

Carmarthenshire County Council

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# Financial Procedure Rules



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# 1 Introduction

## 1.1 The Need for Financial Procedure Rules

Financial Procedure Rules explain the procedures which officers must follow to ensure high standards of financial management. They tell us the things we cannot do, but also tell us the things we can do whilst keeping within the rules.

Whilst the Chief Officers are accountable for the deployment of the resources for which they have been given responsibility, they will delegate functions of a financial nature to individual officers, e.g., budgetary control, ordering of goods and services, payment of accounts and the certification of time sheets.

If officers undertake an activity which affects the Council's finances, they should ensure that they understand the requirements of this document so that they can comply with the approved arrangements.

## 1.2 Cabinet

The Cabinet has overall responsibility for regulating and controlling the Council's finances, but responsibility also rests with Chief Officers, Heads of Service and Cabinet Members.

## 1.3 Role of the Director of Corporate Services

The Director of Corporate Services is the person who has the statutory responsibility for the "proper administration of the financial affairs of the Council" (Local Government Finance Act 1972, section 151).

The specific duties of the Director of Corporate Services include:

- Prescribing the accounting systems.
- Prescribing the form of accounts.
- Prescribing the form of financial records.
- Ensuring the approved accounting systems are observed.
- Ensuring the accounts and supporting records are kept up to date.
- On behalf of the Authority, maintaining an adequate and effective internal audit in accordance with the Accounts and Audit Regulations 1996.

The Director of Corporate Services also has the duty to report to Members and the Appointed Auditor (Audit Wales) on unlawful expenditure and over-commitment of resources (Local Government Finance Act 1988).

The Governance & Audit Committee has delegated authority, as part of the Council's Constitution, to consider and approve amendments to the Financial Procedure Rules.

## 1.4 Corporate Services Department Structure

The Director of Corporate Services prefers to put the emphasis on assisting departments to achieve the delivery of cost-effective quality services rather than on the enforcement of his legal powers.

In order to deliver high quality financial services, the Department is organised into two Divisions, each under the control of a Head of Service:



- Head of Financial Services
- Head of Revenues & Financial Compliance

### **1.5 Emergencies**

In the event of an Emergency (as defined in Section 138 of the Local Government Act 1972), Chief Officers will be empowered to incur expenditure which is essential to meet any urgent needs created by the individual situation subject to such action being subsequently reported to the Cabinet.

### **1.6 Accounting Instructions**

The Director of Corporate Services is empowered to supplement these Financial Procedure Rules with Accounting Instructions. Accounting Instructions may be issued for general distribution or to a particular Department or establishment. Such instructions fall within the powers of the Director of Corporate Services as set out in Section 1.3 and compliance with Accounting Instructions will be required where specified by the Director of Corporate Services.

### **1.7 Relationship of Financial Procedure Rules and Other Corporate Documents**

The following corporate documents are to be treated as if they form part of the Financial Procedure Rules:

- Budget Manual
- Capital Guidance
- Income and Charging Policy
- Contract Procedure Rules
- Grants Manual
- Anti-Fraud and Anti-Corruption Strategy
- Travel and Associated Expenses Policy

Amendments to the above documents will be approved by the Governance & Audit Committee or appropriate Scrutiny Committee.

### **1.8 Internal Audit Reports on Breaches of Financial Procedure Rules**

Internal Audit will report significant breaches of the Financial Procedure Rules to the Chief Executive, Director of Corporate Services, relevant Cabinet Members, and the Governance & Audit Committee.

### **1.9 Compliance with Financial Procedure Rules**

Each Employee is required to understand and comply with these Financial Procedure Rules.

Failure to comply may result in disciplinary action against the individual(s)/line manager responsible.

Employees must ensure that they use public funds entrusted to them in a responsible and lawful manner and must not utilise property, vehicles or other facilities of the Authority for personal use unless authorised to do so. They should strive to ensure value for money to the local community and to avoid legal challenge to the Authority.

### **1.10 Chief Officers and Heads of Service**

Any reference to Chief Officers will include the Chief Executive and Directors who are responsible for the strategic direction of the Authority and for the activities of their individual Departments.

Heads of Service under the Authority's management arrangements are responsible for the proper management of the services assigned to them.

### **1.11 Items not covered by the Financial Procedure Rules**

From time-to-time issues will arise which were not foreseen when these Procedure Rules were drawn up. Officers are required to act prudently in such cases and where there is any doubt over the propriety of an action relating to a financial matter, the officer should seek guidance from the Director of Corporate Services prior to committing the Authority to the action.

### **1.12 Partnering with other Organisations**

Where the Council enters into a formal partnership agreement with another organisation, it must be made clear from the outset which organisation's Financial Procedure Rules will apply to the partnership. Where the Financial Procedure Rules adopted are not those of Carmarthenshire County Council, any variances should be brought to the attention of the Director of Corporate Services who should consider whether the lesser standards are acceptable.

### **1.13 Subsidiary Companies**

Where the Council sets up subsidiary companies, those companies must develop, and have appropriately approved, a set of financial procedure rules upon which to abide by and such financial procedure rules must be broadly in line with those of the Council.

## **2 Revenue Budget**

Officers are required to fully comply with the provisions of the Budget Manual. The document assists staff in understanding their responsibilities for sound and effective budgetary control.

## **3 Capital Budget**

Officers are required to fully comply with by the provisions of the Managing Capital document, which is to be treated as if it formed part of these Financial Procedure Rules. The document assists managers by setting out the roles and responsibilities for sound and effective budgetary control in relation to the Capital Programme.

## 4 Electronic Signatures

### 4.1 Introduction

An electronic signature is a digitalised form of a traditional physical signature. Like a standard handwritten signature, electronic signatures are mostly there to serve as proof that the signer has approved the document in question. Use of electronic signatures must be done in a controlled manner, with the basic principles set out below being followed.

### 4.2 Basic Principles

- An inserted image of someone's signature in a Word document is not an electronic signature, it is simply a picture and can easily be copied.
- Hand-written or "wet" signatures can be copied or forged as easily as electronic versions.
- Internal processes do not need wet signatures or secure signature systems. Authorisations for internal processes should be done by email from a secure personal account or through suitable management systems.
- Images or scans of a wet signature should not be shared in any editable documents. Documents being sent by email should be converted to PDF, otherwise the image of the signature can be copied, or contents of the document changed without the author or authorisers knowledge.
- Secure electronic signatures should be used on documents intended to create a binding legal relationship between the Council and other organisations or persons. Only secure electronic signature platforms approved for use by the Authority should be utilised.
- An image of a person's signature or a typed signature should NOT be used on a document intended to create a binding legal relationship between the Council and other persons or organisations.

## 5 Income

### 5.1 Introduction

The Director of Corporate Services is responsible for ensuring suitable arrangements are in place for the receipt of money.

Directors and Heads of Service must ensure that:

- The Income and Charging Policy is adhered to and that charges for Council services are reviewed annually, in consultation with the Director of Corporate Services.
- Any new income collection arrangements are discussed and agreed with Head of Revenues & Financial Compliance.

Budget Holders are responsible for ensuring that there are adequate procedures within their areas of responsibility to ensure that the requirements of the Director of Corporate Services are met for the collection and banking of cash income and for the prompt raising of sundry debtor accounts.

### 5.2 Receipts

A receipt must be offered whenever cash is received, unless a specific dispensation has been agreed in writing by the Director of Corporate Services. Such dispensation will

normally be given for systems where receipts would be inappropriate, but alternative recording arrangements will be required for control purposes.

Receipts will be in a form approved and controlled by the Director of Corporate Services.

Receipts may be electronically generated receipts, tickets, hand-written receipts, till receipts or other devices approved by the Director of Corporate Services.

All points at which cash income is taken by the Council should clearly display a notice advising payers that a receipt should be obtained for their payment.

Receipts will not normally be dispatched to debtors sending payment through the post unless requested.

Stocks of blank/unused receipts must be stored securely, and appropriate records maintained to account for their use. A receipt which has been removed but is not accounted for in the relevant income system may be an indication that money received has not been processed into the County's funds.

In circumstances where money is taken in advance for the sale of tickets (e.g. a show), the tickets should be pre-numbered or uniquely referenced, adequately controlled and reconciled.

### **5.3 Electronic Banking / Online Payments / Internet / Standing Orders / BACS**

Payment advice and documentation must always include a reference number which must be quoted by the customer on all payments. This reference number should relate to the charging document (e.g. invoice number) or other reference to identify the debt raising department.

Where ParentPay is used to pay for school meals and other school-related payments, each parent/guardian must have a unique username and password to access the system. Income collected via ParentPay must be regularly reconciled to the Authority's ledger, to ensure that all income due to the Authority has been received.

When giving out the Council's bank details to customers for ad hoc BACS/CHAPS payments – employees must inform Cashiers of the expected income, to ensure income is credited to the appropriate ledger code.

### **5.4 Cash Tills**

Where cash tills are operating, all income received should be registered through the till. Keys to cash tills should be held securely.

Operators should not have access to keys/ facilities which 'zeroise' the till readings and reconcile the till records to cash received.

Operators should take till readings at prescribed times and record them.

Periodically (e.g. daily), an officer other than the till operator should 'zeroise' the till readings and reconcile the till records to cash received.

Managers responsible for the supervision of staff who operate cash tills are required to carry out periodic unannounced cash ups of the tills concerned. At least one cash up should be performed on each operator in each financial year.

Due to the higher volume and value of transactions, main cash offices should be subject to more frequent and random, unannounced cash-ups at least quarterly.

Departments may make their own arrangements for independent staff to carry out the inspections where appropriate. Evidence of cash ups must be maintained.

### **5.5 Manual Registers**

In some circumstances it is effective to use a manual register (e.g. Primary School Meals) to record and control income.

Where a manual register is used, the following principles should be followed:

- Only officially approved registers should be used.
- Separate registers should be used for different income collection responsibilities.
- When money is received, the register should be fully updated to show clearly the amount of cash collected and the person from whom it was received.
- At appropriate periods the amount recorded should be totalled and noted on the register.
- Bankings should be recorded and independently reconciled to the register.
- Arrangements for the reconciliation or comparison of anticipated income and actual income. Such reconciliation should be periodically checked and certified by a senior member of staff independent of the collecting officer.

### **5.6 Cash Holdings**

Cash held at individual establishments should preferably be banked daily but at least weekly in order to minimise risk. Where cash is to be left on Council premises overnight the following action is required:

- Sums in excess of £300 to be locked in a suitable safe on the premises.
- Sums up to £300 may be retained on the premises but they must be adequately secured in a locked receptacle.

### **5.7 Vending Machines and other Cash-collecting Apparatus**

Where a Department/establishment has vending machines, payphones or any other apparatus which collects money automatically, the appropriate Budget Holder must ensure that adequate controls operate to secure monies collected. Such instructions should include the following:

- Two members of staff should be present to empty and count the cash collected. Where this is not feasible, the specific approval of the Director of Corporate Services for alternative arrangements must be obtained. This approval may be conditional upon adequate compensating controls.
- Maintenance of a permanent record which should include the date the cash is collected, the amount collected, the signatures of both of the staff involved, and where appropriate meter readings.
- The frequency of emptying cash should be related to the amount of cash taken by the machine; it should be ensured that no more than £300 is held in the machine at any one time.
- Procedures for ensuring the prompt and secure banking of all amounts collected.
- Arrangements for the reconciliation or comparison of anticipated income (e.g.

calculated using meter readings or through examining stock records) and actual income. Such reconciliation should be periodically checked and certified by a senior member of staff independent of the collecting officer.

Departments responsible for operating other, more secure, self-service payment facilities, such as car parking Pay and Display Machines, or Self-Service Payment kiosks which supplement cash offices, should ensure that collection and income recording arrangements are appropriate to the value and location of the machines.

### **5.8 Change Floats**

Where a Department/establishment requires a change float, the Director of Corporate Services will arrange for an advance of cash to the collecting officer. Such a cash float should be adequate to provide for the normal requirements for change but not so large as to be unnecessary or to create a security problem.

When paying in cash takings to the Council's bank account, the amount advanced as the change float should be retained by the collecting officer for future change requirements.

### **5.9 Personal Cashing of Cheques**

Under no circumstances should any Council monies be used to cash personal or third-party cheques.

### **5.10 Personal Borrowing of Monies**

Under no circumstances should any employee borrow money from cash income collected; doing so would constitute a disciplinary offence.

### **5.11 Shortages and Surpluses**

Any shortages or surpluses arising when reconciling the cash collected with receipts, till readings etc. should be clearly recorded within the computerised system. Shortages and surpluses must be reported exactly as they occur and not used to balance each other out.

If errors are frequent or significant in value, disciplinary action may be appropriate regardless of whether the individual has offered to make good the value of the shortages. Staff will not normally be expected to make good shortages due to error.

### **5.12 Transfer of Monies between Officers**

Where monies are transferred between officers for accounting or paying-in, the transfer of money should normally be acknowledged in a permanent written record a copy of which is to be retained by both the individual/establishment handing over the money and the receiving officer. Where this is impractical, the Head of Revenues & Financial Compliance should be advised, and alternative procedures agreed.

### **5.13 Paying-in to the Council's Bank Account**

All money collected must be paid in promptly to the Council's bank account, using an official paying-in book or card provided by the Council's appointed bankers. The serial number of the paying-in slip/card should be recorded by the payee at the banking establishment; failure to identify the serial number reference may result in the income being unidentifiable and not credited to the appropriate ledger code. Subject to the limits for cash held on

premises not being exceeded (see section 5.6), a maximum of 5 working days should apply. Money can be paid in via branches of the Council's appointed bankers, via Post Offices (Giro System) or any of the Cashiers Offices currently located at the following Council offices:

- Spilman Street, Carmarthen
- Yr Hwb, Llanelli
- Yr Hwb, Ammanford

The Director of Corporate Services may in exceptional circumstances authorise the paying in of money via a branch of a Bank other than the Council's appointed bankers where it can be clearly demonstrated that such an arrangement would be more economical.

In order to minimise the risks to staff and cash, banking of cash should be carried out as safely as possible. Issues for consideration include:

- Regular banking reduces the amount of cash being carried at any one time. Varying the banking arrangements (e.g. time, people involved) can help reduce the risk.
- Collection services are available for a charge and may be more appropriate.

#### **5.14 Completion of Bank Paying-in Slips**

Bank paying-in slips must be completed showing separate totals for cash and cheques. All E>Returns must be fully completed, reconciled and submitted to the Cashiering Service within 2 working days of the income being banked, to ensure compliance with VAT and accounting requirements.

Each cheque must be individually listed on the paying-in slip clearly showing the drawer, the account and sufficient information, such as receipt number or description to identify the cheque and the debt to which it relates.

Income relating to invoiced accounts should not be paid in directly to income codes as this will cause difficulty in reconciliation and arrears recovery.

The need to complete and submit all required reconciliation records to Cashiering Service must be within the timescales specified by the Corporate Services Department.

#### **5.15 Credit Income**

Sums due to the Authority will be recorded on the sundry debtor system administered by the Director of Corporate Services unless an individual Chief Officer has obtained specific approval from the Director of Corporate Services to record and pursue individual debts via a suitable alternative system.

#### **5.16 Credit Income – Small Amounts**

To avoid the uneconomic use of the sundry debtor system, small sums (below £30) should, wherever possible, be collected in advance or at the time of receipt of the service. Where this is not possible, or practicable, the sundry debtors system should be utilised.

#### **5.17 Credit Income – Prompt Raising of Accounts**

Budget Holders have the responsibility to ensure that sundry debtor accounts are raised



promptly. All income due to the Authority should be processed through the debtors system.

Debt raising Departments should raise debts via the Financial Management System or in exceptional circumstances by dispatching a Debtors Invoice Request Form to Debtors. Debts should be raised within a maximum of ten working days from the incurring of the debt. The debtors invoice request form and hence the debtors invoice should be sufficiently detailed to fully identify the exact nature of the debt.

Where for valid reasons this target cannot be complied with, specific approval of alternative arrangements should be obtained from the Director of Corporate Services.

### **5.18 Cancellations, Write-Off Procedures & Non-Recovery of Debts**

The Director of Corporate Services is authorised to cancel debts where the debt has been raised in error. Where a Department/establishment requests the cancellation of a debt raised in error, the Director of Corporate Services will require a submission from the budget holder and a written explanation of the reasons for the cancellation.

Where the Director of Corporate Services is satisfied that a properly raised debt is irrecoverable/uneconomic to pursue, consideration will need to be given to writing off the amount concerned.

The Council operates the following write-off policy (values per Debtor)

- Up to £1,500: Director of Corporate Services
- £1,500 or over: Cabinet Member decision

In cases where it is not considered appropriate to recover an overpayment of Housing Benefit or Council Tax Reduction (Benefit) i.e. where it is due to “official error”, the Revenues Manager is authorised to approve non-recovery.

### **5.19 Suspension of Recovery Action**

Where the Department which was responsible for raising a debt wishes to suspend recovery action on the debt, the Corporate Services Department shall have authority to determine the level of authorisation and explanation required. All disputes should be resolved within 30 days and suspended debts will be reviewed on a regular basis. The Corporate Services Department will consider the viability of these debts with reference to Section 5.18 above and whether any extensions will be permitted.

### **5.20 Debit / Credit Card Income Systems**

Officers responsible for taking payments by credit or debit cards must be mindful of, and ensure compliance with, the Payment Card Industry Data Security Standard and the Council’s guidance in this respect. Particularly but not exclusively, the directive not to record or retain in any format (paper or electronic) the customers’ card details.

In compliance with the General Data Protection Register (GDPR), data will be *“processed in a manner that ensures appropriate security of the personal data, including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage, using appropriate technical or organisational measures”*

Should credit & debit card facilities/machines be required, the Treasury Management



section and the Cashiers section should be contacted to assist with facilitating this; machines should not be purchased without first liaising with the relevant sections.

### **5.21 Direct Debit Income Facilities**

Direct debit income facilities may only be set up by the Director of Corporate Services; who may specify procedural requirements for such a scheme to be implemented.

### **5.22 Companies Holding Money on Behalf of the Authority**

Where a company is in a position of holding money on behalf of the Authority, e.g. where they have been appointed as agents for the disposal of surplus equipment, adequate checks should be undertaken prior to the arrangement taking place in order to ensure that the company is financially sound.

Officers should contact the Director of Corporate Services for guidance on the appropriate checks.

### **5.23 Internal Recharges**

The sundry debtors system should not be used for internal recharges. This also applies for recharges involving schools. Accountancy sections should be contacted for clarification of the appropriate and most efficient method for recharging, whether occurring on a regular or ad hoc basis. VAT should not be charged on any internal transactions.

## **6 Purchasing**

### **6.1 Introduction**

Officers are required to abide by the Authority's [Contract Procedure Rules](#).

### **6.2 IT Hardware and Software**

Purchases of I.T. equipment must comply with [I.T. requirements](#). The purchasing of I.T. hardware and software must be discussed and agreed with the I.T. section prior to being procured.

### **6.3 Inducements**

Employees must not accept personal gifts, loans, fees, rewards or advantage from service users, contractors, potential contractors including those who have previously worked for Council, or outside suppliers, regardless of the value. Employees must not accept inducements e.g. a bribe. All offers of inducement must immediately be reported to the appropriate senior manager. Employees must not benefit personally from any customer loyalty schemes offered by suppliers. Where such schemes are available, they must either not be used or with the Head of Service's approval they should be applied to the Authority's benefit.

Section 29 of this Document deals with the procedures for Employee Declarations.

### **6.4 Staff Sales - Private or Personal Consumption**

The Authority's purchasing arrangements must not be used under any circumstances to

obtain goods or services for the personal use of individual employees regardless of whether the employee concerned intends fully reimbursing the Authority all costs incurred.

## **6.5 Leasing - Compliance with Finance Regulations**

Complex rules exist to govern the classification of Local Authority capital expenditure in relation to leasing arrangements.

In order to ensure that arrangements are treated correctly, all leasing, rental, hire purchase agreements, deferred purchase agreements and other arrangements where the use of an asset is acquired without the ownership of it being acquired must be referred to the Technical Accountancy section within Corporate Services.

## **7 Imprest Accounts**

### **7.1 Introduction**

The Director of Corporate Services shall be empowered to establish such imprest accounts as appropriate for the purpose of defraying petty cash and other expenses.

Heads of Service will designate an individual member of staff to be responsible for each imprest account.

Official Purchase Orders should be raised wherever possible, however in the case of some minor purchases petty cash may be used up to £75. Staff must not circumvent this maximum value by entering more than one line for an item of expenditure on the reimbursement claim.

An appropriate separation of duties is required, with the officer holding the cash and carrying out the day-to-day maintenance and record keeping of the account being separate from the officer responsible for the account (i.e. monitoring, authorising claims and expenditure).

### **7.2 Claims for Reimbursement**

Claims should be made monthly (or more frequently if appropriate) on a petty cash claim form. Claims must receive final approval from an officer designated as an authorised signatory for creditor payments, normally the responsible officer for the account.

Claims must be supported by receipts, or other relevant vouchers together with adequate reason why receipts were not available.

At the time of each claim the responsible officer for the account must ensure that the expenditure and the balance remaining are correct and fully accounted for. This control should be formally evidenced. In addition, the responsible officer should carry out a spot check on the account without warning at not more than six monthly intervals. A record should also be kept of this procedure.

In order to allow the Authority to recover VAT paid, invoices including VAT must be retained and provide details of the supplier's VAT registration number.

### **7.3 Annual Petty Cash Certification Exercise**

All petty cash floats must be reconciled at financial year end and the certificates must be completed within 10 working days and returned to the Director of Corporate Services.

## **8 Orders for Goods, Services and Works**

### **8.1 Introduction**

Purchase Orders (PO) must be issued for all goods, services and works to be supplied to the Council unless the Director of Corporate Services has specifically and formally approved alternative arrangements.

Purchase Orders are not required for electricity, gas, water, rates, rents or for items acquired using petty cash imprest systems.

The Authority is currently working towards an *achieving purchase order compliance policy* (with exceptions). Invoices submitted without a valid order number may experience a delay in being paid.

### **8.2 Authorisation of Orders**

#### P2P Orders

Where Purchase to Pay (P2P) is used, a requisition must be completed on the Financial Management System which will be workflowed to the Authorising officer who must be an authorised signatory for both ordering goods and invoice payment. Once authorised, the requisition is converted to a purchase order.

#### Other Orders

Where P2P is not in use, official orders must be issued and approved by an authorised signatory.

A copy of the order must be retained, showing the authorisation.

The order must be sufficiently detailed to fully identify the exact item being ordered.

Where, as a matter of urgency, orders have been placed verbally, an Official Purchase Order shall be issued in confirmation. This must be clearly marked as a confirmation and a copy of the confirmatory Official Purchase Order must be retained.

Orders must NOT be raised after invoice has been received.

### **8.3 Authorised Signatories**

Chief Officers and/or Heads of Service will determine those staff who have authority to certify Purchase Orders within their respective Departments. These must be notified to the Director of Corporate Services. Any new authorised signatory must provide a wet specimen signature to be held centrally by the Business Support Unit within Corporate Services.

Details of Authorised Signatories should be made available to all staff within the Department who are responsible for exercising the control of checking that the document is authorised. This is an addition to the requirement to provide the details to the Director of

Corporate Services.

#### 8.4 Budget Provision

Orders must be based on the actual price (excluding VAT) which is to be paid. This must be clear at the time of ordering and be noted or entered on the Purchase Order.

Prior to placing an order, the officer authorising the order must ensure that sufficient funds are available to meet payment.

#### 8.5 Orders for Property-Related Works

Actions carried out on buildings can lead to problems (such as leaving the building in a dangerous condition or the release of hazards such as asbestos, for example) and these have serious implications for the Authority and for the individual responsible for placing the order (who may be held personally liable to civil or criminal action).

In order to minimise the exposure of the Authority and its officers to these risks, all orders for property-related works must be subject to prior consultation with the Property Division who will provide advice on the works and the selection of an appropriate contractor.

***Under no circumstances shall works be undertaken to the fabric of land and buildings without prior consultation regarding the legal and safety issues with the Property Division of the Environment Department. This requirement relates to minor works such as drilling holes in walls, painting, digging for the erection of fencing etc., as well as more major exercises such as removing partitions, new building work and so on. Managers must ensure that adequate notice is given to the Property Division in order that the assessment can be carried out in time for the work to commence as planned. The required notice will be longer for larger projects.***

All requests for new property maintenance work to be initially directed via the Contact Centre 01267 234567/ [direct@cararthenshire.gov.uk](mailto:direct@cararthenshire.gov.uk)

## 9 Payment of Accounts

### 9.1 Introduction

The Director of Corporate Services shall establish appropriate systems of control to ensure the proper payment of accounts.

Each Budget Holder is responsible for ensuring compliance with the budget manual and the system controls and procedures laid down for the purpose of paying invoices.

### 9.2 Passing Invoices for Payment

#### P2P Invoices

For P2P purchase order payments, goods receipting must be carried out on the Financial Management System **prior** to the original invoice being submitted to the central accounts payable team for scanning and payment via scheduled payment runs. To prevent delay in payment, the goods receipt/delivery note must be registered on the system as soon as the

goods are received, staff should not wait for the invoice before carrying out this task.

For P2P non order payments, such as utility payments, the supply of the service must be verified and recorded as received prior to the original invoice being submitted to the central accounts payable section for scanning through to payment.

Staff are required to:

- Save PDF invoices received electronically, directly from suppliers, in agreed areas on the council file plan, where agreement with the central accounts payable section has been reached. **In these cases, the original email must be retained by the department in accordance with invoice retention regulations.**
- Date stamp all paper invoices with the date of receipt.
- Submit the invoices to the central accounts payable section within 5 working days of receipt.

#### Other invoices

Where P2P is not in use, prior to obtaining final approval (Regulation 8.3), appropriate checks must be undertaken and each relevant item on the certification grid should be initialled separately by the person responsible for each check and finally authorised by the approving officer.

Staff must ensure:

- Each invoice has been checked against an Official Purchase Order (where appropriate).
- The goods have been received, the work carried out or the service rendered satisfactorily.
- The prices are correct and appropriate discounts have been deducted. The inventory / stores records have been updated (where appropriate).
- Payment has not been made previously.
- The arithmetic has been checked.
- The officer undertaking the checks for completion of the grid stamp should not also give final approval for the invoice.

### **9.3 Final Approval - Authorised Signatories**

Department Directors and/or Heads of Service will determine those Staff who have authority to certify invoices for payment within their respective Departments. These officers must be notified to the Director of Corporate Services. Any new authorised signatory must provide a wet specimen signature to be held centrally by the Business Support Unit within Corporate Services.

For P2P purchase order payments, provided the amount of the invoice is within a set tolerance level, authorisation for payment of the invoice has already taken place at the requisition authorisation stage. In this case, invoices are scanned, matched to the order and paid without further authorisation.

For P2P non order payments and order invoices outside of the tolerance, the invoice is scanned and then workflowed on the Financial Management System to the relevant authorised signatory before it can be paid.

Where input is carried out on-line through the Financial Management System Back Office

within the Department, details of Authorised Signatories should be made available to all staff within the Department who are responsible for exercising the control of checking that the document is authorised. This is an addition to the requirement to provide the details to the Director of Corporate Services.

Where a certification grid stamp is completed, invoices must be given final approval by the full signature of an authorised signatory.

Where an authorised signatory is responsible for raising/approving orders for goods/services, a separate authorised signatory must give final approval for the payment of the invoices, ensuring segregation of duties is maintained.

#### **9.4 Timeliness of Processing Creditor Payments**

In order to ensure that the Authority complies with the requirements of:

- the Late Payment of Commercial Debts (Interest) Act 1998;
- Late Payment of Commercial Debts Regulations 2002, 2013 and 2018 and
- the Authority's Performance Indicator for the prompt payment of undisputed invoices within 30 days.

Staff must:

- Pay non-P2P invoices promptly.
- Register goods received on the system as soon as the goods are received, staff should not wait for the invoice before carrying out this task.
- submit P2P invoices to the central accounts payable section within 5 working days of receipt.
- Where a dispute has occurred with the supplier regarding the invoice, this must be highlighted clearly on the invoice.
- All paper invoices should be date stamped at the point of initial receipt and at each internal point where any part of the processing takes place. After invoices have been batched it is sufficient to date stamp the batch header only.
- The actual date of submission should be recorded on the batch header.

Any claims for interest on overdue accounts must be referred to the central accounts payable section (Corporate Services Department) for investigation.

#### **9.5 VAT**

For the Council to reclaim VAT on individual payments, the Council is required under VAT Regulations to obtain the supplier's VAT registration number and invoice to be addressed to Carmarthenshire County Council.

#### **9.6 Return of Cheques to Originating Officer**

Where a cheque is to be returned to the originating Department for dispatch, this action must be authorised in writing on the form available from the Accounts Payable Section, Corporate Services Department, St David's Park, Carmarthen.

#### **9.7 Copy Invoices**

If an account is alleged not to have been paid in full enquiries, including checking on the

Financial Management System, must be made prior to processing the copy invoice for payment to ensure that the original invoice has not been paid.

Where a copy invoice is passed for payment following sufficient checking, the copy invoice shall be clearly marked to indicate that it is a copy.

## **9.8 Statements of Account**

Under no circumstances should statements be approved and processed for payment.

## **9.9 Construction Payments**

### **9.9.1 Construction Act**

The Construction Grants (Housing and Regeneration) Act 1996 (as amended) (the “Construction Act”) and the Scheme for Construction Contracts 1998 (the “Scheme”) govern payments to be made under “Construction Contract(s)” (as defined by the Construction Act).

“Construction Contract” means an agreement with a person for the carrying out of construction operations and includes arranging for the carrying out of construction operations by others and providing labour, or the labour of others. It specifically includes agreements to do architectural, design or surveying work and to provide advice on building, engineering, interior or exterior decoration or on the laying out of landscapes in relation to construction operations.

Where a Construction Contract is entered into, whether in writing, orally or a combination of both, the provisions of the Construction Act must be adhered to.

Construction Contracts must make provision for the following in order to be Construction Act compliant:

- |                         |  |
|-------------------------|--|
| Due Date for payment:   | often the date on which the payor receives the payee’s application for payment, typically the first day of the month for sums owed for the previous month.   |
| Final Date for payment: | set as ‘X’ number of days after the Due Date, usually between 14 and 28 days depending on the payor’s payment processes.   |
| A Payment Notice:       | to be given to the payee by the payor not later than 5 days after the Due Date stating the amount the payor considers is due to the payee and the basis upon which that has been calculated.   |
| A Pay Less Notice:      | a notice from the payor, no later than 5 days before the final date for payment (this period can be shortened) stating the intention to pay less than the sums applied for, stating the sum the payor intends to pay and the basis upon which that sum was calculated. |
| Adjudication:           | the Construction Act requires that every Construction Contract provides that a party can refer a dispute or difference to adjudication.  |



Where any of the above minimum provisions are missing from a Construction Contract, then the relevant provision of the Scheme will be implied into the contract instead. Some of the key consequences from a payment perspective are:

- (i) the time period between the Due Date and the Final Date for payment under the Scheme is 17 days, a much shorter timeframe than can be agreed contractually;
- (ii) Pay Less Notices must be given no later than seven days before the Final Date for payment under the Scheme, resulting in fewer days available in which to issue a Pay Less Notice after receiving an application for payment;
- (iii) If the payor fails to serve a Pay Less Notice (or it is served late or found to be defective in some way), then the unpaid party may give notice of its intention to:
  - a. Suspend performance of any and all of its obligations under the Construction Contract; and
  - b. Refer a dispute to adjudication.

This could result in the Authority having to make an immediate payment to the unpaid party (regardless of whether the sums applied for are properly due) and delays to the programme as a result of the unpaid party's suspended performance.

Therefore, it is imperative that:

- (i) Construction Contracts entered into by the Authority include the minimum provisions required by the Construct Act, to avoid the shorter timescales of the Scheme applying; and
- (ii) the payment processes outlined in any Construction Contracts are strictly followed.

### **9.9.2 Construction Industry Scheme (CIS)**

For certain types of construction work, the Authority is obliged under HMRC's Construction Industry Scheme Regulations to deduct tax at source from sub-contractor payments, at the appropriate rate, from the invoiced amount. Those CIS sub-contractors paid under deduction must have the labour/material split shown on the invoice and entered onto the Financial Management System. Further guidance can be obtained from the central payments team.

Sub-contractors must be verified and registered on the Financial Management System.

### **9.10 Financial Coding**

The Director of Corporate Services requires that all expenditure be properly coded to appropriate budget headings.

Invoices submitted for payment which contain invalid or incorrect codes may be returned to the originating Department for correct completion. In this case it is the originating Department which will be held responsible for any delays caused by this process.



### **9.11 Outstanding Accounts**

Budget Holders must ensure that appropriate arrangements are in place during the financial year, especially in the lead up to and at the year-end (31<sup>st</sup> March), to identify outstanding accounts which should be charged to the previous financial year. Such accounts should be promptly passed for payment prior to the formal closure of the accounts, in line with guidance notes from the Director of Corporate Services.

### **9.12 Standing Payments**

The Director of Corporate Services will periodically undertake certification exercises for Departments to confirm the validity of standing payment data held, e.g. periodic payments, direct debits, and recurring payments. Budget Holders will be required to verify and validate such payments as part of the regular audits.

### **9.13 Prepayments**

Payment in advance for goods and services is not permitted. However, where, in exceptional circumstances, it is necessary for payment to be made in advance, such payments must be approved by the Director of Corporate Services. The following situations, however, may be paid in advance, with specific approval from the relevant Head of Service:

- Booking Training Courses
- Booking Train Transport
- Booking Accommodation
- College Fees
- Software Licences
- Memberships/Subscriptions on behalf of Carmarthenshire County Council

### **9.14 Credit Notes**

The Director of Corporate Services will ensure that any credit notes outstanding after 3 months on the payments system are reversed. The credit granted to the Department will also be reversed and the Department will have the responsibility of recovering the overpayment by other means.

To avoid this situation occurring, Departments should not pass credit notes for processing as a matter of course without checking whether there is an ongoing relationship with the supplier. In such cases, alternative methods of recovery should be adopted.

### **9.15 Payments to Individuals for Services**

Where an individual has been engaged to perform a service, Budget Holders must ensure that the relevant employment status checks have been undertaken in accordance with Her Majesty's Revenue and Custom legislation. The outcome of which shall determine if the individual is to be paid by invoice or be subject to Tax and National Insurance deduction through the payroll process.

### **9.16 On-Line (Back Office) Creditor Processing**

Prescribed procedures have been established for on-line processing which provide guidance and ensure that the interests of the staff and the Authority are safeguarded; these

may be obtained from the Systems & Accounts Payable Manager within the Corporate Services Department.

It is essential that any passwords created for the Financial Management System are held securely, changed on a regular basis and not supplied to other staff.

For control purposes, where the total amount of an invoice is £20,000 or over, a copy must be e-mailed to FI Creditor payments immediately stating it is an *Over £20K copy only*. This applies to all invoices processed online including those processed via feeder systems e.g. Total or Care First.

### **9.17 Credit Card Payments**

The Authority's corporate credit card facility is available to members of staff who are required/authorised to:

- reserve accommodation
- purchase rail tickets
- or where one-off purchases are required.

The card is held centrally at County Hall, Carmarthen and requests can be sent, by email, on a completed form, to *CRCreditcard* inbox.

The cardholder must maintain a log of all transactions for reconciliation with information provided by the bank.

Reconciliations and approvals must be carried out by an authorising officer who is not a cardholder.

The cardholder may only use the card for business purposes.

### **9.18 Purchase Cards**

Purchasing Cards are used as part of Carmarthenshire's procurement and purchasing arrangements.

Any requests for Purchasing Cards must be approved by the Director of Corporate Services.

The cardholder conducts Purchasing Card transactions within set agreed limits. Restrictions are placed on all Purchasing Cards limiting spend to specific categories.

The cardholder must maintain a log of all transactions for reconciliation with information provided by the bank.

The supplier gets paid by the bank within 4 working days of the transaction, and the Council receives monthly statements detailing the transactions for each cardholder. Monthly deadlines are set for approval of Purchase card transactions, which must be adhered to.

The Council makes one payment per month to the Bank to cover all card transactions and the reconciled transactions are exported each month and manually input into the Council's Financial Management System to charge the appropriate cost centre(s).

Reconciliations and approvals must be carried out by an authorising officer who is not a cardholder.

The cardholder may only use the card for business purposes.

## 10 Payroll

### 10.1 Notification of Information

The Assistant Chief Executive, Chief Officers and Heads of Service must ensure that proper arrangements are in place to ensure that the Employee Services Section is notified of any change in circumstances which may affect an individual's pay. Such changes would include:

- Appointments, retirements, resignations, dismissals, secondments, transfers, severance, restructuring and new posts, following Corporate Service approval for all business cases for amendment to pay.
- Absences from duty for sickness or other reasons apart from approved annual leave or flexi-leave within normal entitlements.
- Changes in remuneration, including normal increments, regrading and pay awards relating to national and local agreements.
- Changes in hours of work and / or duties or any other factors affecting rates of pay or total pay.
- Information necessary to maintain records of service, pension entitlement,
- Income Tax and National Insurance.

Notifications must be submitted promptly on standard forms and approved by authorised officers.

### 10.2 Authorised Signatories

Chief Officers and/or Heads of Service will determine those staff who have authority within their respective Departments to certify changes as identified in Regulation 10.1. These officers must be notified to the Director of Corporate Services. Any new authorised signatory must provide a wet specimen signature to be held centrally by the Business Support Unit within Corporate Services.

### 10.3 Timesheets

Timesheets must be approved by an authorised signatory. Any exceptions to this must be specifically approved in writing by the Director of Corporate Services, who may require compensating controls to be put in place. Where input is carried out on-line within the Department, details of Authorised Signatories should be made available to all staff within the Department who are responsible for exercising the control of checking that the document is authorised. This is in addition to the requirement to provide the details to the Director of Corporate Services.

### 10.4 Advances of Pay

The Director of Corporate Services will only authorise payments of salaries or wages outside the provisions of the normal payroll in the following circumstances:

- Where an employee has commenced work but pay records cannot be processed in time for the pay run, and where delay until the following pay date may cause hardship.
- Where a Chief Officer certifies there are exceptional circumstances justifying an advance.
- The Director of Corporate Services must ensure that advances of salaries or wages are properly processed and that no duplication of payment will occur and that no payment is in excess of the amount due to the employee at the time of payment.

## **10.5 Employment Certification Exercises**

The Director of Corporate Services will periodically carry out certification exercises to obtain verification from employing Departments of the accuracy of payroll records.

Chief Officers must ensure that their Departments respond fully and promptly to employment certification exercises carried out by the Director of Corporate Services.

## **10.6 Absence Records**

Each Chief Officer must ensure that adequate procedures are in place within the Department to identify and record staff absences due to annual leave, flexi-leave, special leave, unpaid leave and sick leave.

The procedures adopted by the Authority in respect of management of all leave should be followed.

# **11 Pensions**

## **11.1 Introduction**

Carmarthenshire County Council administers the Dyfed Pension Fund under the provisions of the Local Government Pension Scheme (LGPS) for the majority of its employees and employees of other organisations participating in the Fund. This includes the administration of the LGPS in-house Additional Voluntary Contribution arrangements. The Director of Corporate Services also has some administrative responsibilities in respect of deductions made as part of the Teachers' Pension Scheme. By agreement of the Chief Constable and Chief Fire Officer, the Director of Corporate Services administers the Police and Fire Pension Schemes and has responsibility for the accurate payment of benefits for the following categories: Local Government Pension Fire Pensions Gratuities Injury Awards.

## **11.2 Review of Entitlement to Benefit**

The Director of Corporate Services will be responsible for undertaking periodic checks to ensure that persons to whom payments are made are still entitled to benefit.

# **12 Travel and Associated Expenses**

## **12.1 Introduction**

Staff are eligible to claim travel and subsistence expenses incurred in the course of their employment.

**All staff are reminded of their obligation to comply with the requirements of the Travel & Associated Expenses Policy**

## **12.2 Value for Money**

It is the responsibility of the employee and the authorising manager to ensure that the most economical and sustainable methods of travel and accommodation, where relevant, are

utilised for every journey. All staff are expected to travel in the most economical manner appropriate in the discharge of their duties. Where Standard mileages have been set these must be claimed for the journey undertaken, irrespective of routes.

### **12.3 Promptness of Claims**

Claims should be made via ResourceLink, where appropriate. Claims must be submitted during the month following the incurring of the expenditure; late claims may be rejected.

### **12.4 Basis of Claim**

The normal starting and finishing place for official journeys will be the location where the individual is based.

Where an Officer starts a journey from a location other than his/her base or ends a journey at a location other than his/her base, the mileage claimed should be limited to the *additional mileage* incurred as a result of their official duties.

### **12.5 Certification of Claims**

Completed claims must be approved by a signatory approved by the Chief Officer for that purpose. Claims for reimbursement must be supported by relevant VAT receipts.

The authorising officer must be satisfied before approving a claim that the meetings were attended, that the distances, method of travel and other related expenses are reasonable and that no previous claim has been made for them.

Following approval of manual claims, claim forms should not be returned to the claimant; claim forms should be held by the authorising officer.

No officer should certify their own expenses claims. Late submissions will be authorised at the discretion of the authorised signatory.

### **12.6 Subsistence**

Subsistence allowance is payable as per the Travel & Associated Expenses Policy. Claims will be made on the basis of actual expenditure supported by receipts.

## **13 External Funding**

### **13.1 Introduction**

The securing of financial assistance from external bodies is a key area in the Council's Budget Strategy. Comprehensive guidance on all aspects of the administration of externally funded grants is available within the [Grants Manual](#) maintained by the Director of Corporate Services. There is a requirement to adhere to the Grants Manual where relevant to the project.

### **13.2 Maximising Grant Entitlement**

Chief Officers must ensure that appropriate systems are in place to identify grant opportunities that exist in respect of their areas of responsibility. Chief Officers must ensure that appropriate steps are taken to maximise the Council's potential grant entitlement through the submission of accurately costed applications and the subsequent prompt and accurate claiming of monies due. Applications should only be made for assistance on

schemes which are consistent with the Council's objectives. Where a potential grant will only cover part of the expenditure to be incurred, due consideration must be given to how the remainder (Council's contribution) can be financed and any ongoing revenue consequences of undertaking the scheme must be identified. Where appropriate, grant monies to cover administrative and audit support should be claimed.

### **13.3 Notifying the Director of Corporate Services**

The Director of Corporate Services must be promptly notified of all proposed grant applications and claims.

## **14 Trust Funds**

### **14.1 Introduction**

A number of Trust Funds have been established for the benefit of the Carmarthenshire County Council area which involve officers of the Council acting as trustees. Where officers act as trustees, they must ensure that they fully discharge their legal responsibilities.

### **14.2 Administration of Trust Funds**

All securities should be deposited with the Head of Legal Services. The Director of Corporate Services is responsible for the financial administration of Trust Funds. The establishment of any new Trust Funds should only be carried out in consultation with the Director of Corporate Services. All new Trust Funds should be established in the name of Carmarthenshire County Council.

## **15 Other Funds**

### **15.1 Introduction**

"Other Funds" for the purpose of these Financial Procedure Rules are any funds which do not belong to the Council but are administered wholly or in part by employees of the Authority by virtue of their employment by the Authority. Where any "Other Fund" is administered by an employee of the Authority, by virtue of his/her office, there is a responsibility on the part of the Authority to protect the interests of the donors and beneficiaries.

### **15.2 Approval of Chief Officer**

Chief Officers must individually approve the establishment of all Other Funds to be maintained by staff within their Departments in the course of their duties. The Director of Corporate Services should be consulted prior to the establishment of any new funds.

### **15.3 Financial Control**

Adequate records must be maintained in order to properly account for all expenditure and income. An Annual Statement of the Accounts should be prepared and audited by an independent person. The Director of Corporate Services shall be entitled to obtain details relating to the administration and financial transactions of all Other Funds.

## 16 Banking

### 16.1 Introduction

The Director of Corporate Services administers the Council's banking arrangements and is responsible for regularly tendering Banking Services.

### 16.2 Opening/Closing Accounts

The opening and closing of any bank accounts in relation to official funds must only be undertaken with the specific approval of the Director of Corporate Services.

### 16.3 Special Banking Arrangements

Any payments from the Authority's bank accounts using Direct Debits, Standing Orders etc. can only be established by the Director of Corporate Services. Similarly, any direct income collection methods, such as Direct Debit income facilities can only be established by the Director of Corporate Services.

### 16.4 Custody of Cheques

The Director of Corporate Services shall ensure that there are proper arrangements to ensure the secure custody and control of blank cheques and cheques awaiting despatch.

### 16.5 Bank Reconciliation

The Director of Corporate Services shall ensure that appropriate arrangements are in place to facilitate the periodic reconciliation of the Council's Bank Accounts.

### 16.6 Cheque Signatories

The Director of Corporate Services shall determine those Officers authorised to sign individual cheques or transactions on the Council's Bank Accounts. These arrangements are subject to approval by the Cabinet. Rules for the manual signing of cheques (manual cheques and computer-generated cheques) will apply in accordance with the bank mandate.

### 16.7 Debit and Credit Card Income

Any new arrangements for the collection of income via debit or credit cards must only be made with the approval of and in consultation with the Head of Revenues & Financial Compliance. The Director of Corporate Services may specify aspects of the procedures required for such systems in order to ensure that accounting arrangements are satisfactory.

## 17 Leasing

### 17.1 Introduction

Budget Holders are required to liaise with the Director of Corporate Services who will provide advice and be responsible for negotiating and finalising any agreements with



Leasing Companies. Note that the term "Leasing" in this regulation includes all leasing, rental, hire purchase agreements, deferred purchase agreements and other arrangements where the use of an asset is acquired without the ownership.

### **17.2 Maintenance of Records**

Each Budget Holder must ensure that appropriate records are maintained in respect of all lease agreements and that all property which is subject to such agreements is identifiable. When assets which are subject to a lease are to be disposed of, Chief Officers are required to ensure that the Head of Financial Services is advised in order that contractual obligations in the individual leases can be complied with.

### **17.3 Leasing - Compliance with Capital Finance Regulations**

See Regulation 6.5.

## **18 Risk Management and Insurance**

### **18.1 Introduction**

The Director of Corporate Services is responsible for the administration of the Council's Risk Management and Insurance arrangements.

### **18.2 Risk Management**

Chief Officers are required to ensure that an active approach is taken to risk management. Consideration should be given to means by which risks can be minimised. A Risk Management Steering Group exists to consider strategic and operational risk management issues. Each Department has a designated Risk Champion representing it on the Steering Group. Funding may be available for proactive risk management initiatives from this Group. Further advice on Risk Management is available from the Head of Revenues & Financial Compliance or your Departmental Risk Champion.

### **18.3 Variations to Insurance Requirements**

Chief Officers and Heads of Service must ensure that variations to existing activities are promptly notified to the Head of Revenues & Financial Compliance. A new project/initiative may give rise to new insurance requirements and the Risk Management Unit (Corporate Services Department) should be consulted before the Authority is committed to the risk.

### **18.4 Claims Management**

Claims need to be submitted to the Risk Management Unit in written form, or by completion of a claim form (where a suitable form exists). Claim Forms, Claim Letters or County Court Summonses should be referred immediately to the Risk Management Unit. In order to ensure compliance with legal requirements the Risk Management Unit will be responsible for all correspondence, including acknowledgement of the original letter. Strict deadlines are set at distinct stages of proceedings and failure to meet those deadlines will have a major impact on the cost of defending claims. The Council's Insurers/Claims Handlers will need to know the circumstances surrounding the issue. Copies of all relevant data and correspondence must be collated and forwarded to the Risk Management Unit within five



working days. At a later stage, Departments may be asked for additional information or clarification on contentious points; such requests should receive prompt attention.

## **19 Treasury Management**

### **19.1 Introduction**

The Director of Corporate Services is responsible for the Council's Treasury Management function. Treasury Management deals with Cash Flows, Borrowing and Lending on the Council's Bank Accounts. The administration of Loans and Investments will accord with the principles of the CIPFA Code of Practice relating to Treasury Management in Local Authorities.

### **19.2 Treasury Management Strategy and Policy**

**19.2.1** This Council will create and maintain, as the cornerstones for effective Treasury Management:

- A Treasury Management Policy Statement, stating the policies, objectives and approach to risk management of its Treasury Management activities
- Suitable Treasury Management Practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities

**19.2.2** This Council will receive reports on its Treasury Management policies, and activities, including an annual strategy in advance of the year, quarterly activity reports during the year and a year-end annual report, in the form prescribed in its TMPs.

**19.2.3** This Council delegates responsibility for the implementation and monitoring of its Treasury Management policies and practices to the Cabinet, and for the execution and administration of Treasury Management decisions to the Director of Corporate Services, who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

**19.2.4** The Council nominates the Policy and Resources Scrutiny Committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and Policies.

### **19.3 Reporting**

The Director of Corporate Services shall prepare an Annual Report for the Cabinet summarising the transactions and outlining the Treasury Management Strategy being pursued.

## **20 Internal Audit**

### **20.1 Introduction**

The Internal Audit function is provided 'in house' and forms part of the Corporate Services

Department. It is a statutory requirement upon the Authority to maintain an adequate and effective Internal Audit function and for the Internal Auditors to have access to any information from the Authority which they require to carry out their duties. Whilst Internal Audit has these statutory obligations and powers, it is to be seen as a function which is provided as a service to management in order to assist in the proper, economic, efficient, and effective use of resources.

The Internal Audit function undertakes systems reviews and other related work including Fraud investigation. The Division may review any area of operations and must be given unlimited access to records, assets, premises and/or personnel.

## **20.2 Governance & Audit Committee**

The Authority has a Governance & Audit Committee which meets on at least a quarterly basis. The Committee is provided with regular updates of progress in relation to the approved Audit Plan and are advised of Key Recommendations/Significant Weaknesses resulting from individual reviews.

## **20.3 Professional Standards**

Internal Audit operates in accordance with the Public Sector Internal Audit Standards (PSIAS) established in 2013, which are the mandatory professional standards for Internal Audit in Local Government.

## **20.4 Independence**

Internal Audit is independent of the functions which it reviews and acts in an independent and impartial manner at all times. The Head of Revenues & Financial Compliance has unrestricted access to Senior Management and reports directly to the Governance & Audit Committee.

## **20.5 Breaches of Financial Procedure Rules**

See section 1.8.

# **21 Fraud, Corruption and Theft**

## **21.1 Introduction**

Fraud is an act of dishonesty or deception intended for personal gain, or to cause a loss to another party.

The Authority has an [Anti-Fraud and Anti-Corruption Strategy](#), which sets out the Authority's approach to preventing, detecting and dealing with fraud and corruption.

Carmarthenshire County Council has a zero tolerance towards fraud, bribery and corruption. Fraud, bribery or corruption in the Council is unacceptable; it takes away vital resources intended for the provision of high-quality services for the population of Carmarthenshire.

Where sufficient evidence of fraud, bribery or corruption exists, Carmarthenshire County

Council will pursue appropriate criminal, civil or disciplinary sanctions and will always seek to recover identified losses and relevant investigation costs.

## 21.2 Reporting Procedures Fraud & Corruption

Any case of suspected fraud or corruption by any officer or member of the Council must be reported immediately to the Head of Revenues & Financial Compliance. Where cases are logged on the Whistleblowing Database, the Monitoring Officer will be responsible for formally referring the case to the Head of Revenues & Financial Compliance. No internal investigation should be attempted by any Department. The Head of Revenues & Financial Compliance will arrange for the necessary investigation to be carried out. Where, as a consequence of the investigation, there appears to be reasonable grounds to indicate that an Officer has been guilty of fraud or corruption, the Head of Revenues & Financial Compliance will discuss the matter with the Section 151 Officer who will be responsible for deciding whether the matter should be formally referred to the Police. All cases of suspected fraud or corruption will be reported to the Chief Executive.

**Thefts:** Where cash or items are stolen, such incidents should normally be immediately reported to the Police. If it is suspected that a member of staff may have been involved in the theft, it may be appropriate to liaise with Internal Audit prior to formally referring the case to the Police. This decision must be made by the Divisional Heads of Services depending upon the circumstances. Where the issue is referred directly to the Police, the Head of Revenues & Financial Compliance must be made aware of the referral as soon as is reasonably possible. All thefts of cash or items should be notified to the Head of Revenues & Financial Compliance.

## 22 Stocks and Stores

### 22.1 Introduction

Heads of Service are responsible for determining items for which formal stores systems should be in place.

### 22.2 Stores Systems

Stores control systems should be appropriate to the items, the risks faced and the costs of the controls. Where a formal stores system is in operation the following procedures should be in place:

- Levels ordered are reasonable.
- Purchases are secured on delivery.
- The receipt of items is adequately recorded with records updated promptly. Stocks and stores are secured.
- The issuing or disposal of materials is adequately controlled and recorded.
- Returns or write-offs are adequately and promptly recorded.
- Regular stocktakes (at least annually) are undertaken and involve independent members of staff.
- Significant or recurring discrepancies must be reported to Internal Audit.

### 22.3 Valuations

The Director of Corporate Services shall be entitled to receive, on request, from each Chief Officer, such information as is required relating to the levels of stock held and valuations of stock.

## 23 Land and Buildings

### 23.1 Introduction

Individual members of staff are required to behave responsibly on and in respect of Council premises so as not to put the health and safety of themselves or others at risk.

The Head of Regeneration is responsible for the maintenance of the Asset Manager system for Land and Buildings; an Asset Register, detailing assets owned or rented by the Council, forms part of the Asset Manager system.

### 23.2 Asset Management System

The Asset Management System should include as a minimum the following details: Purpose for which the land or buildings are utilised Location (including extent & plan reference) Purchase details or rents payable details of any tenancies granted.

### 23.3 Asset Register

The Asset Register is a schedule of the fixed and moveable assets held by the Authority. A copy of the register will be circulated annually; Heads of Service should verify the accuracy of data held.

### 23.4 Title Deeds

The Head of Legal Services shall be responsible for making appropriate arrangements for the safe custody of all Title Deeds.

### 23.5 Disposal of Land and Property

Where Land, Property and Property-related assets are identified as being surplus to requirements, disposal shall be managed by the Head of Regeneration.

**Note: Disposal of Leased items:** When assets, which are subject to a lease or deferred payment scheme are to be disposed of Budget Holders are required to ensure that the Head of Financial Services is advised in order that contractual obligations in the individual leases can be complied with.

### 23.6 Use of Council Premises

Council operational premises are to be used only for official Council purposes, and that of partner organisations where joint working or shared accommodation arrangements exist.

## **23.7 Minimising Risks in Council Premises**

Individual members of staff are required to behave responsibly on and in respect of Council premises so as not to put the health and safety of themselves or others at risk. Employees not authorised or qualified to carry out works to buildings should not take any such work upon themselves without first consulting with the Property Compliance Unit. Employees may find themselves personally liable to civil or criminal proceedings if they carry out works, however minor, which endanger others. For example, drilling holes for new shelving could release asbestos into the office environment. Any significant risks which are identified in relation to Council premises should be referred to an appropriate officer, i.e., Property Services or Risk Management.

## **24 Other Assets**

### **24.1 Introduction**

All Officers are required to take reasonable measures to ensure that all assets are adequately secured from risk of theft or damage.

### **24.2 Inventories**

Heads of Service are required to ensure that appropriate records are maintained of equipment, furniture, plant and machinery held by individual officers / Sections or within establishments. The aim of such records (inventories) will be to assist in the management of such items and to catalogue items at risk as the records may be used to identify any losses which occur.

**Verification of Inventories:** All inventories must be physically verified and updated on at least an annual basis.

### **24.3 Portable High-Value Items**

In the case of items of equipment which are portable and of high-value, and where these are regularly removed from Council offices by members of staff, Heads of Service are required to ensure that there are adequate arrangements to ensure which officer is responsible for such items at any point in time.

### **24.4 Security Marking of Assets**

All valuable and portable items should be security marked. Advice on this issue and appropriate methods of marking can be obtained from the Risk Management Unit, Corporate Services Department.

### **24.5 Disposal of Assets**

Heads of Service are responsible for ensuring that all assets which are surplus to requirements, and fall within their own service area of responsibility, are disposed of through the most appropriate method of disposal.

#### **Method of Disposal**

Items will be disposed of in a manner which is most economically beneficial to the Council.

Account must be taken of:

- Restrictions relating to the ownership of the asset.
- Opportunities for utilising the asset elsewhere within the Council.
- Appropriate use of tendering procedures.
- Fairness in allowing the public, employees and other parties to bid.
- Information security requirements.
- Safety requirements.
- The costs of disposal arrangements relative to the expected income.

All fleet vehicles and plant must be disposed of via the Council's Fleet Management service. Methods of disposal will be through a contracted auction company, scrap company or tender. The disposal of the asset will be formally recorded on the Fleet Register.

## 25 Security

### 25.1 Introduction

Heads of Service are responsible for maintaining proper security, custody and control at all times for buildings, stocks, stores, furniture, equipment, cash, incoming and outgoing mail and other assets appertaining to their Divisions. Heads of Service are also responsible for ensuring that appropriate arrangements are in place for the security of property belonging to clients.

Whilst Heads of Service have the overall responsibility for security, all employees have a role to play in securing the Authority's assets.

### 25.2 Protection of Clients' Private Property

Heads of Service shall take all necessary steps to prevent or mitigate against loss or damage of all clients' property entrusted to the care of their officers, and shall arrange for an itemised inventory in each case to be prepared in the presence of two officers.

### 25.3 Incoming Mail

Incoming mail should be delivered to a secure, theft proof environment.

Where mail may include payments to the Council or valuable contents, post opening procedures should be formalised and more than one officer should be involved. The receipt of cash, cheques or other valuable items should be recorded.

### 25.4 Outgoing Mail

Outgoing mail should be adequately protected whilst in the custody of the Council. The level of protection required will be influenced by the nature of the items to be dispatched, i.e. the extent to which valuables or payments are likely to be included.

### 25.5 Receipt of Goods

Heads of Service shall ensure that appropriate arrangements are in place to ensure that goods are adequately safeguarded from the moment the Authority takes delivery of them.

## 25.6 Access to Buildings

Heads of Service are required to implement reasonable security measures for Council premises.

## 26 Personal use of Council Equipment

### 26.1 Introduction

Instances in which staff are entitled to make personal use of Council equipment should be strictly limited and should be specifically approved by Heads of Service. Written records should be maintained. In all cases, the full cost of personal use of Council equipment must be fully reimbursed to the Authority. Council mail franking facilities are not to be used for private purposes, even if full reimbursement is offered.

### 26.2 Council Vehicles

The Council has a significant amount of resource invested in vehicles and plant. The safe and secure storage and parking of vehicles is essential to minimising the risk of theft. Vehicles/plant must be properly secured when left unattended, all doors locked, and keys removed.

Vehicles may only be taken home by an employee with the written permission of the Department Head of Service under the following circumstances:

- Standby Duty for emergency call-out.
- To enable an employee to report direct to site.

On no account is any private mileage permitted in an authority operated vehicle. The carriage of unauthorised goods is not permitted, nor will any private business be transacted in the course of a journey on Council business.

### 26.3 Pool Cars

Taking pool cars home at night has significant VAT implications, which must be taken into account; see section 30. The potential income tax implications of taking a pool car home must also be addressed. Advice should be sought from the Employee Services Section to ensure that taxable liabilities are considered and properly administered.

## 27 Retention of Financial Records

### 27.1 Introduction

Care must be exercised to retain financial records for a number of years beyond the financial year to which the individual documents relate. The records concerned may need to be retained for a number of purposes e.g. statutory requirements, audit, grant conditions.

### 27.2 Retention Periods

Depending on the type of record(s) held, there are different retention periods. You will find the [retention schedules](#) on the Corporate Website.

### **27.3 Disposal of Records**

Before disposing of records, please refer to the Authority's retention schedules and/or relevant grant conditions. Records due for disposal must be disposed of in an appropriate manner depending on the content of the documents. All documents containing personal data must be treated as being strictly confidential and disposed of securely. Confidential records which are not of a personal nature must also be disposed of securely.

## **28 Controlled Corporate Financial Stationery**

### **28.1 Introduction**

For numerous routine financial and administrative processes, there are standardised and controlled corporate documents available. These documents help to ensure that the required controls have been implemented and ensure efficient use of staff time, as the format is predefined. This section relates to items of controlled corporate financial stationery. These are controlled by the Financial Services Division (Corporate Services Department).

### **28.2 Controlled Stationery**

Those Corporate Services staff who are responsible for the ordering, storage, issue and reconciliation of controlled stationery will ensure that:

- Controlled stationery is only ordered in a secure manner to prevent unauthorised ordering.
- Controlled stationery is held securely from the moment of delivery to the Authority to its issue to users.
- That formal records are kept of receipts and issues, showing which documents have been provided to which users.
- That regular stocktakes are carried out and formally evidenced.
- The users of controlled stationery will: Comply with the requirements of those staff issuing the documents to them regarding the recording of the issue.
- Hold sufficient but not excessive stocks of controlled stationery.
- Store all unused controlled stationery securely.
- Comply with instructions from the Director of Corporate Services regarding the use and completion of controlled stationery.
- Ensure that spoilt items of controlled stationery are retained as evidence that they have not been improperly used.

## **29 Employee Declarations**

Employees are required to declare any conflict of interest, which also includes additional work carried out (paid or unpaid) outside of employment with the Council. Employees are required to have prior permission to engage in this outside activity (paid or unpaid) by submitting a Declaration of Interest form to their Line Manager.

All employees must comply with the [Authority's annual certification procedures](#) in respect of personal interests and other declarations. Any non-financial or financial interest that could bring about conflict with the Council's interests must be declared.



Section 117 of the Local Government Act 1972 requires that “an officer of a Local Authority shall not, under colour of his/her office or employment, accept any fee or reward whatsoever other than his/her proper remuneration”.

Employees must not accept personal gifts, loans, fees, rewards or advantage from service users, contractors, potential contractors including those who have previously worked for Council, or outside suppliers, regardless of the value.

Heads of Service are responsible for ensuring that appropriate procedures are in place to make employees aware of the requirements of the Employee Declarations Policy. In addition, Heads of Service must ensure that appropriate procedures are in place to allow employees to declare any relevant issues and operate an Annual Declaration Exercise within their Divisions.

### **30 Value Added Tax**

The Director of Corporate Services shall establish appropriate systems of control for the proper accounting of Value Added Tax inputs and outputs. The Director of Corporate Services will also produce and distribute a VAT guidance document to all departments, schools etc, to enable officers to comply with HMRC VAT regulations.

### **31 Information Technology**

Officers are required to abide by the provisions of relevant I.T. [Policies](#) and [Strategies](#).