

Financial Regulations



Financial Regulations 2018

Introduction by the Director of Finance and Resources

Any major organisation needs a set of clearly understood rules and regulations to manage its financial affairs. So, in line with Section 151 of the Local Government Act 1972, the Director of Finance and Resources is responsible for dealing with these affairs.

Section 25 of the Local Government Act 2003 places a duty on the Director of Finance and Resources to report to Council about:

- (a) whether the proposed reserves will be enough for our purposes; and
- (b) how robust the budget is.

Under Section 114 of the Local Government Finance Act 1988, the Director of Finance and Resources has a duty to report to Council if any of our officers or members, have:

- (a) made, or are about to make, a decision which involves illegal spending;
- (b) taken, or are about to take, an unlawful action which has or would result in a loss to the authority; or
- (c) made, or are about to make, an unlawful entry in our accounts.

The Director of Finance and Resources must also report under section 114 if it appears that our spending (or proposed spending) in a financial year is likely to be more than our resources (including amounts borrowed).

These financial regulations are part of the county council's constitution and set the framework for dealing with our financial affairs. The parts of the framework are as follows:

- | | |
|--|---|
| Financial regulations | - Approved by Council |
| Schemes of delegation | |
| Delegations to senior leadership team (SLT) members (as set out in the constitution) | - Approved by Council |
| Delegations by SLT members | - In line with the framework set by the corporate governance working group. |
| Financial regulations for schools | - Approved by the Director of Finance and Resources (following a consultation with the Schools Forum) |

All documents within the financial regulations try to achieve four main aims. These are to:

- (a) make sure there are sound and proper financial procedures and arrangements for dealing with our financial affairs;
- (b) make sure that proper controls are in place;
- (c) provide a framework for managing our finances and delivering services which will allow, wherever possible, us to link together managerial and financial responsibilities; and
- (d) protect our members and employees.

The last point is most important as without clearly defined financial procedures and arrangements, members and employees could find themselves in difficult and vulnerable situations. It is very important that we keep to these policies. If a member or employee breaks them, it may mean a complaint is made against us or disciplinary proceedings are taken against a member or employee.

If you are in any doubt about keeping to these procedures, please consult either your Senior Finance Business Partner, the Corporate Finance Section or the Internal Audit Section for guidance.

Andrew Burns
Director of Finance and Resources

Contents

| | PAGE | |
|----------|---|-----------|
| A | INTRODUCTION | 1 |
| B | CONTENTS | 3 |
| C | FINANCIAL REGULATION A – GENERAL | 4 |
| D | FINANCIAL REGULATION B – FINANCIAL PLANNING, BUDGETING AND REPORTING | 5 |
| E | FINANCIAL REGULATION C – FINANCIAL STANDARDS AND SYSTEMS | 11 |
| F | FINANCIAL REGULATION D – AUDIT, CONTROL AND IRREGULARITIES | 12 |
| G | FINANCIAL REGULATION E – SPENDING | 13 |
| H | FINANCIAL REGULATION F – INCOME (CREDIT MANAGEMENT STRATEGY) | 21 |
| I | FINANCIAL REGULATION G – TREASURY MANAGEMENT | 25 |
| J | FINANCIAL REGULATION H – ASSETS | 28 |
| K | FINANCIAL REGULATION I – INSURANCE AND MANAGING RISK | 32 |
| L | FINANCIAL REGULATION J – OTHER FUNDS | 33 |
| M | APPENDIX 1 – CREDIT MANAGEMENT STRATEGY | 34 |
| N | APPENDIX 2 – ANTI-MONEY LAUNDERING STRATEGY | 41 |
| O | GLOSSARY | 48 |

Financial regulation A – general

- A1 These financial regulations form part of the overall financial regulatory framework approved by Council. They apply to the whole organisation, apart from schools. The financial regulations for schools will apply in this case.
- A2 The Director of Finance and Resources is responsible for reviewing all matters relating to our financial rules and regulations and so will produce, from time to time, updates to these financial regulations.
- A3 Where appropriate, SLT members must set out in guidance notes the detailed arrangements for putting the financial regulations into practice. The Director of Finance and Resources must approve guidance notes before they are applied.
- A4 These regulations will be reviewed by Council at least once every two years after consideration by the Audit and Standards Committee. In the meantime, minor changes can be made by the Director of Corporate Services and the Director of Finance and Resources in consultation with the Chairman of the Audit and Standards Committee.
- A5 If a member or employee fails to keep to the conditions in all documents shown in paragraphs A1 to A3 above (including our Credit Management Strategy and anti-money-laundering strategy), we may take disciplinary action against them. This will be dealt with in line with our disciplinary policy and procedure.

Financial regulation B – Financial planning, budgeting and reporting

Definition

- B1 The procedures shown in this section apply to all spending and income. They apply to all our activities (including trading and support services) except for spending and income delegated to schools and any partnerships where we have agreed separate guidance notes.

Principles

- B2 Both the budget strategy and how we manage the revenue and capital budgets are based on the principle that the budgets are simply a statement of the strategic plan in financial terms. Any spending we agree to make should be identified through the strategic plan, plans for delivering outcomes and service plans. Using the revenue budget and capital programme, we will decide how and when we meet those needs.
- B3 SLT members are responsible for organising how services are delivered to achieve the aims set out in these plans within the resources they have available. Further approval will only be needed if there is a change in how we share the resources between services or if spending proposals involve a new policy or a change to the policy.

Financial planning

- B4 Cabinet will put forward a recommendation to Council, after taking the advice of the Director of Finance and Resources, for a medium-term financial strategy (MTFS). This will be developed at the same time as we prepare the strategic plan, plans for delivering outcomes and service plans.
- B5 We will prepare these plans after taking account of:
- a) legal requirements;
 - b) medium-term planning prospects;
 - c) the resources available;
 - d) spending pressures, investment needs and savings options;
 - e) government guidelines;
 - f) community impact assessments;
 - g) exit strategies;
 - h) cross-cutting issues (where relevant); and
 - i) possible risks.

Budget process

- B6 Cabinet will decide how to use the resources and budget process in a way that takes account of our strategic plan. As well as the revenue budget, these recommendations will also consider the arrangements for deciding our strategy for spending capital funds, including preparing the capital programme and the processes for assessing and prioritising individual projects.

- B7 In preparing the budget, SLT members must keep to the rules, procedures and timetables set by Cabinet.
- B8 Following advice from the Director of Finance and Resources, and after consulting the appropriate Select Committee, Cabinet will put forward recommendations to Council on:
- a) the net revenue budget, including setting money aside for unexpected events (contingencies);
 - b) how much is to be spent on each service;
 - c) the programme for spending capital and the capital strategy, including financing arrangements;
 - d) an assessment of whether the reserves and balances will be enough and how we will use the reserves and balances to support the budget; and
 - e) council tax levels and the precept charge to be made to individual billing authorities (district and borough councils).
- B9 The report will include comments from the Director of Finance and Resources on how robust the budget is and whether the level of reserves are in line with section 25 of the Local Government Act 2003.
- B10 The Director of Finance and Resources is responsible for making sure that, as part of the capital strategy, we prepare a capital budget, capital programme and financing plan each year for Cabinet to consider.
- B11 The capital strategy will make recommendations on:
- a) the overall level of the proposed capital budget;
 - b) how we use capital to reflect the needs of individual services;
 - c) how we use capital to tackle our corporate priorities;
 - d) individual projects;
 - e) prudential indicator measures including the overall affordability of proposed plans; and
 - f) the financing arrangements including borrowing levels, using reserves and using capital receipts.
- B12 Within the capital programme framework, Cabinet can consider funding projects from specific centrally held corporate budgets.

Plans for delivering outcomes, service plans and budgets

- B13 Producing an appropriate plan is an essential part of good management. Plans need to set clear aims and actions for the future and should include details of the resources needed to deliver the aims set out in the plan. Plans for delivering outcomes will set out how the strategic plan aims will be delivered. These plans will be approved by Cabinet. At service level, SLT members will need to produce plans which set out the main actions, as well as a resourcing plan and budget for that service for the relevant period, which must be agreed by the Director of Finance and Resources.

- B14 Portfolio holders and SLT members will consult the Director of Finance and Resources and produce plans for delivering outcomes. These individual plans will then be presented to members of the relevant select committee.
- B15 SLT members will produce service plans in a format suitable for that service. The plans will include details of the proposed budget and capital investment plans for the services within the relevant areas of responsibility.
- B16 The plans should identify investment (or capital) needs as well as the revenue implications associated with delivering the stated aims. Capital spending will normally include spending on buying items, construction, preparation, reclamation, replacing or improving land, roads, buildings and other structures, and (if not paid for from the revenue budget) buying, installing and replacing plant, machinery, apparatus and vehicles. We normally also include furniture and equipment, information technology, landscaping and professional fees if related to a project within a capital budget.
- B17 Trading and support services must set out the basis of charges to other services and the planned trading 'surplus' or 'deficit'. For charges to our own services, any increase should be no more than inflation (not including inflation on pay) assumed in the medium term financial strategy (MTFS). If services want to increase charges above this level, Cabinet will need to approve them. The service plan for the trading or support service must also include proposals for tackling a budget shortfall or for any extra money (surplus). We will need to take account of the effects of any planned shortfall or surplus for a trading or support service as part of the overall plans for the portfolio area.

Project appraisal and prioritisation processes

- B18 We need to carry out a project appraisal for all capital spending no matter where that money is coming from. We cannot include a scheme in the capital programme unless it has been through the agreed appraisal and prioritisation processes.
- B19 SLT members are responsible for making sure there is an appropriate appraisal and prioritisation process for all new investment schemes. This process must be agreed with the Director of Finance and Resources.
- B20 The project appraisal should show how the project meets the following conditions. It must:
- a) be supported by a well thought-out brief which defines the aims of the project and specifies any issues which must be carried out within a certain time;
 - b) be part of an appropriate business case for the proposal including an analysis of options;
 - c) meet the principles set out in the HM Treasury Treasury's Guide to Appraisal and Evaluation in Central Government (The Green Book) as

appropriate for the project by the SLT member – see [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The Green Book.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf)

- d) meet one or more of our strategic priorities set out in the strategic plan in terms of the economic, social or environmental wellbeing of the people of Staffordshire;
- e) meet one or more of the priorities identified in the relevant plan for delivering outcomes, or be needed to help meet our legal responsibilities or new legal requirements;
- f) improve one or more of the services' performance measures identified in the strategic plan, plans for delivering outcomes or the service plans;
- g) clearly show whether it is affordable and improves value for money, including any tax implications it may have (for example, VAT, stamp duty and land taxes);
- h) show how the project has been assessed against the agreed prioritisation process;
- i) take account of relevant cross-cutting policies (for example, sustainability, social inclusion, Local Agenda 21); and
- j) prove that it can be supported by a clear and achievable funding strategy.

B21 A project may relate to a proposal to tackle a specific theme or issue such as disabled access or traffic calming. It may include a general project on minor improvements or a group of low-value schemes. However, we must be able to produce one project appraisal for each 'grouped proposal', which should include a shared aim. In these cases, an SLT member must have in place a clear process for using resources on individual schemes.

Taking responsibility

B22 We have to have a system in place which sets out the operational responsibilities of our staff. SLT members are responsible for making sure that staff responsibilities are clearly shown in schemes of delegation.

B23 SLT members and the Director of Finance and Resources will jointly issue 'accountability statements', which budget holders must sign and return.

The power to spend

B24 Under these financial regulations, SLT members have the power to spend money from the approved revenue budget and capital programme.

B25 SLT members cannot spend money without approval by Council if the spending is not in line with the strategic plan or approved budget. By this we

mean spending:

- a) on creating a new policy;
- b) which goes over approved budget levels (see B30 and B31 below);
- c) which is basically transferring resources between budget heads (unless this is covered in the scheme of virement as shown in B37 to B39);
- d) if it involves a major change in the nature of a project as set out in the original project appraisal; or
- e) if it will count against our borrowing limit or will affect the revenue budget if no specific provision has been made in the budget for that service.

B26 SLT members are responsible for making sure that any increase in an estimate for a capital project that happens during the course of the project can be kept within the overall capital budget for that service.

B27 SLT members cannot agree any spending that involves the specific approval of a government department or agency, the European Union or any other funding organisation until we have received that approval or written assurance that we will get that approval shortly.

B28 We cannot enter into a lease, hire, rental or similar arrangement that may count against our borrowing limit without the approval of the Director of Finance and Resources.

B29 The Director of Corporate Services can decide on urgent matters not relating to a 'key decision' which cannot wait until the next council or cabinet meeting. This also applies to spending in relation to an emergency or disaster to which section 138 of the Local Government Act 1972 applies.

Monitoring and reporting

B30 SLT members are responsible for making sure they regularly monitor revenue and capital budgets. They must also investigate any variations and take appropriate action to deal with them.

B31 SLT members must report to Cabinet if they cannot balance spending and resources within the approved budget. Cabinet will consider these reports and, where appropriate, make recommendations to deal with the shortfall.

B32 SLT members will send monitoring and outturn reports to Cabinet in line with timetables and procedures set by Cabinet.

B33 Unless Cabinet decide otherwise, any underspending or overspending will be carried forward to the following financial year and the approved budget will be adjusted as a result.

- B34 The Director of Finance and Resources is responsible for producing the annual statement of accounts and for sending it to the Audit and Standards Committee for approval.
- B35 Reports will be made to select committees on specific issues SLT members feel are appropriate, after consulting the Director of Finance and Resources.
- B36 As well as reporting the final position to Cabinet, SLT members must, within six months of a significant project or programme finishing, carry out a review. The review must include an assessment of how far we achieved the project or programme aims, as shown in the project appraisal. The review should assess the process we used to manage the project or programme and report on the final cost. We will also need to consider longer-term assessments, including value for money evaluations and any relevant feedback from any satisfaction surveys, as part of the review.

Scheme of virement and in-year changes to the budget

- B37 SLT members can carry out virements between their budget heads as long as:
- a) it does not involve a new policy or policy change;
 - b) it does not result in an increasing commitment in future years which cannot be met within the existing approved budget; and
 - c) it does not transfer resources between services.
- B38 Cabinet can agree to carry out virements which transfer resources between services as long as:
- a) it does not involve a new policy or policy change; or
 - b) it does not result in an increasing commitment in future years which cannot be met from existing approved budgets.

- B39 Cabinet is responsible for approving virements from contingencies.

Staffordshire Local Community Fund

- B40 We cannot agree any spending unless the proposed initiative has been approved in line with the Fund Scheme.

Partnerships

- B41 SLT members are responsible for making sure that partnership arrangements are approved, carried out, monitored and evaluated in line with our partnership policy.

Financial regulation C – financial standards and systems

Financial management standards

- C1 The Director of Finance and Resources is responsible for setting our financial management standards and for ensuring compliance with them.
- C2 The Director of Finance and Resources is also responsible for making sure we keep to proper professional practices and accounting policies. He will act as head of profession in relation to standards, performance and development of finance staff throughout the authority.

Systems and procedures

- C3 The Director of Finance and Resources is responsible for keeping our main accounting records. These records will be kept on our financial management system – My Finance. SLT members will not use any other system for keeping accounting or other records relating to our finances unless they have written permission from the Director of Finance and Resources.
- C4 The Director of Finance and Resources, along with SLT members, will make sure that all systems and processes related to My Finance are fully documented and that staff are trained in using them. These systems and processes will include the controls needed to make sure that the information used to update My Finance is complete, accurate, timely and not previously processed.
- C5 SLT members must consult the Director of Finance and Resources before introducing or changing any book, form, record, administrative procedure or system used for keeping accounting or other records relating to our finances. They should then act on any advice given.
- C6 The Director of Finance and Resources and SLT members will jointly make sure that all accounting records are kept properly and held securely. The records and all related vouchers and documents must be managed in line with our document retention policy for financial records – click on hyperlink below.

[Retention Schedules](#)

Financial regulation D – audit, control and irregularities

- D1 The Director of Finance and Resources is responsible for carrying out a continuous internal audit in line with the Accounts and Audit (England) Regulations 2015.
- D2 SLT members must co-operate with, and provide all necessary information for, the Internal Audit Section and our external auditor in a timely manner.
- D3 SLT members are responsible for setting up effective and efficient arrangements for internal control. They will ask the Director of Finance and Resources for advice on any significant matter if the principles of internal control prove difficult to put into practice or maintain.
- D4 SLT members must let the Director of Finance and Resources know immediately about all instances of potential and actual irregularity which affect our finances.
- D5 The Director of Finance and Resources, or his authorised representative, must be given reasonable access to our property and to see any documents, records and computer files they may need for the audit. He can also ask staff and members for information and explanations if he thinks this is necessary for that audit and that they are promptly provided.
- D6 Depending on any related legal requirements, the Chief Internal Auditor will have the right to report directly to the Chief Executive, to any member of Cabinet and the Audit and Standards Committee. Where appropriate responses to audit recommendations have not been made within a reasonable period the Director of Finance and Resources may refer the matter to the Audit and Standards Committee for further action.

Response to audit reports

- D7 SLT members must consider and respond promptly to recommendations in audit reports and make sure that any agreed actions arising from audit recommendations are carried out as soon as possible.

Internal control and checks

- D8 The duty of providing information, working out, checking and recording the amounts due to or from us must be separated, as far as possible, from the duty of collecting or paying these amounts.
- D9 Wherever possible, we need to make arrangements to make sure that:
- a work, goods and services are ordered properly;
 - b we acknowledge when they have been received; and
 - c invoices and accounts are not examined by the same person.

Financial regulation E - spending

General

- E1 Depending on financial regulation G3, all payments made on our behalf will be made by the Director of Finance and Resources.
- E2 Payments will be made in line with our standard payment policy as set out in the reports of the Director of Finance and Resources relating to the medium-term financial strategy.
- E3 In making these payments, the Director of Finance and Resources will, where necessary, rely on the certification (electronic or manual) of authorised employees.
- E4 Every employee involved in the procurement process must keep to our Procurement Regulations, Instructions, and the officers' code of conduct as set out in the constitution. Employees in schools must keep to schools' financial regulations and schools' procurement regulations (whichever is appropriate).

Raising an order

- E5 Depending on the requirements of E6 below, you need to raise official orders when asking for supplies, works or services. You must not raise an order after the supplies have been received or the work carried out, unless it is an emergency. If this is the case, an official order marked 'confirmation' must be issued as soon as possible (normally within seven working days of the order being given in person or over the phone).
- E6 You need to raise an official purchase order for all items you buy using the My Finance purchasing module.

There is an approved list of suppliers and expenditure types where it has been agreed that purchase orders are not required and payment can be processed via a non-order invoice raised in the My Finance purchase Ledger. This is called the Non-Order Exceptions list and can be found [here](#)

The only other reasons for not raising a purchase order are shown below:

- a) payments needed where there is no invoice, for example, grant payments (unless an order is part of the grant conditions), refunds, compensation payments and property rentals if there is no invoice provided by the landlord. Please fill in an EX1 payment if you do not have an invoice;
- b) payments using a purchase card; and
- c) other payments approved by the Director of Finance and Resources.

Unless otherwise included under an non-order exception, all purchases require a formal purchase order and provision of a purchase order number.

Orders raised in My Finance must be either against the catalogue listings or the relevant contract entry first. These will have a contract code prefixed by 'IA'. Where a contract does not exist in My Finance the order is to be placed as free-text against the ProClass/Category code relevant (or closest to) to the area of purchase.

It is not acceptable to use random ProClass/Category codes when placing free-text orders.

Orders may be rejected internally where they are seen to ignore the contract or relevant ProClass code requirements.

Where an order is to receive more than one invoice, 'blanket / limit' orders should be considered and implemented.

All blanket / limit orders raised shall carry on the order suitable wording to ensure suppliers are aware that the order raised is that of the blanket / limit variety and is not a formal commitment of to spend the total amount.

Users must ensure that the order carries sufficient wording to provide clarity to the supplier as to which set of legal terms and conditions the purchase is referring. All orders raised against a MyFinance contract will automatically carry the IA contract reference number

In the absence of any other instructions, all orders issued default suppliers to the standard terms and conditions shown of the Council internet.

When liaising with suppliers purchase order numbers should be conversed rather than requisition numbers.

Requisitions raised may be immediately released as orders where the order value is below any agreed user self-authorisation limit. Alternatively, all requisitions will require approval within MyFinance.

Order Approval Levels

For Orders at, and over £164,176 Officers must obtain the approval of an Officer Band B.

For Orders at, and over, £10,000 and below £164,176 Officers must obtain the approval of an Officer Band C.

For Orders at, and over, £3,000 and below £10,000 Officers must obtain the approval of an Officer Band D.

For Orders below £3,000 Officers must obtain the approval of an Officer Band E.

- E7 In line with approved schemes of delegation, SLT members must approve each official order and make sure that:
- a) the spending is for proper purposes;
 - b) the spending can be met from approved budgets;
 - c) we have kept to procurement regulations (for example, the requirement to use centrally negotiated contracts);
 - d) the main fields of the purchase order are filled in correctly (for example, the description of supplies, work or services, and delivery address);
 - e) the spending is charged to the correct cost code (this is included in the order coding and cannot be changed at invoice stage);
 - f) any staff who have delegated responsibility for a budget keep to these instructions; and
 - g) anyone who approves orders arranges for somebody else to do it when they are on annual leave.
- E8 You must never use official orders to arrange work, supplies and services for your own private use.
- E9 If there is a clear business need, an SLT member can self-authorise orders that they have agreed. In other words, you can approve an order you have raised. Self-authorisation is to be used for low-value orders up to £500 for staff and up to £3,000 for managers. Officers who are approved to carry out self-authorisation must be included in the relevant service sub-scheme of delegation.

Matching invoices

- E10 SLT members must make sure that effective arrangements are in place to make sure that the supplies, services or work needed have been received before entering a goods received note into My Finance. Provision should be in place to ensure that goods received notes are entered in a timely fashion.

Receiving Invoices

All invoices should be received centrally and electronically from suppliers on apinvoices@staffordshire.gov.uk

Paying invoices

Unless otherwise stated in current contractual provisions with suppliers, all new contracts and Orders to state payment terms of 30 days for all payments to suppliers.

General

- E11 Payments must not be made against a statement or any document other than a formal invoice unless the Director of Finance and Resources agrees. You can use electronic invoices to replace 'lost' invoices. However, these must be signed as 'not previously passed for payment', and should be of good enough quality to be scanned in case they are needed in the future. To reduce the risk of duplicate payments, it is important to accurately enter the supplier's invoice reference when posting an invoice.
- E12 You must not agree to pay creditors by direct debit, standing order or charge card unless the Director of Finance and Resources agrees.
- E13 In all cases, invoices and other supporting documents should be attached to invoices registered in the My Finance system.

Certifying invoices

- E14 If an order has been raised using the My Finance Requisition and Supply module, the invoice will upon receipt be entered onto My Finance by the central Accounts Payable team. Providing a goods received note has been raised against the order, no further certification process is needed unless the value of the invoice is more than the receipted value of the order. If this is the case, the order will need further authorisation which will be managed by the My Finance system workflow. If there has been a change to a purchase order, SLT members should make sure that they are satisfied that there is justification for the increase in the value of the order.
- E15 Entering a goods received note against a purchase order in the My Finance Requisition and Supply will mean the following:
 - a) You have followed procurement regulations and financial regulations and the order has been received to value of the amount receipted:
 - b) The supplies have been received, examined and approved in line with the specification, and are satisfactory, and the prices and discounts (if any) are correct and meet the conditions of the order:
 - c) The subsequent invoice can be paid from within approved budgets: and
 - d) Entries have been made in inventories or stock records, if relevant and appropriate.

- E16 If a non-order invoice payment is being made using the Purchase Ledger module, (see section E6), Except for exceptions agreed by the Director of Finance and Resources, invoices will be registered on the system within the central Accounts Payable team. Invoices will then be required to be approved for payment within the relevant business unit in a process managed by the My Finance workflow.
- E17 Certifying an invoice within the My Finance Purchase Ledger module will mean the following:
- a) You have followed procurement regulations and financial regulations and the account is correct in all respects;
 - b) The supplies have been received, examined and approved in line with the specification, and are satisfactory, and the prices and discounts (if any) are correct and meet the conditions of the contract quotation or order;
 - c) The invoice can be paid from within approved budgets;
 - d) Entries have been made in inventories or stock records, if relevant and appropriate;
 - e) The invoice has not been previously passed for payment and is due; and
 - f) The invoice keeps to the VAT requirements of HM Revenue & Customs (see [VAT on Purchases](#) on the intranet).

Anyone who approves invoices must arrange for somebody else to do it when they are on annual leave.

- E18 Invoices must be entered into My Finance as soon as possible and authorised promptly to meet payment terms and avoid late-payment penalties. Invoices are paid based on the date on the invoice, not on the date they are entered on the system.

Payments in advance

- E19 Generally we do not allow advance payments. However, if a contractor needs paying in advance or a grant payment is needed in advance, then this can be done but only on the agreement of the Director of Finance and Resources. The Director of Corporate Services must also be told if supplies, work or services are then not provided after making a payment.

Recurring payments

- E20 SLT members are responsible for keeping records of regular payments (such as rates and rentals) both for property and equipment. If necessary, they will raise EX1 invoices (see E6) for these payments and make sure that any payments are correct and not duplicated.

Other checks

- E21 The Director of Finance and Resources has the right to carry out any extra checks he considers necessary either before or after payment. He has the right to check that the procedures laid down for authorising and ordering supplies, work or services and examining accounts have been properly carried out.

Purchase cards (P-cards)

- E22 SLT members must make sure of the following for each item bought using the purchase card:

- a) The spending is for proper purposes;
- b) The spending can be met from approved budgets;
- c) The procurement regulations have been kept to;
- d) The spending is charged to the correct cost code;
- e) All transactions are reviewed and approved each month on a timely basis and in accordance with published timescales. (see link)
<https://www.intra.staffordshire.gov.uk/services/finance/Accounts-Payable/Purchase-Cards.aspx>

If card holders, or their line manager, will not be able to approve transactions because they will be on annual leave, they must let the Accounts Payable section know by ringing 01785 276387. The section will arrange to approve transactions on their behalf. If a cardholder and, where necessary their line manager, do not review and approve all transactions made each month, the Director of Finance and Resources can withdraw the card;

- f) The goods have been received, examined and approved in line with the specification, and are satisfactory. The prices and discounts (if any) are correct or the work done or services provided have been satisfactorily carried out, and the materials used (if any) were of the right standard, and the prices and discounts (if any) are correct;
- g) The VAT is accounted for correctly and VAT receipts have been kept; and

- h) Invoices, receipts and other appropriate supporting documents must be retained for all expenditure incurred using a purchase card, preferably as attachments within the purchase card system but if that is not possible as paper records.
 - i) In instances where a card is used to withdraw cash, complete and accurate records of the goods and services purchased with that money must be maintained. Ideally, this record should be attached to the cash withdrawal in the purchase card system together with the invoices, receipts and other supporting documentation.
 - j) An appropriate separation of duties between card holder and approver must be maintained within the purchase card system.
 - k) Purchase cards have not been used to buy work, supplies and services for private use.
- E23 SLT members are responsible for any staff who have budgetary responsibility keeping to these instructions. Each card will have single transaction and monthly limits, which the SLT member will set.
- E24 Internal Audit –may review a sample of transactions to make sure that purchases are valid, that all transactions have been appropriately authorised and coded, and that VAT has been accounted for correctly.
- E25 SLT members must make sure that there is a procedure in place to avoid mistakenly paying a supplier again when the invoice is received for a purchase-card transaction.
- E26 You can get more information on using purchase cards on the intranet by following the link below.

[Purchasing cards](#)

Payments to employees and pensioners

- E27 The Director of Finance and Resources is authorised to pay all salaries, pension benefits and other employment-based payments.
- E28 The SLT member must authorise all appointments, resignations, dismissals, suspensions, secondments and transfers in a form approved by the Director of Finance and Resources.
- E29 Each SLT Member must let the Director of Finance and Resources know as soon as possible and in the form he has approved (including, for example, My HR being updated at source), about all matters which may affect paying items referred to in E28 and E29. This includes:
- a) absences from work for sickness and other absences which affect pay;

- b) changes in pay, other than normal increments and pay awards and agreements which apply to everyone; and
- c) information needed to keep records of service for superannuation, income tax, National Insurance and so on.

E30 All time records or other pay documents must be in a form approved by the Director of Finance and Resources and must be confirmed by the SLT member.

E31 All employees must be paid in the most economical way – currently BACS – unless the SLT member approves otherwise in line with guidelines issued by the Director of Finance and Resources.

E32 SLT members must make sure that they have processes in place to make sure that payments made to employees are properly due.

Members and staff travelling and subsistence allowances

Travelling and subsistence allowances

E33 SLT members must make sure that all claims for employees' car allowances, subsistence allowances, travelling and other expenses are input into My HR and approved as soon as possible. Expenses entered that relate to a period of time more than three months prior to the claim, will not be paid. Copies of VAT receipts must be kept in business units or establishments in line with our document retention policy.

E34 SLT members are responsible for making sure that employees who use their cars for official business are properly insured against all third-party risks and that the insurance includes indemnity against any loss and are insured for business use.

E35 Before approving claims, SLT members are responsible for checking:

- travelling and subsistence allowances;
- the accuracy of the mileage claimed;
- the purpose of the journeys made;
- the taxable status of the claim; and
- that they have kept to our car allowance regulations, car leasing scheme and any other decisions we have made (if appropriate).

If you have any questions about the taxable status, you must contact the Director of Finance and Resources for advice.

E36 The Director of Finance and Resources will rely on SLT members to certify and authorise payments for claims.

Allowances to members

- E37 Members (including co-opted members), who are entitled to claim travel and other allowances for an approved duty, must send in a claim either by using the online electronic claims system. By sending in a claim, the member is confirming that this is a true record of expenses they have paid out. The Director of Finance and Resources will make a payment. Members should send copies of VAT receipts to the Member and Democratic Services Unit in line with our document retention policy.
- E38 The Director of Finance and Resources will pay special allowances and basic allowances in line with our instructions.
- E39 The Director of Finance and Resources will accept a certificate if a co-opted member claiming financial loss declares that:
- a) they have lost earnings of not less than the amount included in their claim; or
 - b) they have had to pay extra expenses in employing domestic help or other help because they have been on council duty.

Financial regulation F – income (credit management strategy)

- F1 Each year SLT members must:
- a) review and make recommendations to Cabinet (or the relevant non-executive committee) about charges for services we provide in line with our powers to charge as set out in relevant laws including the Local Government Act 2003; and
 - b) review and put into practice all fees and charges where we have powers to decide on the amount of the fee or charge.
- F2 If the SLT member sets or changes any fee or charge that involves a policy change, Council must approve this.
- F3 SLT members must manage all money (cash or credit) due to us in line with our credit management strategy (Appendix 1) and the anti-money-laundering strategy (Appendix 2). You must follow detailed procedures relating to collecting income, receipting and banking (as detailed below) at all times.

Collection

- F4 After consulting the Director of Finance and Resources, SLT members must make arrangements to make sure they record all amounts due to us and for collecting, controlling, banking of and accounting for all money recovered as soon as possible.
- F5 SLT members must make sure that, wherever possible, at least two officers are present when post is opened to make sure that postal payments are dealt with properly and recorded as 'received' immediately.

- F6 SLT members must tell the Director of Finance and Resources as early as possible about all money due to us under contracts, leases, tenancy agreements, agreements for selling property, BACS remittances for grant payments and any other agreements where we receive money.

Receipting

- F7 Each officer who receives money on our behalf must acknowledge the amounts received in line with procedures prescribed by the Director of Finance and Resources. You cannot give a receipt for money received on our behalf on any form other than the official receipt form. You only need to issue official receipts for cash payments (not cheques) for amounts over £20 or if the customer specifically asks for a receipt. SLT members may use their discretion about whether to issue a receipt for amounts of less than £20.
- F8 All official receipt forms or receipt books, licenses, tickets (of value) and all documents or vouchers representing receipts for money or similar must be in the form approved by the Director of Finance and Resources who will control, issue and order them. All stationery of this type must be properly recorded and acknowledged.
- F9 Every transfer of official money from one member of staff to another must be recorded and signed by the receiving officer.
- F10 Each officer who receives money on our behalf must also keep records the Director of Finance and Resources decides are appropriate. This includes an accurate account of all receipts and when money was paid into our bank accounts or agents' accounts.
- F11 Personal cheques must not be cashed out of the money held on our behalf.
- F12 If cheque payments are presented personally, the officer must make sure that the customer both signs the cheque and writes their address on the back in front of them. If the cheque has already been signed, the customer must then sign and put their address on the back of the cheque.

Banking

- F13 SLT members must pay directly and promptly all money received on our behalf, to our bankers or other agents we have approved.
- F14 For the purpose of paying money to our bankers, or their agents the Director of Finance and Resources will give an officer a paying-in book. You must not use any other stationery.
- F15 An officer must add the following information to the paying-in slip – whether electronically via My Finance or on paper paying-in slips:
- a) The amount of each cheque or postal order;

- b) Some reference which will connect the cheque or order with the debt or debts (for example, the receipt number or customer's name);
- c) The reference number of either the customer's account or invoice numbers which related to the payment;
- d) If no customer invoice has been raised, use the codes provided by the Director of Finance and Resources, the budget heading to which the income will be paid into and the value to be paid in; and
- e) An idea of the purpose and source of the payment if it does not relate to money which is owed to us.

Payment by credit or debit card

- F16 SLT members must contact the Director of Finance and Resources before introducing these facilities. The Director of Finance and Resources will make sure that named staff are given secure access to appropriate facilities and receive relevant training. Any establishment which accepts payment by this method must keep to the banking agreement (especially the conditions on keeping and storing customers' card details).

To keep to the Payment Card Industry (PCI) data security standard, we cannot store the cardholder's account numbers and sensitive information, for example, the information on the front of a debit or credit card and the CSV (three-digit security code on the back of the card). If the customer has given us the card details in writing to support a booking or a contractual arrangement, you must destroy the details once you have processed the card details.

- F17 All commission costs relating to these facilities must be paid from the budget of the portfolio area which is offering them.

Sending customer invoices

- F18 SLT members are responsible for raising customer invoices and credit notes as soon as possible. Managers can only raise customer invoices and credit notes using My Finance. Accounts raised in My Finance will have an invoice number given to them automatically by the system.
- F19 If your establishment does not have access to My Finance, you must ask your business support team or Finance Business Partner to raise your customer invoices. Do not issue a manually raised invoice to a customer.
- F20 You must add the date the service is provided into My Finance when raising customer invoices.
- F21 Ensure that when raising an invoice a Contact Code is selected in My Finance, this is to ensure the invoice recipient has a point of contact within SCC should they have a query or dispute with any aspect of the invoice.

- F22 Supporting documentation must be attached to the invoice in My Finance when appropriate evidencing the calculation of charges, the goods and / or services supplied and any authorisation or instructions to charge.
- F23 Do not issue customer invoices for amounts below £25 for non-statutory services. If there is a business need to recover amounts below this threshold, contact the Central Income Team for advice on an appropriate mechanism.

Issuing credit notes

- F24 We can only reduce the amount of an account using an official credit note if the amount was raised by mistake or the invoice contains incorrect information. If the credit note is raised in My Finance, the system will pass the credit note to a designated member of staff for approval.
- F25 If the credit note relates to non- My Finance or migrated legacy SAP issued customer invoices, it will only be issued by the Director of Finance and Resources upon written instruction from the debt recovery officer or budget holder. The written instruction must be attached to the My Finance transaction.
- F26 If a credit results in changing the VAT originally charged, the credit note must show the full details HM Customs & Excise will need.

VAT

- F27 SLT members must take all practical steps to make sure the correct VAT is charged on income and they should consult the Director of Finance and Resources if necessary.

Debt recovery

- F28 SLT members must follow the debt-recovery policy shown in our credit management strategy. They must follow the My Finance Sales 2 Cash module process as the standard approach to recovering debt.. If the My Finance process is not successful in recovering debts, you will need to quickly refer the matter for further recovery processes as given in paragraph 19 of Appendix 1 – credit management strategy.
- F29 All processes and My Finance transactions to recover debts are on the GO platform.
- F30 The Director of Finance and Resources will monitor this action and report, quarterly to Cabinet.

Financial regulation G - treasury management

Banking

- G1 The Director of Finance and Resources is responsible for arranging our banking arrangements, including opening and closing all accounts.
- G2 Only the Director of Finance and Resources will transfer funds electronically.
- G3 All other payments we make, apart from bank imprest accounts, will be made by BACS or in certain circumstances a cheque, signed by the Director of Finance and Resources.

Treasury management

- G4 We keep to CIPFA's Code of Practice for Treasury Management in the Public Services.
- G5 Council is responsible for approving the following matters, after consideration by Cabinet:
 - a) borrowing limits and prudential indicator measures in line with the Local Government Act 2003 and the CIPFA Prudential Code;
 - b) the annual investment strategy (AIS) for treasury management and any necessary updates; and
 - c) any revised CIPFA Code of Practice and Treasury Management Policy statement.
- G6 Cabinet is responsible for approving the annual treasury management strategy and will receive reports on policies and activities on treasury management, including, at the least, a mid-year review and a yearly report in the form set by our treasury management practices (TMP).
- G7 The Corporate Review Committee is responsible for making sure we consider and check all activities linked to treasury management.
- G8 The Director of Finance and Resources is responsible for carrying out all activities linked to treasury management. More specifically, he will carry out these responsibilities in line with CIPFA's Code of Practice for Treasury Management in the Public Services and CIPFA's Prudential Code and government regulations and guidance. The Director of Finance and Resources has delegated certain activities to other members of staff under a specific scheme of delegation.
- G9 In carrying out the above responsibilities, the Director of Finance and Resources will do the following:

- a) act in line with these Financial Regulations and CIPFA's Standard of Professional Practice on Treasury Management;
- b) review and update the treasury management policy statement;
- c) prepare suitable practices setting out the way in which we will achieve the aims of our policies on treasury management and presenting how those activities are managed and controlled;
- d) in terms of b and c above, he will follow the recommendations in sections 6 and 7 of CIPFA's Code of Practice for Treasury Management in the Public Services. However, he may make changes where necessary to reflect our particular circumstances. These changes must not result in us moving away from the code's main principles;
- e) prepare the yearly treasury management strategy at or before the start of each financial year for Cabinet to approve and the annual investment strategy linked to this for Council to approve;
- f) report the outcome of all activities related to treasury management. This will be, at the least, a yearly outturn report and a half-year monitoring report for approval by Cabinet; and
- g) act as Chair of the Treasury Management Panel.

G10 The Treasury Management Panel will be made up of treasury staff and senior officers. They will:

- a) help the Director of Finance and Resources with his responsibilities as above;
- b) regularly monitor performance against borrowing limits and prudential indicator measures and ask for approval for changes to those limits if this is needed;
- c) agree the practical ways the yearly treasury management strategy will be put into practice;
- d) receive audit reports on activities linked to treasury management;
- e) consider and propose changes to policies and limits as a result of changes in the economic or financial climate if Council and Cabinet approve;
- f) approve changes to the scheme of delegation which relate to treasury management; and
- g) each year, assess the quality of the external service provider appointed to provide us with treasury advice.

- G11 The Director of Finance and Resources can take urgent decisions, including changes to limits or strategy after consulting a nominated portfolio holder. An urgent decision which affects a previous Cabinet decision will be reported to Cabinet, and if necessary to Council, with an explanation for the action taken.

Financial regulation H - assets

Land and buildings

- H1 The Director of Finance and Resources will keep a register of all properties we own or use.
- H2 The Director of Corporate Services is responsible for making arrangements for looking after all title deeds and formal contract documents.
- H3 SLT members are responsible for looking after the assets they manage and must make sure that properties are safe, watertight and comfortable.
- H4 The Director of Finance and Resources must send to Cabinet and the Property Sub Committee a corporate property strategy and the asset management plan. This will make sure we review assets regularly to identify properties that are underused and no longer needed.

Vehicles

- H5 The Director of Corporate Services will keep a record of all vehicles we own and lease.

Stocks and stores

General

- H6 SLT members are responsible for keeping proper records and for looking after stocks and stores.
- H7 SLT members are responsible for deciding upon and maintaining efficient levels of stock. They will need to make sure that these levels continue to be appropriate.

Records

- H8 We will need a delivery note signed by the person receiving the supplies for every delivery at the time of the delivery. All supplies must be checked and inspected for quality and suitability as soon as is practical after they are delivered. The quantity of supplies delivered must be checked at the time of delivery.
- H9 SLT members must give the Director of Finance and Resources any returns in connection with stores records, or cost records needed to complete our accounting and financial records. The Director of Finance and Resources, after

consulting the SLT member concerned, will decide the method to use to value stores.

- H10 Anything issued from the stores must be supported by a requisition note signed by an authorised officer. This must give the quantity of goods needed. The stores officer will provide a receipt for stores issued on a stores issued note.

Checking stock

- H11 On 31 March each year (or a date agreed by the Director of Finance and Resources) a responsible officer independent from the storekeeper must carry out stocktaking. That officer will be responsible for making sure that the actual stock agrees with the stock records. This yearly stock take is not needed if the Director of Finance and Resources is satisfied that the stores area runs a satisfactory system of continuous stocktaking.

- H12 Stock sheets or stock records must be signed by or on behalf of the SLT member and certified that the details and prices shown are correct. Each SLT member must send the Director of Finance and Resources certificates relating to stocks and stores.

- H13 Whenever a storekeeper or person in charge of stores hands over, leaves or no longer has custody of stores, the SLT member must, wherever practical, check the stores concerned and sign the stock sheets.

Levels of stock

- H14 SLT members may write off stock up to an individual limit of £2,500. Amounts over this figure will need approval from the Director of Finance and Resources. For audit purposes, SLT members must keep full documents of all stock written off in this way.

- H15 SLT members may sell spare stock. Please see H27 to H34.

Inventories

- H16 SLT members must keep inventories of fixed plant, machinery, furniture and equipment. The Head of ICT will keep inventories of hardware and software.

- H17 At least once a year, SLT members are responsible for checking that all items on the inventory are accounted for.

- H18 The Director of Finance and Resources will decide how much of our property information is recorded and the form in which the inventories (administrative or computerised) must be kept and write-offs recorded.

- H19 Our property must not be removed unless it is in the ordinary course of our business. Council property can only be used for council purposes unless an SLT member issues specific instructions otherwise.

- H20 Whenever an employee hands over, leaves or is no longer responsible for any of our property which is entered on an inventory, the SLT member must, wherever possible, check that property and make sure a handing-over certificate is signed by the outgoing and incoming employees.
- H21 The Director of Finance and Resources or their representative will have access to all our property and to the inventories and any relevant documents.

Security

- H22 SLT members are responsible for arranging proper security for all assets and records under their control.
- H23 All employees must keep to our Information Technology Acceptable Use Policy.
- H24 The person responsible must keep on them any keys to safes, cash boxes, and other places in which money or valuables are stored. If any keys are lost, this must be reported to the Director of Finance and Resources immediately.

Selling spare supplies and stock

- H25 SLT members are responsible for dealing with any spare supplies they do not need (except ICT and electrical equipment).
- H26 The same competitive process for buying supplies, services and work must also be applied to selling spare supplies. (See the procurement regulations for more instructions.)
- H27 SLT members must get professional advice if they are in any doubt when making valuations.
- H28 SLT members can consider selling spare supplies by auction instead of sealed bids, but they need to make sure they have evaluated the full cost of the process and the commission that will be due.
- H29 The SLT member should normally accept the highest value offer without conditions unless they feel an offer with conditions gives better value to us.
- H30 Supplies, except for ICT electrical or mechanical items, may be sold over the internet (for example, eBay). However, if they are, they must be sold in line with the Distance Selling Regulations (2005).
- H31 SLT members may set a reserve price before offering the supplies for sale. If the reserve value is not met, do not sell the supplies and advertise them again. A person setting the reserve price cannot privately bid for the item.
- H32 SLT members must not release any items sold before we receive payment. If payment is made by cheque, this must be cleared before we release the items.

Intellectual Property

- H33 Intellectual property is a generic term that includes inventions and writings. If these are created by an employee during the course of employment, then as a general rule they belong to the employer, not the employee. Various Acts of Parliament cover different types of intellectual property.
- H34 It is possible that some activities undertaken within the County Council may give rise to items which may be patentable. These are collectively known as intellectual property.
- H35 SLT members should ensure that advice from Legal Services is sought if a piece of intellectual property is identified.
- H36 Managers should ensure that there are no conflicts concerning staff conducting private work in County Council time.

Financial regulation I – insurance and managing risk

- I1 The Director of Finance and Resources is responsible for arranging appropriate insurance cover for risks which are not self-insured. If appropriate, the Director of Finance and Resources will consult SLT members before arranging cover.
- I2 Unless we say differently in agency agreements, the Director of Finance and Resources will negotiate claims with insurers.
- I3 The Director of Finance and Resources is responsible for co-ordinating activities linked to managing risk across the county council.
- I4 SLT members must tell the Director of Finance and Resources as soon as possible about all new risks, properties or vehicles that need to be insured and about any changes which affect existing insurance.
- I5 SLT members should make sure that officers involved in insurance claims do not admit liability as this will affect our insurance cover.
- I6 SLT members must immediately write to the Director of Finance and Resources about any loss, liability or damage or any event likely to lead to a claim.
- I7 SLT members must consult the Director of Corporate Services and the Director of Finance and Resources about the terms of any indemnity we are asked to give.

Financial regulation J – other funds

General

- J1 Voluntary and trust funds, and any related bank accounts, should be operated in line with any detailed instructions issued by the Director of Finance and Resources.

Voluntary funds

- J2 Each SLT member must keep a record showing the purpose and nature of all voluntary funds held by their staff in the course of their duties. They must make sure that the reporting arrangements agreed by the voluntary fund are followed and, where appropriate, checked by an independent person. The Director of Finance and Resources is entitled to check the voluntary fund reporting arrangements and reports and accounts produced as he feels are appropriate.

Trust funds

- J3 All members and employees acting as trustees because of their official position must make sure that accounts are audited and sent to the appropriate organisation each year. The Director of Finance and Resources is entitled to check that this has been done.

Appendix 1

Credit management strategy

Aims and overview

- 1 The aim of this strategy is to make sure we receive all of our income by improving cash flow and reducing the level of bad debts.
- 2 The strategy is based on the following principles:
 - wherever possible, we will provide services on a pay-as-you-go basis;
 - we will offer customers, clients and service users a range of appropriate payment methods;
 - unless there are special circumstances, all portfolio areas must keep to the standard debt collection policy;
 - all portfolio areas will use active processes to collect income. The Central Income Team must follow the My Finance accounts Sales 2 Cash process as the standard approach to recovering debt .If the My Finance process has been unsuccessful in recovering debts, they must be passed for further recovery processes as described in paragraph 19 below;
 - processes for resolving customer queries and disputes must keep to our customer complaints, compliments and comments policy and any other complaints procedures which apply by law; and
 - we will regularly monitor our performance in collecting income and collecting debts against agreed performance standards and targets.

The main responsibilities

- 3 SLT members are responsible for setting detailed arrangements for collecting income and recovering debts which meet the strategy, including performance standards.
- 4 The Central Income Team is responsible for:
 - reviewing the credit management strategy;
 - drafting appropriate performance standards;
 - monitoring performance against those standards;
 - organising appropriate and cost-effective payment methods;
 - managing IT systems for collecting income and recovering debts;
 - monitoring what is provided for bad and doubtful debts;
 - providing an enquiry officer and designated debt-recovery;
 - providing a debt recovery service;

- receipt, collection and banking of all postal income and payments into SCC's main bank accounts; and
- management of cash carrier and collection service provided to SCC establishments contract.

5 The Director of Finance and Resources is responsible for:

- approving the strategy and associated instructions;
- approving performance standards and monitoring performance against these standards; and
- approving changes to the strategy to reflect specific circumstances.

Charging for services

6 Traditionally we have raised invoices for collecting income for the services we provide and only collected cash without an invoice at the point of service delivery or in advance if the amounts due are relatively small.

7 By developing facilities so our customers can order services over the internet or by phone and face-to-face front office services gives us the opportunity to review that approach and, where appropriate, offer services on a pay-as-you-go basis.

8 We have developed an e-payment facility which allows our customers to make payments over the internet, automated telephony and through the SCC Contact Centre using credit and debit cards. The ability to accept credit- and debit-card payments also allows us to introduce, where appropriate, facilities for taking payment at the point of delivery.

9 SLT members must take all practical steps to satisfy themselves that the correct VAT rate has been used and they should contact the Director of Finance and Resources if they need to about this.

Payment methods

10 We will aim to offer the following payment methods to our customers depending on the service provided:

- payment by cash, cheque, debit or credit card (chip and pin) when goods or services are ordered or at the point of delivery;
- payment over the internet by debit or credit card when goods and services are ordered;
- payment over the phone by debit or credit card when the service or goods are ordered;
- payment by cash, cheque, debit or credit card (chip and pin) at one-stop shops when the service or goods are ordered;
- payment by Giro credit at banks;
- paying invoices over the internet, by automated telephone payment, over the phone or in person at SCC establishments and by post by cheque;

- where appropriate, payment by Direct Debit or standing order; and
- Payment direct into our County Fund bank account by BACS and CHAPS transfers.

Debt-recovery policy

11. SLT members are responsible for promptly raising customer invoices and credit notes. Portfolio areas can only raise customer accounts and credit notes using My Finance. Accounts raised in My Finance will have an invoice number given to them automatically by the system. There must be a clear description of the service (goods) provided, and payment terms and methods.

(By promptly, we mean within 30 days of supplying the goods or services, unless business units have taken their own recovery action before we issue a formal invoice, for example for libraries and nursery services.)

12. If your establishment does not have access to My Finance, you must ask your business support team or Finance Business Partner to raise your customer invoice. Do not issue a manually raised invoice to a customer.

Procedures for budget holders

13. When raising a customer invoice, you must enter into My Finance the date the service is provided.
14. Do not raise a customer invoice for amounts below £25 for non-statutory services. If there is a business need to recover amounts below this threshold, contact the Central Income Team for advice on an appropriate mechanism.
15. When you have raised an invoice, you should actively aim to collect the amount due.
16. Ensure that when raising an invoice a Contact Code is selected in My Finance, this is to ensure the invoice recipient has a point of contact within SCC should they have a query or dispute with any aspect of the invoice.
17. Invoices will say that the payment is due within the 28 days of the date on the invoice.
18. The Central Income Team will set an appropriate timescale for collecting each category of debt. The minimum standard is shown below.

- | | | |
|-------------------|---|---------------------------------|
| • 3 days overdue | - | First reminder letter |
| • 17 days overdue | - | Final demand |
| • 31 days overdue | - | Start the debt-recovery process |

My Finance will automatically follow the appropriate standard cycle.

19. Once the debt is 31 days overdue, the debt recovery officers based in the Central Income Team will review the debt and, where appropriate, contact the

debtor by phone. If it is unlikely that we will receive immediate payment, consideration will be given to do one or a combination of, the following. This will be based on knowledge of both the customer and the nature of the debt:

- telephone and letter chasing up to the issue of the formal Letter Before Action (court approved document);
- if the customer is an individual and lives in Staffordshire, could the matter be referred for a visit;
- if the customer is either an individual living outside of Staffordshire or any commercial organisation (wherever they may be based), could the matter be referred to the debt-recovery agency;
- the matter may be referred for legal action at any point; and
- the matter may be referred to other local visiting officers, for example, a vulnerable client's social worker or other visiting staff used within portfolio areas.

20 If a debt has still not been paid after 90 days from the invoice date, we will consider making provision for the bad debt and if appropriate action the writing off of the amount to the revenue account.

21 The above procedures are a framework which should apply to all types of debt. However, we know that different categories of debt and different types of customer may need us to use other recovery cycles. Any change from the standard cycle must be agreed by the Director of Finance and Resources.

Taking an active approach to collecting income

22 This approach involves discussing the debt with the customer before the due date for payment. The main aim is to make sure that the customer is satisfied with the goods or services provided or to identify any possible disputes the customer may have and to sort them out before the due date for payment.

23 You should target this action, as it is not cost-effective to apply it to every customer. To help with the process, the system will create management reports which analyse the invoices raised the previous week by category and value.

24 The Central Income Team will provide a single point of contact for the recovery of debts with other public organisations such as Staffordshire districts and other large public organisations.

Sorting out customer queries and disputes

25 Controlling and sorting out customer queries and disputes is an essential part of good customer service.

26 As a result, each portfolio area should have in place a system or procedure for identifying, recording and dealing with customer queries and disputes. This must keep to our customer complaints, compliments and comments policy and any other legal complaints procedures.

Action by the enquiry officer or debt -recovery agency

- 28 The enquiry officer will try to get payment in full, or if instalments have previously been arranged, will try to persuade the customer to start making payments again. They will also assess the customer's circumstances. They will give debt recovery officers progress updates during the ongoing investigation and produce a short report of recommended action at the end of each case.
- 29 The matter may be referred to the enquiry officer, where appropriate, before considering legal action. The enquiry officer's report will show whether or not legal action would be successful. The enquiry officer will also support the legal recovery process to recover money due after successful legal action.
- 30 If other attempts to get payment from either individual or commercial customers have failed, the debt may be referred to a debt-recovery agency. This will be done through the Central Income Team.
- 31 Cases may be referred to the recovery agency, where appropriate, before considering legal action. The debt-recovery agency will supply progress updates on referred cases and a final written report for each case.

Legal action

- 32 Prior to legal action being taken, the service may be contacted to ensure that all the supporting evidence has been collected and is available. We have included the minimum information we need for specific types of debt in the Legal Services procedural notes.
- 33 The minimum value of a debt for referral for court action is £250. However, debts below this minimum value can be referred and the Central Income Team will consider whether court action is appropriate. A formal letter will be issued before we take any action. Debt recovery officers can issue the court-approved letters before action.
- 34 If a customer has outstanding debts with more than one portfolio area, the customer will be sent a single claim covering all debts.
- 35 If a judgment from the court has not been made but instalments have been agreed after a referral, the relevant debt-recovery officer will monitor these. If a judgement has been made and instalments agreed in court, these cases will be monitored by the Central Income Team.
- 36 My Finance will be updated with the relevant query markers depending on the outcome of the referrals.

Writing off debts and bad debt provision

- 37 SLT members must introduce written policies, agreed by the Director of Finance and Resources, setting levels for authorising write-offs.
- 38 SLT members can write off a debt if a valid debt or outstanding balance cannot be collected as opposed to credit notes that are used if a debt is not valid or to correct invoices as a result of a mistake. Debt recovery officers in the Central Income Team can write off amounts under £25 so long as they can demonstrate due process in recovery has been followed.
- 39 SLT members can write off debts up to £10,000 for each customer if this is authorised in writing. Debt-recovery officers must not input write-offs into My Finance until they have written authorisation. SLT members cannot write off bad debts over this figure without the approval of the Director of Finance and Resources.
- 40 SLT members can identify debts as write-offs using the following mechanisms:
- Recommendation by Legal Services;
 - Recommendation by the enquiry officer or recovery agency;
 - Recommendation by portfolio area budget holders;
 - Recommendation by Central Income Team;
 - Recommendation by local visiting officers; and
 - Central Income staff if a bankruptcy case has been formally closed and no further amounts are due from the customer.
- 41 Each year, the Central Income Team will prepare a list of possible bad debts and send it on to Accountancy by the dates shown in the closedown timetable. The Income Manager and Senior Corporate Accountant can, based on their service knowledge, increase or reduce this figure if appropriate.

Issuing credit notes

- 42 We can only reduce an account by issuing an official credit note if the invoice was raised by mistake or it contains incorrect information. If the credit note is raised in My Finance, the request will need to be approved by the appropriate officer via workflow.
- 43 If the credit note relates to non- My Finance or migrated legacy SAP issued customer invoices, it will only be issued by the Director of Finance and Resources upon written instruction from the debt recovery officer or budget holder. The written instruction must be attached to the My Finance transaction.
- 44 If a credit results in changing the amount of VAT originally charged, the credit memo must show the full details HM Revenues & Customs will need.

Monitoring performance

- 45 The quality of service we provide is most important. It is essential that we reflect this commitment to quality in the billing and recovery process.
- 46 Cabinet will set standards to measure performance and will monitor against these standards on a quarterly basis.

Appendix 2

Anti-money-laundering strategy

1 We will do all we can to:

- prevent us and our employees from being exposed to money laundering;
- identify the possible areas where it may happen; and
- comply with all legal and regulatory requirements, especially in terms of reporting actual or suspected cases.

The main points:

- we are committed to preventing, detecting and reporting money laundering;
- all employees must be on the lookout for the signs of money laundering;
- any employee who suspects money laundering is taking place must report this promptly to the Money Laundering Reporting Officer (MLRO);
- we will not accept a payment in cash if it is more than £2000; and
- the Money Laundering Regulations are detailed and complicated – if you are in any doubt about how to follow the strategy, please contact the MLRO.

Introduction

2 The Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 place obligations on us and our employees when it comes to suspected money laundering. The law which comprises the UK Anti Money Laundering (AML) Legislation Framework is contained in the following legislation and relevant amending statutory instruments:

- the Proceeds of Crime Act 2002 (POCA) as amended by the Serious Organised Crime and Police Act 2005 (SOCPA);
- the Terrorism Act 2000 (TA 2000) (as amended by the Anti-Terrorism Crime and Security Act 2001 (ATCSA) and the Terrorism Act 2006 (TA 2006));
- the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the 2017 Regulations);
- terrorist Asset-Freezing Act 2010;
- anti-terrorism, Crime and Security Act 2001;
- counter-terrorism Act 2008, Schedule 7;
- the Criminal Finances Act 2017.

POCA and TA 2000 contain the offences that can be committed by individuals or organisations. The 2017 Regulations set out the systems and controls that businesses are obliged to possess, as well as the related offences that can be committed by businesses and key individuals within them.

Scope

- 3 This strategy applies to all our employees and aims to maintain standards of behaviour which currently exist within the council by preventing money laundering. The strategy sets out the procedures which we must follow (for example, reporting suspicions of money laundering) so we can comply with our legal obligations.
- 4 This strategy sits alongside the whistleblowing and Fraud, Bribery and Theft Policies.

What is money laundering?

- 5 Money laundering is the term used for a number of offences involving the proceeds of crime or terrorism funds. The purpose of money laundering could be to:
 - possess the proceeds of one's own crime;
 - transfer criminal property between individuals or groups;
 - conceal criminal property, or entering arrangement to assist in the concealment of criminal property.

The following acts amount to money laundering:

- concealing, disguising, converting or transferring criminal property or removing it from the UK (section 327 of the Proceeds of Crime Act (POCA) 2002);
- entering into or becoming aware of an arrangement which you know or suspect involves gaining, having, keeping, using or controlling criminal property by or on behalf of another person (section 328 of POCA); and
- gaining, using or possessing criminal property (section 329 of POCA).

These are the primary money-laundering offences, which can be punishable by a sentence of up to 14 years imprisonment and/or an unlimited fine.

There are also two secondary offences:

- failure to disclose any of the three primary offences; and
- tipping off. Tipping off is where someone lets a person or people who are, or who are suspected of being, involved in money laundering know that they are under suspicion and this will reduce the likelihood of them being investigated or it will unfairly affect the investigation.

These secondary offences are not considered to have been committed if (i) the persons involved did not know or suspect they were dealing with the proceeds of crime, (ii) if a report of suspicious activity is promptly made to the MLRO or the National Crime Agency, (iii) if there is a reasonable excuse for not reporting the activity (e.g. concern for personal safety) and, (iv) in certain situations only, when the activity took that gave rise to the criminal property took place in a Country where the activity would be considered legal and would have resulted in a maximum sentence of less than 12 years had it taken place in the UK.

Money Laundering typically requires the following stages of activity:

- placement – “Dirty” money is placed into a financial system (e.g. paid to the Council);
- layering – The proceeds of crime are moved through a series of financial transactions, making it harder to establish their origin. The Council may be used for one or more of these transactions; and
- integration – the money launderer creates a legitimate explanation for the source of funds, allowing them to be retained, invested into the legitimate economy or to acquire assets.

- 6 Any member of staff could be implicated under the anti -money laundering legislation, if they suspect money laundering and either become involved with it in some way or do nothing about it. This strategy sets out how any concerns should be raised.
- 7 While the risk to us of breaking the law is low, it is important that all employees know their responsibilities as serious legal action may be taken for breaking the legislation. The main requirement is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer.

Strategy statement

- 8 Our strategy is to do all we can to prevent, wherever possible, us and our employees being exposed to money laundering. We must also identify the potential areas where it may happen, and keep to all legal and regulatory requirements, especially in terms of reporting actual or suspected cases. However, we cannot stress too strongly that it is every employee’s responsibility to be vigilant.
- 9 The following list identifies possible warning signs that may highlight areas you should be concerned about:
 - large cash payments;
 - significant overpayments and subsequent request for refund;
 - no reasonable explanation for a transaction taking place;

- individuals who are happy to enter into an apparent bad deal for them which appears to make little financial sense;
- a sudden change in the pattern of activity;
- financial arrangements taking place across a number of different countries' legal authorities (jurisdictions);
- funds being unnecessarily passed through third-party accounts; and
- using offshore accounts, companies or structures if this is not really needed in economic terms.

10 The following areas represent our operations which are at the greatest risk of money laundering:

- treasury management;
- legal services;
- property sales;
- accountancy;
- public reception areas;
- traded services.

This is not a full list and all staff must be aware of possible cases.

The Money Laundering Reporting Officer (MLRO)

11 The MLRO is responsible for ensuring compliance with the AML Legislation Framework. To do this, the MLRO should ensure they keep up to date with the latest requirements of the AML Legislative Framework.

The MLRO and Deputy MLRO are responsible for being aware of when Suspicious Activity Reports need to be made to the National Crime Agency.

Under the 2017 regulations, organisations should apply a risk based approach to dealing with Money Laundering. To comply with this, the Council will conduct a formal money laundering risk assessment exercise, which will be reviewed on an annual basis. The risk assessment will be updated as emerging or decreasing risks are identified, and subject to an annual review.

Where risks are identified, consideration will be given to policies and procedures in place to identify potential money laundering, including employee knowledge of requirements.

Risks considered must include both individual service users of the Council, suppliers, and customers of the Council's services.

All relevant staff should have appropriate knowledge of how to identify potential money laundering, and what to do if they identify a concern. This will be co-ordinated by the MLRO and may include written briefings or face to face training to ensure the Council's staff have relevant knowledge to meet the Council's obligations under the AML Legislation framework.

12 Any employee who suspects money laundering must report this promptly to the money laundering reporting officer (MLRO). If you are in any doubt about

putting our policy on money laundering into practice, please contact the MLRO or the Deputy MLRO.

MLRO:

Deborah Harris
Chief Internal Auditor
Staffordshire County Council
2 Staffordshire Place
Stafford
ST16 2DH

☎ 01785 276402

✉ deborah.harris@staffordshire.gov.uk

Deputy MLRO:

David Fletcher
Audit Manager - Fraud
Staffordshire County Council
2 Staffordshire Place
Stafford
ST16 2DH

☎ 01785 895408

✉ david.fletcher@staffordshire.gov.uk

- 13 If the named MLRO or Deputy are not available, please refer the matter to the Fraud and Corruption Reporting Line / 0800 7311890 or email fraud@staffordshire.gov.uk.

Cash payments

- 14 You must not accept a cash payment if it is more than £2000 (cash is defined as notes, coins or traveller's cheques in any currency).

Reporting

- 15 If you suspect money laundering, you must report it promptly to the MLRO or to her deputy. The MLRO will send you the appropriate forms to fill in as part of the reporting process. If you would prefer, you can discuss your suspicions informally with the MLRO or their deputy first.
- 16 You must follow any directions the MLRO or her deputy gives you and must not make any further enquiries into the matter. You must not take any further steps in any related transaction without authorisation from the MLRO.
- 17 You must not reveal your suspicions to the person suspected of money laundering. You must not discuss the matter with anyone else or add a note on the file that a report has been made to the MLRO in case this results in the suspect becoming aware of the situation.
- 18 The MLRO or deputy must promptly evaluate any report you make, to decide whether it should be reported to the National Crime Agency (NCA).
- 19 The MLRO or deputy must, if they decide, promptly report the matter to the NCA on their standard report form and in the correct way. You can download up-to-date forms from the NCA website at <http://www.nationalcrimeagency.gov.uk/about-us/what-we-do/economic-crime/ukfiu/how-to-report-sars>

- 20 The MLRO or deputy will commit a criminal offence if they know or suspect, or have reasonable grounds to do so, after someone makes a disclosure, that another person is involved in money laundering and they do not report this as soon as possible to the NCA. If possible, proposed transactions, that give rise to a suspicion of money laundering should be delayed until after a report has been made to the NCA, and approval has been given to proceed (7 days required to await permission).

Customer due diligence

- 21 The 2017 Money Laundering Regulations place extra obligations on 'relevant persons' carrying out certain 'regulated activities'. This means that extra care needs to be taken to check the identity of the customer or client. This is known as carrying out customer due diligence. Public authorities are not considered to be 'relevant persons' and are not governed by the 2017 Regulations.
- 22 Although it is not a legal requirement for public authorities to put in place formal procedures for checking the identity of those they do business with, in practice we make sure that staff are on the lookout for potentially suspicious circumstances. Examples include situations where funds flow through the authority from a source with which it is not familiar.
- 23 In particular, if we are forming a new business relationship or considering carrying out a significant one-off transaction, it would be a good idea to set up and maintain identification procedures for those people involved. This will be especially true if the people involved are not present for identification purposes and in situations where they may be acting for people who are not present.
- 24 Below are some examples of the different types of identification checks which we may carry out. We may:
- check the customer's website to confirm their business address;
 - carry out an online search at Companies House to confirm the nature and business of the customer and confirm the identities of any directors; and
 - ask to see evidence from the main contact to check their personal identity, for example their passport, and position within the organisation.
- 25 You will find specific guidance on money laundering for treasury management activities in CIPFA's Treasury Management in the Public Services – Code of Practice and Cross Sectoral Guidance Notes (the TM Code).
- 26 If at any time you suspect that a client or customer is carrying out money laundering, is financing terrorism, or has lied about their identity, you must report this to the MLRO immediately.

More information

27 You can get more information from the MLRO and the following sources:

- [www.nationalcrimeagency](http://www.nationalcrimeagency.gov.uk) .gov.uk. – website of the National Crime Agency;
- Proceeds of Crime (Anti-Money Laundering) – Practical Guidance for Public Service Organisations – CIPFA;
- Consultative Committee of Accountancy Bodies (CCAB) guidance (www.ccab.org.uk);
- Money Laundering Guidance at www.lawsociety.org.uk; and
- SI 2017 No. 692, The Money Laundering, Terrorist Financing and Transfer of Funds (Information on Payer) Regulations 2017.

Glossary

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| Band A | is a representative of a member of the Councils 'FULL' Senior Leadership Team. |
| Band B | is an Officer who reports direct to a Band A. |
| Band C | is an Officer who reports direct to a Band B. |
| Budget heads | Income and expenditure budgets held at activity level within a service area. |
| Budget holder | A member of staff who has delegated responsibility for managing income and expenditure budgets. |
| Council | The full council. |
| Cabinet | The leader and Cabinet. |
| Director of Finance and Resources | where included within the Financial Regulations this also refers to the appropriate responsible officer |
| Financial framework | The agreed method we use to share money between particular services. This includes revenue and capital funding. The method is reviewed by Cabinet or appointed sub-committee or working group as appropriate. |
| Portfolio area | The way we group services for management purposes set out by Cabinet. |
| Portfolio holder or cabinet member | The cabinet member with specific responsibility for delivering services and themes. |
| Project | This may relate to a proposal to tackle a specific theme or issue and may include a general minor improvements project or a group of low-value schemes. |
| My Finance | The My Finance system is the council system for procurement, payments, income recovery and accountancy., |
| My HR | The My HR system is the council system for the calculation and payment of salaries and deductions, staff and member expenses, and the maintenance of HR records. |

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| Select Committees | A committee that helps us develop policies and consider options to improve services. They can also check that services are being delivered in the most efficient and effective way and make recommendations for improvement. |
| Senior Leadership Team | SLT members we have appointed under Article 12 of the Constitution. This includes the Chief Executive, Director of Finance and Resources, Director of Corporate Services, Director of Economy, Infrastructure and Skills, Director of Health and Care, Director of Families and Communities and any other appropriate people authorised to carry out the duties shown in these regulations in line with delegations made by the SLT member under a Sub Scheme of Delegation approved by the Audit and Standards Committee. |
| Services | The groups of budget heads. |
| Virement | Transferring resources between budget heads or services. |