collected in accordance with arrangements and systems approved by the Treasurer. The Treasurer has the authority to inspect any relevant documentation as considered necessary.
- 8.4 The Treasurer will approve the format of all receipts, books, tickets and other such items and ensure that appropriate arrangements are in place for all ordering, supply and control.
- 8.5 In accordance with arrangements made with the Treasurer, all monies received on behalf of the Joint Board will be promptly deposited with the Treasurer.
- 8.6 Personal cheques must not be cashed from monies held on behalf of the Joint Board.
- 8.7 Transfers of money between employees of the Joint Board, or between employees of the

Joint Board and employees of Renfrewshire Council must be evidenced in a written record, including a signature from the employee receiving the money.

- 8.8 All grants will be paid to the Treasurer. The Treasurer will be advised timeously of all Information required to enable the certification of applications for grants. The Assessor must maintain procedures to ensure timeous submission of grant claims and by regular review to confirm receipt of monies. Where grant awards are restricted, pending the provision of further information, the Assessor will ensure appropriate and timeous explanations are provided to the Treasurer for the removal of such restrictions.

## **FINANCIAL CODE 9**

### **9. PAYROLL, TRAVEL & SUBSISTENCE**

#### **Introduction**

**This Financial Code provides details of the Joint Board's requirements for payroll, travel and subsistence. Although the Treasurer, in his or her capacity as Director of Finance and Corporate Services of Renfrewshire Council is responsible for payment, it is essential that the Joint Board has systems in place to ensure timeous and accurate information is passed to the Renfrewshire Council's Payroll Section. The Assessor must ensure that all payroll costs including bonus payments and overtime are accurate and that leavers are deleted timeously from the payroll.**

- 9.1 Employee salaries, wages, compensation, expenses, subsistence, claims and other emoluments will be made by the Treasurer through the Renfrewshire Council's Payroll System.
- 9.2 The Treasurer will be responsible for the payment of all appropriate wages and salary agreements to Joint Board employees.
- 9.3 The Assessor (or nominated officer), will formally notify the Treasurer as soon as possible of all matters affecting payments of emoluments, including:
- appointments, resignations, dismissals, suspensions, secondments and transfer;
  - changes in remuneration, other than normal increments, pay awards and agreements of general application;
  - absences from duty for sickness or other reasons other than approved annual/flexi leave;
  - information required to maintain records for superannuation, income tax and social security purposes.
- 9.4 Information required for payroll processing will be in a format approved by the Treasurer and certified by the Assessor or other authorised signatory, as agreed with the Treasurer. Details of all authorised signatories, including specimen signatures and any amendments, will be provided to the Payroll Section of Renfrewshire Council.
- 9.5 The Treasurer will be responsible for the administration and regulation of employee expenses.
- 9.6 Certified claims for car allowances, subsistence allowances, travelling and incidental expenses will be submitted in a format approved by the Treasurer by agreed dates. Details of all authorised signatories, including specimen signatures and any amendments, will be provided to the Treasurer by the Assessor.

- 9.7 Certification by authorised signatories indicates that the Certifying Officer is satisfied that: journeys were appropriately authorised, expenditure was necessarily incurred and that allowances are due to be paid.
- 9.8 The Assessor will regularly review the arrangements in place for certification of claims to ensure the required checks are being performed to the standards required.
- 9.9 The Assessor will timeously provide the Treasurer with any details required for the annual return of taxable emoluments.

## FINANCIAL CODE 10

### **10. ORDERS FOR WORK, GOODS AND SERVICES**

#### **Introduction**

The method of purchasing has a major impact on the Value for Money obtained. Therefore, specific arrangements for purchasing are as follows:

- **through the Corporate Procurement Unit (CPU), Finance and Corporate Services of Renfrewshire Council**
- **through Scotland Excel and National Centres of Expertise**
- **in accordance with the Standing Orders Relating to Contracts**

10.1 Purchases will be made either through the Renfrewshire Council's Corporate Procurement Unit or Scotland Excel. The Treasurer will determine appropriate arrangements for each category of item to be purchased, ensuring that the procurement requirements of the European Union are adhered to. Specific principles must apply which are detailed in the following paragraphs.

10.2 Except for petty cash purchases, gas, electricity, telephone, rent and rates payments and exemptions approved by the Treasurer and subject to Standing Orders Relating to Contracts, all goods, materials or services supplied to the Joint Board will be ordered through:

- an authorised official order or;
- written acceptance of a tender or offer signed by an authorised signatory of the Joint Board.

10.3 A current list of authorised signatories including specimen signatures will be maintained by the Joint Board. Details of all authorised signatories, including specimen signatures and any amendments will be provided to the Treasurer. Exemptions from this requirement are subject to the approval of the Treasurer

10.4 The Assessor or nominated officers will ensure that the price, quantity and quality of goods, materials and services received are as ordered.

10.5 Orders for computer hardware, software and telecommunications must conform to the approved I.T. standards. The Assessor will ensure that any purchases which do not conform to the approved IT standards are approved in advance by the Information & Communications Technology Manager of Renfrewshire Council.

## FINANCIAL CODE 11

### 11. PAYMENT OF ACCOUNTS, CONTRIBUTIONS & SUBSCRIPTIONS

#### Introduction

**This Financial Code details the Joint Board's requirements for payments of accounts, etc. It includes procedures to ensure that the Creditors Section within the Finance and Corporate Services Department of Renfrewshire Council only issues payments due to be paid by the Joint Board and for the correct amount.**

**The Assessor will ensure that appropriate and efficient systems operate for certification of invoices for payment. Performance Indicators published by Renfrewshire Council in accordance with the Accounts Commission Direction include:**

**"The number of invoices paid within 30 calendar days of receipt, or the agreed time limit if otherwise specified, as a percentage of all invoices paid."**

**Therefore, the Assessor should ensure that all invoices are passed to the Creditors Section within 25 calendar days of receipt unless held back due to dispute.**

- 11.1 Apart from payments made directly by the Joint Board via petty cash, all payments will be made on behalf of the Joint Board by the Creditors Section within the Department of Finance and Corporate Services of Renfrewshire Council by BACS, cheque, CHAPS or other mechanisms paid from Renfrewshire Council's bank account(s) by the Treasurer or authorised signatory. Alternative arrangements will be acceptable only if approved in advance by the Treasurer.
- 11.2 For internal control purposes, the Assessor will ensure the separation of duties of employees responsible for the ordering process from employees responsible for the invoice certification process, unless alternative arrangements have been agreed in advance with the Treasurer.
- 11.3 The Assessor will arrange timeous certification of invoices for payment and internal recharges after ensuring that:
- expenditure is on items or services which it is within the Joint Board's legal powers to incur;
  - goods, materials or services to which the invoice relates have been received, and are in accordance with the order;
  - prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct;
  - expenditure has been properly incurred and is within the relevant estimate provision;

- appropriate entries have been made in inventory records as required;
  - appropriate expenditure codes are entered on the invoice, or other payment document approved by the Treasurer, and that when certified, the Assessor or authorised officer passes it immediately to the Creditors Section for payment;
  - where electronic transfer of invoice information is operated, the Assessor will agree processes for the electronic transfers of information for payment of accounts and appropriate system controls and their maintenance with the Treasurer.
  - where internal recharges are processed prior to certification, the charge will be agreed by the relevant parties as soon as possible after processing, and any disagreements will be referred to the Treasurer.
- 11.4 A list of all authorised signatories for certifying accounts, including specimen signatures and initials, will be provided to the Creditors Section by the Assessor. Any amendments will be certified by the Assessor and notified to the Treasurer and to the Creditors Section as they arise. Exemptions from this requirement are subject to the approval of the Treasurer.
- 11.5 Payments will only be made on duplicate or photocopied invoices where the Assessor or other authorised officer certifies in writing that the amounts have not previously been passed for payment.
- 11.6 The format of recharges will be approved by the Treasurer.

## FINANCIAL CODE 12

### 12. CONTRACTS FOR BUILDING, ENGINEERING AND ASSOCIATED WORKS

#### Introduction

**This Financial Code details the Joint Board's requirements in relation to payments for Contracts for Building, Engineering and Associated Works.**

**The procedures are designed to ensure that the Joint Board only makes payments in respect of the value of work certified. In addition, material variations in cost must be reported to the Joint Board. Where claims from contractors arise outwith the Conditions of Contract, the Assessor will consult with the Clerk and the Treasurer.**

- 12.1 Where payment for contracts is to be made by instalments, the Assessor will maintain contract registers (format to be agreed with the Treasurer) recording the details of all payments and professional fees for each contract.
- 12.2 Payments by instalment will only be made on receipt of certificates issued by the Assessor, a consultant appointed by the Assessor on behalf of the Joint Board, or other authorised officer nominated by the Assessor in agreement with the Treasurer.
- 12.3 Unless otherwise evidenced as satisfactory and subject to the provisions of the contract, variations must be authorised in writing, either by the Assessor, consultant or authorised Officer.
- 12.4 Variations and explanations where the estimated net cumulative additional cost exceeds £20,000 or 25% of the approved contract sum will be reported to the Joint Board as soon as possible.
- 12.5 The final certificate of contract payment will not be issued until the Assessor, or consultant has provided the Treasurer with a detailed statement of account, along with any relevant documents required.
- 12.6 In order to be satisfied with the accuracy of the accounts, the Treasurer will, where appropriate, examine the final accounts with reference to any information and explanations as required.
- 12.7 Claims from contractors for areas not clearly defined within the terms of the Conditions of Contract will be referred to the Clerk to assess the Joint Board's legal liability and, where appropriate, to the Treasurer for financial and/or commercial consideration before a settlement is reached.
- 12.8 Where completion of a contract is delayed beyond the agreed period, including any extensions of time, the consultant concerned will include any associated costs within the reconciliation of the Final Account.

## FINANCIAL CODE 13

### 13 INTERNAL AUDIT

#### Introduction

**The Internal Audit Section within Finance and Corporate Services of Renfrewshire Council is an independent appraisal function established to review internal control systems operated within the Joint Board and Renfrewshire Council. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.**

- 13.1 To ensure the interests of the Joint Board are protected, continuous examination of accounting, financial and other operations of the Joint Board carried out by both the Joint Board and Renfrewshire Council will be carried out by the Internal Audit Section of Renfrewshire Council. Within Renfrewshire Council, the Chief Auditor reports to the Director of Finance and Corporate Services who has overall responsibility for Internal Audit. The Chief Auditor has independent responsibility for the conduct, format and reporting of all Internal Audit activity and findings.
- 13.2 The Chief Auditor will report to the Assessor at the end of each audit assignment carried out within the Joint Board.
- 13.3 The work of the Internal Audit Section is subject to scrutiny by the External Auditors appointed by the Accounts Commission. In addition, the Chief Auditor liaises with the External Auditor on the formulation of the Audit Plan and on specific issues on an ad hoc basis.
- 13.4 The Treasurer or authorised internal audit representatives on production of identification will have authority to:
- Enter all Joint Board and Renfrewshire Council offices, establishments, or land, at any time;
  - Have access to all records, computer files, documents and other correspondence relating to any financial and other transactions of the Joint Board or Renfrewshire Council;
  - Require and receive explanations as necessary relating to areas under review;
  - Require any employee of the Joint Board or Renfrewshire Council to produce cash, stores or any other Joint Board property under their control;
  - Recommend changes to documentation and procedures, as appropriate.
  - Employ professionals such as civil engineers or quantity surveyors, subject to Renfrewshire Council's standing orders relating to contracts, to assist in examining contracts under review or investigation, with such assistance provided timeously.

13.5 The Treasurer or nominated officer will immediately be notified of any possible discrepancies relating to cash or any other Joint Board property, as well as any suspected irregularity associated with the functions of the Joint Board. Any such irregularities will be dealt with in accordance with the Joint Board's defalcation procedures. These procedures protect the Joint Board and employees' interests including:

- Immediate reporting of any suspected or known irregularities to the Chief Auditor.
- Investigation of cases including interviews with employees.
- The submission of a report to the Assessor, Treasurer and Clerk on completion of the investigation.
- Procedures in the event of disciplinary action.
- Procedures for referral to the Police, after authorisation by the Assessor.

## FINANCIAL CODE 14

### 14 PROPERTY AND SECURITY

#### Introduction

This Financial Code details the Joint Board's requirements for Property and Security. It includes:

- security for cash, stores, furniture and equipment
- security for keys
- security for financial documents, cheques etc.
- compliance with the "Computer Security Policy"

14.1 The Assessor will be responsible for maintaining appropriate security for all fittings, furniture, equipment, cash, computer equipment etc. under his control.

The Treasurer will be consulted in cases where security may be defective or where it is considered that special arrangements may be required.

14.2 Security over keys will be in accordance with the Renfrewshire Council's Practice Note - "Audit Guidance Circular No.1". The main principles include:

- Responsibility for keys in general lies with the Assessor.
- Keys to safes and other receptacles containing cash will be carried on the person of those responsible.
- A list of all keys relating to an establishment including the delegation of safe keys should be maintained. Key holders are required to sign for keys in an appropriate record.
- Personally held keys should not be left in the establishment overnight.

14.3 The Assessor will be responsible for the security, custody and control of all documents. The retention period for all financially related books, forms and records will be determined by the Treasurer in consultation with the Clerk.

14.4 The Assessor will be responsible for ensuring compliance with the Practice Note - "Computer Security Policy" issued by the Treasurer. The main objectives are:

- To ensure that the Joint Board's I.T assets, (Hardware, Software and Data) are protected on a cost effective basis against threats, including theft, loss, damage, corruption and unauthorised actions.
- To ensure that the Joint Board complies with I.T related legislation.
- To create and maintain within the Joint Board, a level of awareness of the need to secure the Joint Board's I.T assets as an integral part of the provision of services.

## FINANCIAL CODE 15

### 15. INTERNAL CONTROL AND AUTHORISATION

#### Introduction

**This Financial Code provides advice on authorisation and internal control. The Joint Board requires its employees to be accountable. This means employees will understand and accept responsibility for their actions. Employees engaged in financial administration must therefore:**

- **be capable of performing work allocated to them;**
- **devote sufficient time to carry out their duties properly;**
- **undertake their tasks efficiently**
- **be demonstrably above reproach.**

#### 15.1 **Internal Control**

15.1.1 Internal controls are implemented to ensure that the Joint Board's business is conducted in an orderly and efficient manner; its policies adhered to, its assets protected and its records complete and accurate.

15.1.2 Three types of internal control will apply as a minimum requirement

- Separation of Duties
- Internal Check
- Management Review

15.1.3 Separation of duties will be introduced so that individuals cannot influence financial transactions from start to finish. Therefore transactions will be progressed in stages by different people. For example, orders could be prepared by one person, received and checked off by a second person, and invoice settlement handled by a third; similarly debtor accounts will be raised, payments received and income controlled in separate offices. Alternative arrangements, for example where only a small number of employees are available, must be agreed with the Treasurer.

15.1.4 To reduce the chance of errors, all financial transactions must be subject to internal check at every stage. For example, if spreadsheets are used to calculate debtor accounts, or a series of creditors accounts are settled by one invoice, input prepared by one person must be checked by another. Internal checks extend to all situations, including where little preparation is required. Controls will be evidenced by signing or initialling the documents involved by both the person undertaking the work and the person checking it. 15.1.5 Management will also regularly review financial transactions, through the use of regular reports, management returns etc. rather than on an ad hoc basis, with records of expenditure or income reviewed for reasonableness to independent statistics or performance.

## **15.2 Authorisation**

15.2.1 The Joint Board will only enter into transactions that are required, therefore, all financial transactions will be authorised before being effected.

15.2.2 By authorising financial transactions, officers are accepting responsibility for them, confirming that they are satisfied the following are true:

### **for orders**

goods or services are relevant to the Joint Board's needs, in type and quantity; are being procured at an appropriate price and quality from an approved source; and there are sufficient uncommitted funds available from the relevant budget to pay for the item(s);

### **for timesheets**

hours stated were actually worked by the employee concerned and were in accordance with an appropriate prior authority, such as a contract of employment or overtime approval;

### **for expense claims**

the activity claimed was approved in advance; performed in the manner stated; and was necessary to the business of the Joint Board. The claim conforms to the relevant rates, scales or entitlements, is not excessive and has not previously been paid; and settlement of the claim is not against the Joint Board's financial interests in terms of cost-effectiveness and value for money;

### **for imprest claims**

the expenditure incurred was on items which could not have been otherwise purchased (e.g. supplier's invoice); is fully supported by till receipts or other reliable vouchers, these must be VAT receipts where VAT is included in the price of the item; is allocated to valid account codes; the imprest account has been inspected and the cash in hand checked in accordance with the correct procedures;

### **for invoices** (including interim contract payments)

the goods or services were received by the Joint Board in good condition and met the required quality standard; the liability to pay is the Joint Board's and is a legitimate expense; the price paid is consistent with order details or other contractual arrangement with the supplier; the invoice has not previously been paid; and the costs have been allocated to appropriate codes in the Joint Board's accounting records;

### **for accounts receivable** (including sundry debtors)

the account represents the amount due for services or supplies rendered for a statutory fee, or an undischarged debt; is for the maximum amount obtainable under the current scale of charges and it is correctly calculated and payment has not previously been rendered.

- 15.2.3 Officers must only authorise a transaction when they are aware of its circumstances; are given access to documents supporting it; and are in a position to challenge it.
- 15.2.4 Officers will not authorise transactions in which they have a personal interest.
- 15.2.5 Officers authorising transactions must sign their name in full - the use of initials alone is not acceptable. Ink stamps must not be used for signatures.
- 15.2.6 The Assessor is responsible for determining the numbers and distribution of authorised signatories to meet the needs of the Joint Board.
- 15.2.7 A register of authorised signatories is held by the Treasurer. The Treasurer will be advised of:
- the names, designations and locations of staff appointed as authorised signatories;
  - any financial limits applicable to individual authorising officers; and
  - the types of transactions which they approve.

Sample signatures of authorising officers will also be supplied.

## FINANCIAL CODE 16

### 16. RETENTION OF FINANCIAL DOCUMENTS

#### Introduction

This Financial Code provides guidance on the retention and disposal of financial documents.

#### 16.1 Main Issues

- 16.1.1 The main reasons behind questions on document retention are storage difficulties, cost and VFM. Once documents are no longer required for day to day administration there is a strong incentive to dispose of them. However, there are certain requirements imposed by HM Revenue & Customs which must be adhered to.
- 16.1.2 Apart from these requirements, the Assessor will decide what is to be retained, based on operational needs and the availability of storage facilities. However, the premature disposal of documents can be prejudicial to enquiries involving fraud.
- 16.1.3 The Assessor will establish if there are any further retention requirements (e.g. contractual, legal, industry practice, etc.) and ensure that these are met.
- 16.1.4 Generally the original document will be retained. Therefore, duplicate copies (e.g. of timesheets) may be disposed of before the relevant time scales have passed. However, the Assessor must ensure that the original has been retained before authorising the disposal of any duplicates.
- 16.1.5 To save storage costs, documents can be retained on microfilm or document imaging systems rather than in paper form. However, it is important to establish the legal admissibility of information stored in photographic or electronic form first, as well as dealing with issues such as the potential for loss by fire, computer failure, etc. Advice on the most efficient methods of storage can be obtained from the Renfrewshire Council's Archivist.

#### 16.2 Retention Periods

##### HM Revenue & Customs

- 16.2.1 HM Revenue & Customs require all business records to be kept for a minimum period of six years. These records include:
- orders and delivery notes
  - purchase orders for creditors and copy supply invoices to debtors
  - any debit or credit notes issued or received
  - cash records and till rolls
  - bank statements and paying-in slips
  - creditors, debtors and cash income ledger control accounts

- VAT account
- annual accounts
- import and export documents
- relevant business correspondence

16.2.2 HM Revenue & Customs allow organisations to retain records on microfilm or microfiche, provided that copies can be produced and there are adequate facilities for Revenue & Customs staff to view these when required. However, this approval can be withdrawn if these requirements are not met.

16.2.3 For batch disposal of time expired material at the end of each financial year, current year + 6 years is recommended.

#### **HM Revenue & Customs – Payroll Records**

16.2.4 HMRC require records for the payment of salaries or wages to be retained for a minimum of three years after the end of the year in which they occur. These can be kept on either paper or in a computerised format.

#### **External Audit**

16.2.5 A number of documents must be retained for external auditors to verify the final accounts of the Joint Board. Other documents required by External Audit which do not have to be retained for a longer period because of statutory or other reasons, need only be retained until the audit has been completed.

16.2.6 Annual Accounts, grant claims and any working files should be retained permanently.

#### **Historical Documents**

16.2.7 In addition, financial documents considered to be of historical interest may merit permanent retention. Where this is likely, advice will be sought from the Renfrewshire Council's Archivist.

### **16.3 Storage and Disposal**

16.3.1 All current and historical financial documents must be retained securely.

16.3.2 Previous year's records will be retained on file as well as the current years. Subsequently, documents to be retained can be held in storage in secure containers, with access to the store controlled.

16.3.3 Permanent records will be retained separately from those to be disposed of in due course:

- in acid-free boxes or document wallets
- in well-ventilated premises on shelves allowing a free-flow of air

16.3.4 Financial document containers will be labelled clearly detailing:

- the origin of the contents
- the period they relate to
- the person or section responsible for them
- their retention information (generally a “Not to be disposed before date”)

16.3.5 Time-expired financial records which include any personal information must be treated as confidential waste and will be shredded or incinerated under supervision or forwarded to a specialist contractor. Financial records not including personal information can be disposed of through ordinary waste paper collection agents but must not be placed in open skips, left out in bin sacks or be exposed to casual retrieval.

## FINANCIAL CODE 17

### 17. VAT

#### Introduction

**This Financial Code provides advice on VAT.**

**VAT is charged on taxable goods or services supplied in the course of business by a registered person or company.**

**VAT paid on goods or services bought is termed input tax and VAT collected on goods or services sold is termed output tax.**

#### 17.1 Tax on Goods and Services Supplied by the Joint Board

17.1.1 As the majority of Joint Board's activities are non-business, VAT is not chargeable to its 'customers' However, there are some services where VAT is due on income received, which will be paid over to Revenue & Customs.

17.1.2 VAT can be identified when debtor accounts are issued and income banked. As the penalties for not identifying VAT on income are severe, it is essential that all relevant income is correctly identified.

17.1.3 Invoices rendered by the Joint Board for services provided will conform to standards required by the Revenue & Customs, and will be agreed by the Treasurer.

17.1.4 The services or supplies provided by the Joint Board will be categorised as required by Revenue & Customs. The Assessor will ensure that the VAT classification for all new charges raised are confirmed by the Treasurer who will also provide detailed guidance on the VAT classifications applicable for all service charges and supplies.

#### 17.2 Tax on Goods and Services Supplied to the Joint Board

17.2.1 The financial systems operated by Renfrewshire Council allow for automatic recovery of input tax through the use of specific payment codes.

17.2.2 To reclaim VAT, the Joint Board must have a valid tax invoice from a registered trader and be able to produce it on request. If input tax is claimed and not supported by a valid invoice, the Joint Board will be liable for penalties for misdeclaration of tax. All purchases made through Corporate Purchasing Cards should be supported by a valid tax invoice.

17.2.3 Invoices for services or supplies to the Joint Board will conform to the standards required by Revenue & Customs. All invoices will be in the name of the Joint Board and will be only for services or supplies to the Joint Board. 17.2.4 Details required by Revenue & Customs are limited for invoices for individual supplies of less than £100 (e.g. petty cash purchases) and the Treasurer will provide guidance on the minimum requirements.

- 17.2.5. The Assessor will ensure the VAT element of any VAT inclusive prices or changes is calculated by reference to the VAT fraction advised by the Treasurer. Guidance for the accounting for VAT on petty cash purchases is included in the Practice Note "Operation of the Petty Cash Imprest Instructions for Imprest Holders".
- 17.2.6 Under no circumstances can VAT on an invoice rendered to (or by) the Council on behalf of the Joint Board be altered. Similarly, the amount charged for goods or services supplied (to which VAT relates) cannot be amended for errors, returned items, deductions for incomplete service, etc. as the VAT would no longer be correct. Errors must be corrected via credit notes or supplementary invoices issued by suppliers unless the supplier cancels the original invoice and issues a revised one.
- 17.2.7 If a supplier offers a discount on condition that the Joint Board pays within a specified time, the tax value will be based on the discounted amount even if the Joint Board does not take up the discount.
- 17.2.8 Contract certificates cannot be used by the Joint Board to make a VAT claim. Stage and interim payments under contract will only be released when a valid VAT invoice has been submitted.

## FINANCIAL CODE 18

### 18. **MEMBERS EXPENSES**

#### **Introduction**

**This Financial Code details the Council's requirements for the payment of Members Expenses and provides guidance on claims procedures.**

- 18.1. Payment of Members Allowances will be the responsibility of the Members' individual Councils, and will be made in accordance with their own Schemes.
- 18.2. Members are entitled to payment of travel and subsistence expenses relating to approved duties. Members are required to submit claims on the Joint Board's official expenses claim form and as far as practicable to provide receipts in support of any expenses claimed. Details of the timetable for submission and rates applicable are available from the Treasurer.
- 18.3. The Treasurer will maintain records of all expenses paid under the Scheme, detailing name, amount and nature of payment. These will be available for public inspection by 30 June each year, free of charge, during normal working hours.

## **ANNEX 1**

### **LIST OF ADOPTED RENFREWSHIRE COUNCIL FINANCIAL CODES**

1. Banking Arrangements
2. Treasury Management
3. Tax Management
4. Insurance
5. Write Offs