

FINANCIAL PROCEDURES

INTRODUCTION

To ensure that the Authority's business is efficiently managed, satisfactory financial management policies are required to be in place that are strictly adhered to. The establishment of Financial Regulations sets out the financial policies of the County Council.

The Financial Regulations provide clarity about the financial accountabilities of individuals i.e. Members, Head of Paid Service, Executive Director of Finance and Commercial Services and other Executive Directors. Each of the Financial Regulations sets out the overarching financial responsibilities.

Consequently, the Financial Regulations link with the Financial Procedures setting out the details and responsibilities of the Executive Director of Finance and Commercial Services and other Executive Directors.

Each section of the Financial Procedures follows the format set out below:

- Purpose - This sets the context for the financial procedures
- Key Controls - This explains the key internal controls that set the framework for ensuring financial regulations are operating effectively
- Responsibilities of the Executive Director of Finance and Commercial Services
- Responsibilities of Executive Directors
- Responsibilities of Employees and / or Members (where applicable)
- Further Information (where applicable)

The procedures are important to both the structure and delivery of financial activities right across the organisation. They determine the boundaries, responsibilities and levels that must be adhered to when putting in place any corporate or departmental financial processes.

UPDATING THE PROCEDURES

These procedures will be reviewed and updated on an annual basis to ensure that any stated values are still appropriate, and any new legislation and policies have been incorporated. Changes to the document will be reviewed by Senior Finance Practitioners, before approval by Financial Management Team.

Any questions about the Financial Procedures should be directed, in the first instance to the Financial Projects and Planning Manager, Finance and Commercial Services.

These procedures can be viewed on the NCC Intranet Finance site

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1 FINANCIAL MANAGEMENT STANDARDS

1.1 Purpose

- 1.1.1 All staff and members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.
- 1.1.2 These standards underpin the financial disciplines that are necessary to achieve the County Council's objectives of providing value for money.

1.2 Key controls

- 1.2.1 These financial management standards will be:
- Promoted throughout the County Council
 - Monitored by a system reviewing compliance with financial standards
 - Regularly comparing performance indicators and benchmark standards that will be reported to the Cabinet and County Council.

1.3 Responsibilities of the Executive Director of Finance and Commercial Services

- 1.3.1 To ensure the proper administration of the financial affairs of the County Council.
- 1.3.2 To establish the financial management standards and to ensure monitoring and compliance with them.
- 1.3.3 To ensure proper professional practices and accounting standards are in place and adhered to and to act as Head of Profession in relation to the standards, performance and development of all finance staff throughout the County Council including ensuring concurrent reporting to the Executive Director of Finance and Commercial Services and Service Executive Director on key financial matters.
- 1.3.4 To define the essential competencies of finance employees and to deliver effective and appropriate training and development opportunities to those employees. Training should include ethical conduct as well as technical and management topics.
- 1.3.5 To deliver appropriate training for members and non-financial staff, especially in relation to budget management.

- 1.3.6 To advise on the key strategic controls necessary to secure sound financial management.
- 1.3.7 To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.
- 1.3.8 To ensure that system notes, and procedure notes are reviewed on a regular basis and updates communicated to all relevant employees.
- 1.3.9 To ensure that finance teams work to agreed financial management and professional standards set by the Executive Director of Finance and Commercial Services and that Finance Business Partners undertake dual reporting to their Service Executive Director and Executive Director of Finance and Commercial Services on key financial matters.
- 1.4 Responsibilities of Executive Directors**
 - 1.4.1 To promote sound financial practices in relation to the standards, performance and development of staff in their departments.
 - 1.4.2 To ensure that the Cabinet, and (if applicable) the County Council, is advised of the financial implications of all proposals relating to their respective services and for ensuring that the financial implications have been agreed by the Executive Director of Finance and Commercial Services.
 - 1.4.3 To consult with the Executive Director of Finance and Commercial Services and seek approval on any matter liable to materially affect the County Council's finances before any commitments are entered or incurred. This includes notification to the Executive Director of Finance and Commercial Services as soon as possible in the event of identification of overspending or of a shortfall in income against the budget approved by the Council, and a responsibility to ensure that corrective action is managed rigorously.
- 1.5 Responsibilities of Employees**
 - 1.5.1 To ensure they abide by the highest standards of probity in dealing with financial issues.
 - 1.5.2 To ensure they maintain and enhance their level of knowledge of the financial management and professional standards that are relevant to their role.
 - 1.5.3 To ensure that they undertake Continuing Professional Development (CPD) and comply with the requirements of their institute's CPD scheme where relevant.
- 1.6 Further Information**
 - 1.6.1 [Learning and Skills \(NCC MyNet\)](#)
 - 1.6.2 [Financial Training \(NCC MyNet\)](#)

2 ACCOUNTING POLICIES

2.1 Purpose

- 2.1.1 To comply with proper accounting practices as set out in the format required by the Code of Practice on Local Authority Accounting in the United Kingdom, for each financial year ending 31 March.
- 2.1.2 The statement of accounts is audited in accordance with the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office, which requires compliance with relevant audit standards and accounting policies.

2.2 Key controls

- 2.2.1 The key controls for accounting policies are:
- systems of internal control are in place that ensure that financial transactions are lawful
 - suitable accounting policies are selected and applied consistently
 - proper accounting records are maintained
 - financial statements are prepared which present a true and fair view of the financial position of the County Council and its expenditure and income for the year.

2.3 Responsibilities of the Executive Director of Finance and Commercial Services

- 2.3.1 To select suitable accounting policies and to ensure that they are applied consistently. The accounting policies are set out in the statement of accounts, which is prepared at 31 March each year, and covers such items as:
- separate accounts for capital and revenue transactions
 - statement of internal control
 - the basis on which debtors and creditors at year end are included in the accounts
 - details on substantial provisions and reserves
 - fixed assets
 - Intellectual Property value
 - depreciation
 - capital charges
 - work in progress
 - stocks and stores
 - deferred charges
 - accounting for value added tax
 - government grants
 - leasing
 - pensions

2.4 Responsibilities of Executive Directors

- 2.4.1 To adhere to the accounting policies approved by the Executive Director of Finance and Commercial Services.

2.5 Responsibilities of Employees

- 2.5.1 To adhere to the accounting policies approved by the Executive Director of Finance and Commercial Services

2.6 Further Information

- 2.6.1 CIPFA/LASAAC Code of Practice on Local Authority Accounting – contact Corporate Accounting

3 ACCOUNTING RECORDS AND RETURNS**3.1 Purpose**

- 3.1.1 Maintaining proper accounting records is one of the ways in which the County Council discharges its responsibility for stewardship of public resources. The County Council has a statutory responsibility to prepare its annual accounts to present a true and fair view of its operations during the year. These are subject to External Audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of the County Council's resources.

3.2 Key controls

- 3.2.1 The key controls for accounting records and returns are:
- all Members, finance staff and Responsible Budget Officers operate within the required accounting standards and timetables
 - all the County Council's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis
 - procedures are in place to enable accounting records to be reconstituted in the event of systems failure
 - reconciliation procedures are carried out to ensure transactions are correctly recorded
 - prime documents are retained in accordance with legislative and other requirements

3.3 Responsibilities of the Executive Director of Finance and Commercial Services

- 3.3.1 To determine the accounting procedures and records for the County Council.
- 3.3.2 To arrange for the compilation of all accounts and accounting records for the County Council.
- 3.3.3 To comply with the following principles when allocating accounting duties:

- a) separating the duties of providing information about sums due to or from the County Council and calculating, checking and recording these sums from the duty of collecting or disbursing them
- b) employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions

- 3.3.4 To make proper arrangements for the audit of the County Council's accounts in accordance with the Accounts and Audit (England) Regulations 2015.
- 3.3.5 To maintain a corporate grant register and ensure that all claims for funds including grants are made by Executive Directors by the due date.
- 3.3.6 To prepare and publish the audited accounts of the County Council for each financial year, in accordance with the statutory timetable and with the requirement for the Audit Committee to approve the statement of accounts before the agreed deadline.
- 3.3.7 To ensure the proper retention of financial documents in accordance with the requirements set out in the County Council's document retention schedule.
- 3.3.8 The document retention schedule is held centrally on the Intranet, which is reviewed on a regular basis for appropriateness.

3.4 Responsibilities of Executive Directors

- 3.4.1 To consult and obtain the approval of the Executive Director of Finance and Commercial Services before making any changes to accounting records.
- 3.4.2 To comply with common financial procedures and processes.
- 3.4.3 To comply with the principles outlined for allocating accounting duties (described in the section above for Responsibilities of the Executive Director of Finance and Commercial Services.).
- 3.4.4 To maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements.
- 3.4.5 To supply information required to enable the statement of accounts to be completed in accordance with guidelines issued by the Executive Director of Finance and Commercial Services.

3.5 Responsibilities of Employees

- 3.5.1 To ensure adequate accounting records are maintained.
- 3.5.2 To operate within the required accounting timetable, ensuring all information is provided by the due dates.

3.6 Further Information

[3.6.1 Retention of Records \(NCC MyNet\)](#)

[3.6.2 Closure of Accounts Information \(NCC MyNet\)](#)

4 THE ANNUAL STATEMENT OF ACCOUNTS**4.1 Purpose**

- 4.1.1 The County Council has a statutory responsibility to prepare its own accounts to present a true and fair view of the financial position of the County Council and its income and expenditure for the year. Audit Committee is responsible for approving the statutory annual statement of accounts.

4.2 Key controls

- 4.2.1 The key controls for the annual statement of accounts are:
- the County Council is required to make arrangements for the proper administration of its financial affairs and the Executive Director of Finance and Commercial Services has the responsibility for the administration of these affairs
 - the County Council's statement of accounts must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC)

4.3 Responsibilities of the Executive Director of Finance and Commercial Services

- 4.3.1 To select suitable accounting policies and to apply them consistently.
- 4.3.2 To make judgements and estimates that are reasonable and prudent.
- 4.3.3 To comply with the Code of Practice, International Financial Reporting Standards and Company Law.
- 4.3.4 To sign and date the statement of accounts, stating that it presents a true and fair view of the financial position of the County Council at the accounting date and its income and expenditure for each year ending 31 March.
- 4.3.5 To draw up the timetable for final accounts preparation and to advise staff and External Auditors accordingly.

4.4 Responsibilities of Executive Directors

- 4.4.1 To comply with accounting guidance provided by the Executive Director of Finance and Commercial Services and to supply the Executive Director of Finance and Commercial Services with information when required.

4.5 Responsibilities of Employees

- 4.5.1 To ensure accounting entries comply with the Code of Practice, Statements of Standard Accounting Practice, Financial Reporting Standards, Company Law and Norfolk County Council Accounting Policies

4.6 Further Information

- 4.6.1 [Statement of Accounts and Summary of Accounts \(NCC Internet\)](#)

SECTION B FINANCIAL PLANNING

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[- Scheme of Virement](#)
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1 FORMAT OF THE BUDGET – REVENUE AND CAPITAL

1.1 Purpose

1.1.1 The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate, the operation of cash limits and sets the level at which funds may be reallocated within budgets.

1.2 Key controls

1.2.1 The key controls for the budget format are:

- the format complies with all legal requirements
- the format complies with CIPFA's Service Reporting Code of Practice for Local Authorities Best Value Accounting: Code of Practice (SeRCOP)
- the format reflects the accountabilities of service delivery

1.3 Responsibilities of the Executive Director of Finance and Commercial Services

1.3.1 To advise the Leader on the format of the budget that is approved by the County Council.

1.4 Responsibilities of Executive Directors

1.4.1 To comply with guidance provided by the Executive Director of Finance and Commercial Services.

2 MEDIUM TERM PLANNING AND BUDGET PREPARATION

2.1 Purpose

2.1.1 The County Council is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. The budget is the financial expression of the County Council's plans and policies.

2.1.2 The County Council will agree its priorities that set the overall strategic framework for the County Council's Services. The Medium-Term Financial Strategy sets out the financial context for the County Council and gives details as to how the County Council plans to resource the core roles over at least three years.

2.1.3 The revenue and capital budget must be constructed to ensure that resource allocation properly reflects the service plans and priorities of the County Council. Budgets (spending plans) are needed so that the County Council can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for a County Council to budget for a deficit.

2.1.4 Revenue and capital estimates for periods of three or more years shall be prepared by Executive Directors in consultation with the Executive Director of Finance and Commercial Services and then submitted through Cabinet to the County Council according to a timetable issued by the Executive Director of Finance and Commercial Services.

2.1.5 The County Council will agree at least a three-year balanced budget, to enable forward plans and actions to be put in place.

2.2 Key controls

2.2.1 The key controls for budgets and medium-term planning are:

- specific budget approval for all expenditure
- Responsible Budget Officers are consulted in the preparation of the budgets for which they will be held responsible and accept accountability, within authorisation for Executive Directors and Responsible Budget Officers, for their budgets and the level of service to be delivered
- the revenue budget and capital programme are considered together to ensure that best use is made of resources
- option appraisal and use of whole life costing to ensure that budget proposals are sustainable
- the robustness of the estimates is reviewed and reported by the Executive Director of Finance and Commercial Services
- a review of financial risks and budget assumptions is considered to evaluate the adequacy of the reserves and provisions
- a monitoring process is in place to review regularly the effectiveness and operation of budget preparation and to ensure that any corrective action is taken

2.3 Responsibilities of the County Council

- 2.3.1 To consider the Executive Director of Finance and Commercial Services' advice on the adequacy of reserves and provisions and agree the minimum level of General Balances.
- 2.3.2 To agree a three-year balanced budget and agree the precept for the following financial year at the February County Council meeting.

2.4 Responsibilities of the Executive Director of Finance and Commercial Services

- 2.4.1 To prepare and submit reports on budget prospects for Cabinet, including resource constraints set by the Government. Reports should take account of legal requirements, Government guidelines, accounting standards and the Prudential Code and reflect medium term planning prospects, where appropriate.
- 2.4.2 To issue guidance to support the budget planning process in accordance with the framework approved by Cabinet including clear guidance on budget assumptions such as the treatment of inflationary and demographic pressures and forthcoming legislation and to ensure that budget proposals demonstrate adherence to the guidance.
- 2.4.3 To determine the detailed form of revenue and capital estimates and the methods for their preparation, consistent with the budget approved by the County Council, and after consultation with Cabinet and Executive Directors.
- 2.4.4 To prepare and submit reports to Cabinet on the aggregate medium-term spending plans of departments and on the resources available to fund them, identifying, where appropriate, the implications for the level of Council tax to be levied.
- 2.4.5 To ensure that the revenue and capital budget process and medium-term financial planning support the County Council's core roles, are integrated with business and service planning, take account of risk assessments and link to other corporate strategies.
- 2.4.6 To ensure that equality and sustainability assessments are undertaken to support key budget decisions and that sensitivity analysis is undertaken where appropriate.
- 2.4.7 To encourage the best use of resources and value for money by working with Executive Directors to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.
- 2.4.8 To ensure key messages in the Medium-Term Financial Strategy are communicated to staff and stakeholders.
- 2.4.9 In accordance with statutory responsibilities, the Executive Director of Finance and Commercial Services will advise the County Council on Cabinet proposals.

2.5 Responsibilities of Executive Directors

- 2.5.1 To collectively develop a framework and timetable to deliver medium term planning requirements and report to Cabinet for approval. The framework

- will include review of the planning context and the budget planning forecast; service priorities and costs; development of medium-term service options including efficiencies; financial implications; risk assessment; member engagement; public and stakeholder consultation and the decision-making process
- 2.5.2 To prepare three-year budgets that are consistent with any relevant cash limits, with the County Council's annual budget cycle and with guidelines issued by Cabinet. The format should be prescribed by the Executive Director of Finance and Commercial Services in accordance with the County Council's general directions.
- 2.5.3 To ensure that budgets are complete and incorporate all expenditure and income that is planned to be incurred or received by the County Council during the relevant financial year, including all grant income and income that may be received by the County Council and subsequently granted to a third party.
- 2.5.4 To integrate financial and budget plans into service planning, so that plans can be supported by financial and non-financial performance measures.
- 2.5.5 In consultation with the Executive Director of Finance and Commercial Services and in accordance with the laid-down guidance and timetable, to prepare detailed draft revenue budgets for consideration by Cabinet and where appropriate review panels.
- 2.5.6 When drawing up draft budget requirements, to have regard to:
- Legal requirements
 - Medium-term planning prospects
 - The County Council's core roles
 - All available resources including external funding and income
 - Increases in demand and inflation
 - Best value
 - Government guidelines
 - Accounting standards
 - The Prudential Code
 - Option appraisal and use of whole life costing, comparing the relative costs of the options, over the life of the project. For example, whether to lease, purchase or new build.
 - Risk assessment and owner
 - The need to prepare equality and rural impact assessments
 - Budget proposals pro-forma template to ensure that budget proposals are developed on a consistent basis by Cabinet
 - The County Council Vision and Strategy
 - Together, for Norfolk – the Norfolk County Council Plan 2019-2025
 - Strategic Asset Management Framework
 - Reserves, general and earmarked
 - Arm's length bodies

- 2.5.7 To ensure that all budget proposals are prepared in accordance with the guidance to ensure that budgets are set on a sound financial basis and in accordance with best practice.
- 2.5.8 To ensure that budgets are allocated and notified to Responsible Budget Officers by the start of the financial year.
- 2.5.9 To ensure staff are made aware of the key messages of the Financial Plan, and the implications for their service.

2.6 Responsibilities of Responsible Budget Officers

- 2.6.1 To ensure budgets are prepared in accordance with the requirements detailed in the Responsibilities of Executive Directors above.
- 2.6.2 To sign off the devolved budget by the start of the financial year and ensure that the service deliverables within the resources are understood and will meet the budget decisions agreed by County Council.

2.7 Further Information

- 2.7.1 [Council Vision and Strategy \(NCC Internet\)](#)
- 2.7.2 [Together, for Norfolk – the Norfolk County Council Plan 2019-2025 \(item 15\)](#)
- 2.7.3 [Detailed Budget Planning Guidance \(NCC MyNet\)](#)
- 2.7.4 [Council Tax Information \(NCC Internet\)](#)
- 2.7.5 [HM Treasury Green Book \(advice on Option Appraisal\) \(External Internet\)](#)
- 2.7.6 [Budget Book \(NCC Internet\)](#)

3 [ASSET MANAGEMENT PLAN \(now known as STRATEGIC ASSET MANAGEMENT FRAMEWORK\)](#)¹

3.1 Purpose

- 3.1.1 Norfolk County Council is one of the largest owners of property in the county. The presence of these assets can help promote a sense of community and act as a stimulus for wider community development. Historically the reason for the County Council to hold most of its property assets has been to effectively support the delivery of services. The scale of the financial challenge faced by the County Council means that we need to look at all our resources (including property) and challenge existing practices so that through exploiting its property makes its contribution to meeting the County Council's funding shortfall.
- 3.1.2 The Council is looking for a far greater degree of space sharing across the public estate, to enable the early release of assets for disposal, generating capital receipts and revenue savings, while continuing to enable delivery of the Council's statutory functions and other services.
- 3.1.3 To build on previous good practice and to ensure the County Council can continue to strategically and operationally manage and exploit its property assets a new Strategic Asset Management Framework has been developed to cover the next five years and draws together a number of well-established strategies and policies across the County Council.

¹ Original term in title retained for now as is used elsewhere in the current version of the constitution.

The Strategic Asset Management Framework is structured so as to remain up to date and relevant and is divided in to 3 main sections:

(i) **Property asset management policy** - This establishes the rules, culture and behaviours and is link to the County Councils Corporate Plan².

(ii) **Property asset management strategy** - This sets the direction for change.

(iii) **Property asset management action plan** - This sets out how that change will be delivered.

The action plan (section (iii)) is reviewed annually and reported to Cabinet. It is expected sections (i) and (ii) will be updated periodically to reflect any changes and updates to the Councils corporate plan

3.2 Key controls

3.2.1 The key controls for the Strategic Asset Management Framework are:

- The Strategic Asset Management Framework supports the authorities' key objectives
- specific approval by the County Council for the programme and the Strategic Asset Management Framework and capital programme are considered together to ensure that best use is made of resources
- expenditure on asset management is subject to the approval of the Executive Director of Finance and Commercial Services
- actions, timescales and accountabilities which ensure implementation of asset management actions
- accountability for each proposal is accepted by a named manager
- monitoring of progress in conjunction with expenditure and comparison with approved budget

3.3 Responsibilities of the Corporate Property Officer (Director of Property)

3.3.1 To maintain the Council's Strategic Asset Management Framework to give a single strategic oversight as to how the Authority manages its property assets, including how it:

- Makes its investment decisions (in relation to property assets)
- Manages and prioritises its capital programme
- Can respond to changes in budgets and service delivery needs
- Maintains and improves its asset base
- Increases the cost effectiveness and value of its portfolio
- Exploit the property portfolio

² Current Corporate plan is titled "Together, For Norfolk" published 26 June 2019

- Promotes innovation and development in asset management
- Listens and responds to property users
- Ensures the portfolio is 'fit for the future'

3.3.2 To present the forward Action Plan part of the Strategic Asset Management Framework to Cabinet on an annual basis.

3.3.3 To report progress on the previous year's Action plan to Cabinet.

3.3.4 To ensure that the Strategic Asset Management Framework and the capital programme are aligned, subject to any over-arching funding constraints.

3.3.5 To develop costed actions arising directly from the Action Plan.

3.3.6 To issue guidance to Executive Directors and officers arising from the Strategic Asset Management Framework.

3.4 Responsibilities of Executive Directors

3.4.1 To be aware and mindful of the contents of the Strategic Asset Management Framework and current Action Plan.

3.4.2 To plan asset use in the context of the Framework

3.4.3 To contribute to the development of the Strategic Asset Management Framework and Action Plan.

3.4.4 To comply with agreed guidance arising from the Framework.

3.5 Responsibilities of Employees

3.5.1 To contribute to the development of the Strategic Asset Management Framework and Action Plan, when requested.

3.5.2 To comply with agreed guidance arising from the Framework.

3.6 Further Information

[3.6.1 Strategic Asset Management Framework 2021/22 – 2025/26](#)

3.7 Decisions

3.7.1 All decisions must be undertaken in accordance with the decision making and reporting framework set out in the Constitution of the County Council and must comply with the County Council's Financial Regulations and Financial Procedures. Financial implications must be provided before any financial decision can be taken.

4 CAPITAL PROGRAMME

4.1 Purpose

4.1.1 All capital investment should contribute to the achievement of the main priorities of the County Council with consideration given to whether the service objectives and improvements are best achieved through capital schemes, ongoing (revenue) expenditure or a mixture of the two.

4.1.2 Capital prioritisation enables funding to be directed to projects which best meet corporate core roles. A key element of developing the corporate capital programme is a full consideration of the revenue consequence of

each capital scheme, including the costs associated with prudential borrowing.

4.1.3 Current year capital budgets and forecast shall be regularly maintained by the Executive Director of Finance and Commercial Services. Proposals and funding bids for periods of three years ahead shall be prepared by Executive Directors in consultation with the Executive Director of Finance and Commercial Services as part of the County Council's Annual Medium-Term Financial Strategy and Capital Strategy and Programme planning. Corporate Capital prioritisation and plans should be linked to the County Council Plan and service plans.

4.1.4 Executive Directors, in consultation with the Executive Director of Finance and Commercial Services, shall prepare draft capital funding bids in relation to schemes wholly funded from grants, external funding and revenue funding relevant to their areas of responsibility.

4.1.5 Executive Directors may also suggest other schemes for consideration by the Executive Director of Finance and Commercial Services and the Corporate Property Officer (Director of property) who will establish a draft prioritised programme. The overall draft capital programme is considered by Cabinet in January and approved by Council in February each year.

4.1.6 Capital schemes requiring funding from borrowing or capital receipts at short notice and which could not be included in the annual capital programme can be put forward for approval with a suitable business case subject to the agreement of the Executive Director of Finance and Commercial Services

4.2 Key controls

4.2.1 The key controls for capital programmes are:

- specific approval by the County Council for the programme of all capital expenditure and financing schemes
- the revenue budget and capital programme are considered together to ensure that best use is made of resources
- expenditure on capital programmes is subject to the approval of the Executive Director of Finance and Commercial Services
- a scheme and estimate, including project plan, risk assessment, progress targets and associated revenue expenditure is prepared for each capital programme or distinct project
- proposals for improvements and alterations to buildings must be approved by the Corporate Property Officer (Director of property) in conjunction with the appropriate Executive Director
- the development and implementation of Strategic Asset Management Frameworks
- accountability for each proposal is accepted by a named manager
- monitoring of progress in conjunction with expenditure and comparison with approved budget

4.3 Responsibilities of the Executive Director of Finance and Commercial Services

- 4.3.1 To prepare a draft capital strategy programme and capital estimates jointly with Executive Directors and to report them to Cabinet for approval, ensuring that the affordability of the capital programme is considered alongside the pressures on the revenue budget and how the programme is to be financed over the medium to long term.
- 4.3.2 To ensure that bids for additional capital resource are only considered after an option appraisal and, where appropriate, equality and sustainability assessments have been undertaken.
- 4.3.3 To issue guidance on the aspects of capital financial planning and preparation, ensuring the capital programme integrates with business and service planning, with revenue implications considered.
- 4.3.4 To advise Cabinet on the financial implications of additional external funding bids outside the approved capital programme.
- 4.3.5 To prepare and submit reports to Cabinet on the projected income, expenditure and resources compared with the approved estimates.
- 4.3.6 To determine the definition of 'capital' having regard to government regulations and accounting requirements.
- 4.3.7 To advise Cabinet on financing implications where the estimated expenditure exceeds the capital programme provision.
- 4.3.8 To report to County Council and Cabinet at least annually (and monitor on a regular basis), on the Authority's performance against prudential indicators agreed by the Council and in accordance with the Local Government Finance Act 2003 and the Prudential Code for Capital Finance in Local Authorities published by CIPFA.

4.4 Responsibilities of Executive Directors

- 4.4.1 To comply with guidance concerning capital schemes and controls issued by the Executive Director of Finance and Commercial Services.
- 4.4.2 To ensure that all capital proposals support the Council's priorities, and have undergone project appraisal, option appraisal and, where appropriate, equality and sustainability assessments. Option appraisals should incorporate sensitivity analysis where appropriate and identify whole life costs of proposals.
- 4.4.3 Prior to each project, to document estimated total costs, funding sources, timescales, risks, VAT implications and responsibilities. To prepare regular reports reviewing the capital programme provisions for their services.
- 4.4.4 To prepare and submit reports, jointly with the Executive Director of Finance and Commercial Services, to Cabinet, of any variation in contract costs greater than the approved limits.
- 4.4.5 To prepare and submit reports, jointly with the Executive Director of Finance and Commercial Services, to Cabinet, on completion of all contracts where the final expenditure exceeds the approved contract sum by more than the specified amount.
- 4.4.6 To ensure that adequate records are maintained for all capital contracts.

- 4.4.7 To proceed with projects only when there is adequate provision in the capital programme and with the agreement of the Executive Director of Finance and Commercial Services, where required.
- 4.4.8 To ensure that credit arrangements, such as finance leasing agreements, are not entered without the prior approval of the Executive Director of Finance and Commercial Services, and that sufficient revenue resources are available to meet the lease repayments.
- 4.4.9 To consult with the Executive Director of Finance and Commercial Services and to seek Cabinet approval where the Executive Director proposes to bid for external funding to support expenditure that has not been included in the current year's capital programme and the ongoing revenue implications.
- 4.4.10 To support the management of capital schemes in such a way as to make best use of available funding.
- 4.4.11 To take steps, in consultation with the Executive Director of Finance and Commercial Services, to ensure that any external funding that is subject to a specified timescale is, wherever possible, fully utilised within that timescale.

4.5 Responsibilities of Employees

- 4.5.1 To comply with guidance concerning capital schemes and controls issued by the Executive Director of Finance and Commercial Services.
- 4.5.2 To ensure that all capital proposals have undergone project appraisal and option appraisal.
- 4.5.3 To prepare Capital Bid Notification Forms where required prior to Member approval of the Capital Programme
- 4.5.4 To ensure that monitoring of the Capital Programme is undertaken in accordance with the timetable issued by the Capital team.

4.6 Further Information

[4.6.1 Budget Book \(NCC Internet\)](#)

- 4.6.2 Capital Strategy including Prioritisation and Approval Processes – contact the Capital team

- 4.6.3 Capital Bid Notification Form – contact the Capital team

[4.6.4 HM Treasury Green Book \(advice on Option Appraisal\) \(External Internet\)](#)

[4.6.5 Leasing \(NCC MyNet\)](#)

5 DECISIONS

5.1 Purpose

- 5.1.1 The framework for decision making is set out in the Council's Constitution. The standards for Cabinet reports, Financial Regulations, Financial Procedures and other key policy documents set out standards for assessing and providing information to support decision making. Dependent upon the nature or level of spend, decisions to spend County Council funds will be made by Members, Executive Directors and delegated budget officers. Understanding the impact of spending

decisions provides a mechanism to understand the affordability, value and consequence of decisions.

- 5.1.2 By ensuring that the impact of spending decisions that meet certain criteria has been assessed, the Council can evidence that spending decisions provide value for money, that future commitments are affordable, and that any negative impacts are proactively managed.

5.2 Key Controls

- 5.2.1 The key controls for ensuring that the impact of spending decisions is assessed and used to support key spending decisions are:

- Decisions required from Cabinet include details of resource implications; equality impact and alternative options.
- A full equality and rural impact assessment is prepared for all budget proposals and used to highlight equality, environmental, economic, health and safety and child welfare issues that may arise from the decision.
- Option appraisal including an assessment of whole life costs must be undertaken to support all spending decisions that meet the minimum criteria. This includes in-year revenue spending decisions, revenue budget proposals and capital projects.

5.3 Responsibilities of the Executive Director of Finance and Commercial Services

- 5.3.1 To agree the minimum requirement for option appraisal and use of whole life costing.
- 5.3.2 To ensure that an option appraisal tool is available that provides a minimum standard for the County Council.
- 5.3.3 To ensure that, where relevant, Cabinet reports include adequate information to support spending decisions.

5.4 Responsibilities of Executive Directors

- 5.4.1 To ensure that the spending decisions are assessed against the agreed criteria and where required, the minimum standards for option appraisal are completed. Additional requirements for option appraisal will apply for significant procurements and PFI contracts and the relevant guidance for this MUST be followed.
- 5.4.2 To ensure that a summary of the assessment is taken into consideration when making decisions, whether these are decisions that have been delegated to officers or to support decisions required from Cabinet.
- 5.4.3 To ensure that staff responsible for preparing proposals that may require option appraisal and impact assessment have been made aware of the requirements and are familiar with supporting tools. Examples of the types of proposals that will apply include annual budget proposals, significant procurement contracts, capital spending proposals.

5.5 Further Information

5.5.1 [HM Treasury Green Book \(advice on Option Appraisal\) \(External Internet\)](#)

5.5.2 [Green Book Checklist for assessing business cases \(External Internet\)](#)

5.5.3 [Budget Planning Guidance \(NCC MyNet\)](#)

5.5.4 Capital Strategy and Capital Programme – contact Capital team

5.5.5 [Contract Standing Orders \(NCC Internet - pdf file\)](#)

6 BUDGET MONITORING AND CONTROL**6.1 Purpose**

6.1.1 Budget management control ensures that when the budget has been approved by the County Council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.

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

6.1.3 For the purposes of budgetary control by managers, a budget will normally be the planned income and expenditure for a service area or cost centre. However, budgetary control may take place at a more detailed level if this is required by the Executive Director's scheme of authorisation.

6.2 Key controls

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

- Responsible Budget Officers should be responsible only for income and expenditure that is delegated to them
- there is a nominated Responsible Budget Officer for each cost centre heading
- Responsible Budget Officers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities
- Responsible Budget Officers follow an approved certification process for all expenditure, and income and expenditure are properly recorded and accounted for
- monitoring reports include profiled budgets

- performance levels/levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget

6.3 Responsibilities of the Executive Director of Finance and Commercial Services

6.3.1 To establish an appropriate framework of budgetary management and control that ensures that:

- budget management is exercised within annual cash limits
- the Budgeting and Accounting team is resourced and equipped to provide appropriate support for monitoring, forecasting and other budget management activity by services
- each Executive Director has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities; such information to include profiled budgets
- expenditure is committed only against an approved budget head
- all officers responsible for committing expenditure comply with relevant guidance, and the financial regulations
- each cost centre has a single named manager, determined by the relevant Executive Director. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making process(es) that commits expenditure
- significant variances from approved budgets are investigated and reported by Responsible Budget Officers regularly

6.3.2 To administer the Council's scheme of virement.

6.3.3 To submit reports to Cabinet and to the County Council, in consultation with the relevant Executive Director, where an Executive Director is unable to balance expenditure and income with resources within existing approved budgets under his or her control.

6.3.4 To prepare and submit reports on the Council's projected income and expenditure compared with the budget monthly to Cabinet. Such reports to include the financial performance of significant partnerships.

6.3.5 To monitor prudential indicators and regularly report to Cabinet on the overall position.

6.3.6 To have in place cash flow projections and monitor the actual cash flow of the Council against these projections, ensuring cash flow information is used to inform borrowing and investment decisions.

6.4 Responsibilities of Executive Directors

6.4.1 To maintain budgetary control within their departments, in adherence to the framework established by the Executive Director of Finance and Commercial Services, and to ensure that all income and expenditure are properly recorded and accounted for.

- 6.4.2 To ensure that a Responsible Budget Officer is identified and is accountable for each item of income and expenditure under the control of the Executive Director (grouped together in a series of cost centres). As a general principle budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.
- 6.4.3 To ensure that spending remains within the service's overall cash limit, and that individual budget heads are not overspent, by monitoring the budget (including the profiled budget) and taking appropriate corrective action where significant variations from the approved budget are forecast.
- 6.4.4 To ensure that there is a satisfactory monitoring process in place to review performance and levels of service in conjunction with the budget and that the budget is operating effectively.
- 6.4.5 To prepare and submit to Cabinet, reports in consultation with the Executive Director of Finance and Commercial Services, on the service's projected expenditure compared with its budget.
- 6.4.6 To ensure prior approval by the County Council in accordance with the functions of the County Council stated in the Constitution, for new proposals of whatever amount, that:
- create financial commitments in current and future years
 - change existing policies, initiate new policies or cease existing policies
 - materially extend or reduce the Council's services
- 6.4.7 Any policy proposal, which would have the effect of increasing a Service's budget, must be supported by a funding proposal setting out how it can be accommodated within the Service's existing budget. Such proposals must be made available to the Executive Director of Finance and Commercial Services at least five working days before the meeting at which they are to be proposed and must be finalised two working days before the meeting in order that the Executive Director of Finance and Commercial Services can report on the robustness of any proposed budget amendments. If the proposal falls outside the scope of the Policy Framework as set out in appendix 12 of the Constitution, it must be referred to Full Council for consideration.
- 6.4.8 To report, to the Director of Procurement in consultation with the Executive Director of Finance and Commercial Services, to Cabinet on contracts where the total expenditure under the contract exceeds the original sum by 5% or £50,000, whichever is the greater.
- 6.4.9 To ensure compliance with the scheme of virement.
- 6.4.10 To agree with the relevant Executive Director where it appears that a budget proposal, including a virement proposal, may impact materially on another service area or Executive Director's level of service activity.

6.5 Responsibilities of Responsible Budget Officers (RBOs)

- 6.5.1 To maintain budgetary control for income and expenditure items for which they are responsible, in adherence to the framework established by the Executive Director of Finance and Commercial Services and guidance issued by their Executive Director, and to ensure that all income and expenditure items are properly recorded and accounted for.
- 6.5.2 To ensure that there is a satisfactory monitoring process in place to review performance and levels of service in conjunction with the budget and that the budget is operating effectively.
- 6.5.3 To ensure that robust financial forecasting is undertaken, and that any areas of overspending or underspending are reported in a timely manner.

6.6 Further Information**6.6.1 [Financial Training \(NCC MyNet\)](#)****7 VIREMENT**

Virement is the process of transferring budgeted expenditure or income, whether it is either revenue or capital, to another expenditure or income cost centre or subjective code. For the purposes of Financial Procedures, virements are treated as being dealt with either under the Scheme of Virement, or under the Budget Management procedures. The Scheme of Virement covers virements between budget heads; Budget Management covers virements at a lower level.

For the purposes of the Scheme of Virement, a budget head is a line in the approved estimates report, or, as a minimum, at an equivalent level to the standard service subdivision as defined by CIPFA's Service Expenditure Analysis. This means that the Scheme of Virement will cover virements between, for example, Schools (Primary) and Schools (Secondary). Virements within, for example, Schools (Primary) will be covered by the procedures relating to Budget Management. The Scheme of Virement procedures should also be used where the virement (or group of virements) exceeds £100,000 or 1% of the net service budget, whichever is the greater, unless the virement falls within one of the exceptions covered in the Budget Management procedures.

7.1 Scheme of Virement

- 7.1.1 The scheme of virement is intended to enable Members, County Council, Executive Directors and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the County Council, and therefore to optimise the use of resources.
- 7.1.2 The scheme is administered by the Executive Director of Finance and Commercial Services within guidelines set by the County Council. Any variation from this scheme requires the approval of the County Council.
- 7.1.3 The overall budget is proposed by Cabinet and approved by the County Council. Executive Directors and Responsible Budget Officers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement; that is,

switching resources between approved estimates or heads of expenditure. For the purposes of this scheme, a budget head is the subdivision of service budgets as reported in service detail within the Budget Book.

- 7.1.4 A virement does not create additional overall budget liability. Executive Directors are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Executive Directors must plan to fund such commitments from within their own budgets.
- 7.1.5 The capital and revenue budgets may contain block allocations of funding for specific purposes. The movement of resources from a block allocation to an identified scheme does not constitute a virement provided that the expenditure being incurred is in accordance with the original policy decision agreed by the County Council. If an Executive Director wishes to transfer funding from a block allocation and use it for a different purpose, for example the transfer of purchase of care from one client group to a different client group, the rules below will apply.

7.2 Revenue Controls

- 7.2.1 The County Council is responsible for agreeing virement between services (as shown in the Budget report to County Council in February each year)
- 7.2.2 The County Council is also responsible for agreeing virements between budget heads (as defined in 7.2 above), where the virement has a value more than 1% of the net budget of the service (as shown in the budget report to County Council in February) or £100,000, whichever is the higher. For Children's Services, net budget is calculated exclusive of amounts delegated to schools.
- 7.2.3 All other virements are the responsibility of Executive Directors, subject to consultation with the relevant Cabinet Portfolio Holder, Leader or Deputy Leader and the agreement of the Executive Director of Finance and Commercial Services.
- 7.2.4 Executive Directors may delegate authority to make virements to other officers, consistent with the above and in accordance with formally agreed departmental arrangements.

7.3 Capital Controls

- 7.3.1 The County Council is responsible for agreeing virement between services (as shown in the Capital Budget document produced by the Executive Director of Finance and Commercial Services)
- 7.3.2 The County Council is also responsible for agreeing virements greater than £250,000 within services (as defined above)
- 7.3.3 All other virements are the responsibility of Executive Directors, subject to consultation with the relevant Cabinet Portfolio Holder, Leader or Deputy Leader and the agreement of the Executive Director of Finance and

Commercial Services and subject to the Service's overall financial provision for capital spending not being exceeded in the current and in future years.

7.4 Responsibilities of the Executive Director of Finance and Commercial Services

- 7.4.1 To prepare jointly with the Executive Director a report to County Council where a virement has a value in excess of 1% of the net revenue budget of the service or £100,000 whichever is the higher. However, for Capital items a report to the County Council is required for agreeing virements greater than £250,000.

7.5 Responsibilities of Executive Directors, Employees and Members

- 7.5.1 An Executive Director may exercise virement on budgets under his or her control for amounts up to £100,000 or less than 1% of the net budget of the service, on any cost centre or subjective code during the year, following notification to the Executive Director of Finance and Commercial Services and in consultation with the relevant Cabinet Portfolio Holder, Leader or Deputy Leader under arrangements agreed by the County Council.
- 7.5.2 Amounts greater than £100,000 or more than 1% of the net budget of the service require the approval of the County Council, following a joint report by the Executive Director of Finance and Commercial Services and the Executive Director, which must specify the proposed expenditure and the source of funding, and must explain the implications in the current and future financial year.
- 7.5.3 All Capital Virements of £250,000 or below are the responsibility of Executive Directors, subject to consultation with the appropriate Cabinet Portfolio Holder, the Leader or Deputy Leader and the agreement of the Executive Director of Finance and Commercial Services and subject to the service's overall financial provision for capital spending not being exceeded in the current and future years.
- 7.5.4 The prior approval of the relevant Cabinet Portfolio Holder, Leader or Deputy Leader is required for any virement, of whatever amount, where it is proposed to vire between budgets managed by different Executive Directors
- 7.5.5 Virement that is likely to impact on the level of service activity of another Executive Director must be implemented only after agreement with the relevant Executive Director.
- 7.5.6 Responsible budget officers (RBOs) should be informed of any virement that affects their budget, especially where this was not initiated by the RBO.
- 7.5.7 No virement relating to a specific financial year can be made after 31 March in that year. The only exception to this is where budget for a capital scheme is being transferred to a subsequent year due to slippage, as the level of slippage will not be known until after the end of the year.
- 7.5.8 Schools are free to vire between budget heads in the expenditure of their budget shares, but governors are advised to establish criteria for

virements and financial limits above which the approval of the governors is required.

- 7.5.9 It is good practice that the Head teacher reports on a regular basis to the full Governing Body or a finance committee of that body, all the virements made. Virements do not apply to specific grants devolved to schools on an earmarked basis, except as allowed by the terms of the specific grant.
- 7.5.10 Where an approved budget is a lump-sum budget or contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that:
- 7.5.11 the amount is used in accordance with the purposes for which it has been established
- 7.5.12 the Cabinet has approved the basis and the terms, including financial limits, on which it will be allocated.
- 7.5.13 Individual allocations more than the financial limits must be made only after the prior agreement of the County Council.

7.6 Budget Management Purpose

- 7.6.1 Budget management is intended to enable Executive Directors and their staff to manage their budgets as they require whilst ensuring that good practice and the overall policy framework of the Council are followed.

7.7 Key Controls

- 7.7.1 The overall budget is approved by the County Council. Executive Directors and Responsible Budget Officers are therefore authorised to incur expenditure in accordance with this budget. Forecasts of all revenue budgets are prepared monthly and reported to Executive Directors, Corporate Board and Cabinet at appropriate points.
- 7.7.2 The rules below cover budget management – switching resources at a lower level than that covered by the Scheme of Virements above.
- 7.7.3 A virement does not create additional overall budgeted funds. Executive Directors are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Executive Directors must plan to fund such commitments from within their own budgets.

7.8 Revenue Control

- 7.8.1 Executive Directors are responsible for approving virements within a budget head where the virement is less than £100,000 or 1% of the net service budget, whichever is the greater. Virements more than this level should be dealt with under the scheme of virement above, unless they fall into one of the following exceptions:

- Allocation of budget (held at a summary level) to detailed cost centres, subjective codes, projects and / or further analysis codes.

- Virements that are carried out to reflect a new coding structure and which do not change the purpose of the budget.
- Virement from a block allocation to a specific scheme provided that the expenditure being incurred is in accordance with the original policy decision agreed by the County Council.
- Correction of miscoding(s).
- Virements between subjective codes within the same main CIPFA subjective classification (e.g. employees, premises).

7.8.2 Where a number of virements of a similar nature are carried out, the cumulative effect should be considered when considering whether the virement falls under the scheme of virement or budget management. This is to ensure that the stricter processes associated with the scheme of virement cannot be avoided by processing elements of the virement at different times.

7.9 Controls

7.9.1 Executive Directors are responsible for agreeing virements within their service of less than £250,000.

7.9.2 The movement of resources from a block allocation to a specific identified scheme does not constitute a virement provided that the expenditure being incurred is in accordance with the original policy decision agreed by the County Council.

7.10 Responsibilities of Executive Directors

7.10.1 To review the monthly revenue budget forecasts and follow up reasons for significant variations to budget and compared with expected services outcomes.

7.10.2 To ensure that actions are in place to manage budget and performance variations and ensure that significant issues are reported to Executive Directors and Cabinet.

7.10.3 To ensure that only authorised Responsible Budget Officers can approve virements.

7.10.4 To ensure that the cumulative effect of virements is monitored to ensure that there is compliance with the scheme of virement.

7.10.5 To ensure Responsible Budget Officers are aware of the limits set out in the scheme of virement.

7.10.6 Responsible budget officers (RBOs) should be informed of any virement that affects their budget, especially where this was not initiated by the RBO.

7.11 Responsibilities of Employees with budget responsibility (Responsible Budget Officers)

7.11.1 To manage budgets and approve virements in accordance with the guidance set out above.

7.11.2 To provide monthly forecasts for all budgets for which they are responsible, taking into consideration known commitments and providing information about significant variations.

- 7.11.3 Where approving virements that affect another Responsible Budget Officer, to ensure the agreement of the other Responsible Budget Officer has been received prior to approving the virement.

7.12 Further Information

7.12.1 [The Scheme of Virement Annex A \(forms part of the Financial Regulations\)](#)

8 TREATMENT OF YEAR-END BALANCES AND CARRY-FORWARD

8.1 Purpose

- 8.1.1 To provide adequate scrutiny of year end balances and ensure accountability, transparency and an accurate understanding of the true level of earmarked reserves through clear sight of carry-forward of under spend or grant that is committed to fund specific expenditure in the following year.
- 8.1.2 To provide incentives and restrictions to promote good financial practice.
- 8.1.3 To ensure that satisfactory arrangements are in place for the transfer of resources between accounting years, i.e. a carry-forward. The rules below cover such arrangements.

8.2 Key controls

- 8.2.1 Appropriate accounting procedures are in operation to ensure that carried-forward totals are correct.
- 8.2.2 A policy and process are in place setting out criteria and reporting of all carry forward.
- 8.2.3 To report all, carry forwards to Corporate Board Team and to Cabinet as part of year end reporting to ensure full awareness of carry forward decisions and understanding of the purpose and level of earmarked reserves and provisions.
- 8.2.4 An overspend is a first charge on the following year budget and controls are in place to ensure that carry-forward of revenue budget, reserves and grants above agreed limits are documented and reported to all Executive Directors and totals agreed by Cabinet.
- 8.2.5 No carry forward should be considered if a department is reporting an overspend, except where certain individual budgets are ring-fenced and could not be used to offset overspend elsewhere.
- 8.2.6 Where grant is received for a specific purpose and the Council would otherwise lose the grant, then these grants are carried forward as a matter of course and reported to all Executive Directors and Cabinet.

8.3 Responsibilities of the Executive Director of Finance and Commercial Services

- 8.3.1 To ensure that a policy and process is in place setting out the criteria and reporting of all carry-forward.
- 8.3.2 To report all overspends and under spends on services to the Cabinet and to the County Council.
- 8.3.3 To administer the scheme of carry-forward within the guidelines approved by Cabinet and reported to the County Council.

- 8.3.4 To ensure that the Council's capital programme is financed in such a way as to ensure the maximum benefit to the Council is obtained.
- 8.3.5 To report to Cabinet, within year end reports, the position about year end balances and proposed level of carry forward of funds, including reserves and grants.
- 8.3.6 To report to Cabinet, in consultation with Executive Directors, any overspends, under spends and slippage associated with capital schemes, together with a recommendation as to the amounts to be carried forward to the following financial year. This will also be reported to County Council.

8.4 Responsibilities of Executive Directors

8.4.1 Revenue:

- 8.4.1.1 To comply with the agreed policy and process for determining and reporting carry forward of funds.
- 8.4.1.2 Any overspending on services under the control of the Executive Director must be carried forward to the following year, subject to the decision of Cabinet and will constitute the first call on the service in the following year. The Executive Director of Finance and Commercial Services will report the extent of overspends carried forward to Cabinet and to the County Council.
- 8.4.1.3 Net under spends on services under the control of the Executive Director may be carried forward, subject to:
- reporting to Cabinet
 - the approval of the County Council

- 8.4.1.4 All internal business unit surpluses must be reported and retained for the benefit of the Council.

8.4.2 Capital:

- 8.4.2.1 To provide the Executive Director of Finance and Commercial Services with information regarding any overspends, under spends and slippage associated with capital schemes for which they are responsible, along with details of the associated funding.

8.4.3 Education:

- 8.4.3.1 Schools may carry forward from one financial year to the next any surplus/deficit in net expenditure for the year plus/minus any balances brought forward from the previous year.
- 8.4.3.2 To allow the County Council to monitor balances in hand and over spending, Governing Bodies are required to provide explanations to the Council by the end of June following the financial year, in cases where the total balances in hand or over spending exceeds £25,000 or 5% of the school's previous budget share, whichever is the greater.
- 8.4.3.3 In exceptional circumstances, schools may seek to incur expenditure to be financed by anticipating the following year's budget share. Such arrangements must follow the guidance within the Scheme for Financing Schools and require the prior approval of the Executive Director of Children's Services. Proposals shall be accompanied by a detailed plan

setting out how the arrangement is to be accommodated as the first call on the reduced budget share.

9 MAINTENANCE OF RESERVES

9.1 Purpose

- 9.1.1 The Local Authority must decide the level of general reserves it wishes to maintain before it can decide the level of Council tax. Reserves are maintained as a matter of prudence. They enable the Council to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained, such as the purchase or renewal of capital items.

9.2 Key controls

- 9.2.1 To maintain reserves in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC) and agreed accounting policies.
- 9.2.2 The Council has an agreed policy for the appropriate management of reserves and balances, as set out in the Statement on the Adequacy of Provisions and Reserves reported to Council annually.
- 9.2.3 For each reserve established, the purpose, usage and basis of transactions should be clearly identified.
- 9.2.4 Three-year forecasts of expected use of earmarked reserves and provisions are prepared and reported to Cabinet as part of budget monitoring.
- 9.2.5 Authorisation and expenditure from reserves by the appropriate Executive Director in consultation with the Executive Director of Finance and Commercial Services, in line with the approvals given by Full Council.

9.3 Responsibilities of the Executive Director of Finance and Commercial Services

- 9.3.1 To review the Council's financial risks and assumptions within the budget planning process and to advise the County Council on the minimum level of General Balances and to advise Cabinet and/or the County Council on prudent levels of reserves for the Council following the Council Policy on Provisions and Reserves and to take account of the advice of the External Auditor in this matter.
- 9.3.2 To produce the Policy on Provisions and Reserves for approval by Members, ensuring the policy is based on a thorough understanding of the risks and needs of the Council.
- 9.3.3 To ensure that reserves are monitored, the approved limit adhered to, and that reserves are used to support the long-term core role of the Council.

9.4 Responsibilities of Executive Directors

- 9.4.1 To ensure that reserves are used only for the purposes for which they were intended.

9.5 Further Information

9.5.1 CIPFA/LASAAC Code of Practice on Local Authority Accounting – contact
Corporate Accounting team

9.5.2 [Reserves Policy \(page 263\)](#)

SECTION C RISK MANAGEMENT AND CONTROL OF RESOURCES

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1 RISK MANAGEMENT AND INSURANCE

1.1 Purpose

- 1.1.1 All organisations, whether private or public sector, face risks to people, property and continued operations.
- 1.1.2 Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. The County Council's management of risk policy defines risk as 'an uncertain event or set of events that, should it occur, will influence the achievement of objectives.
- 1.1.3 Risk management is the planned and systematic approach to the identification, analysis, evaluation, treatment and monitoring of risk. Its objectives are to secure the assets of the organisation and to ensure the continued financial and organisational wellbeing of the organisation. It is, therefore, an integral part of good business practice.
- 1.1.4 Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending the action the organisation needs to take to control these risks effectively.
- 1.1.5 One method of controlling risk is through insurance and the County Council's Insurance team works closely with management teams throughout the County Council to provide appropriate levels of insurance cover. The Insurance team also handles all claims that are made either by or against the County Council.

- 1.1.6 It is the overall responsibility of County Council to approve the County Council's Risk Management Policy as part of the risk management framework. The Audit Committee is responsible for promoting a culture of risk management awareness throughout the County Council.

1.2 Key controls

- 1.2.1 The key controls for risk management are:

- procedures are in place to identify, analyse, evaluate, treat and monitor risks, and these procedures are operating effectively throughout the County Council
- a corporate risk register is in place which details the County Council's most significant risks
- the Corporate Board role is to review the effectiveness of risk treatment strategies and to take account of the risks on the corporate risk register that Cabinet owns, reviewing the register prior to it being reported into Cabinet.
- the provision of an Audit Committee responsible for reviewing the effectiveness of the County Council's risk management arrangements through regular reporting and overseeing the active management of corporate risks (see section on Internal Controls below)
- managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives
- acceptable levels of risk are determined and insured against where appropriate and provision is made for losses that might result from the risks that remain
- procedures are in place to investigate claims within required timescales
- the County Council has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources

1.3 Responsibilities of the Executive Director of Finance and Commercial Services

- 1.3.1 To ensure the preparation of and promote the County Council's risk management policy as part of the risk management framework.
- 1.3.2 To provide the Cabinet and the Audit Committee with risk management reports and updates to the corporate risk register at least four times a year and ensure departments report summaries of their departmental risk registers to Cabinet at least once per annum.
- 1.3.3 To develop risk management controls in conjunction with other Executive Directors.
- 1.3.4 To ensure that there is a framework in place that enables strategic decisions and major projects to be supported by risk analyses that incorporate equality and sustainability assessments.

- 1.3.5 To ensure that training in risk management is provided to relevant staff and members.
- 1.3.6 To include all appropriate employees of the County Council in a suitable fidelity guarantee insurance.
- 1.3.7 To offer insurance cover to Local Authority Maintained schools.
- 1.3.8 To effect corporate insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with other officers, where necessary.
- 1.4 Responsibilities of Executive Directors**
 - 1.4.1 To notify the Executive Director of Finance and Commercial Services immediately of any loss, liability or damage that may lead to a claim against the County Council, together with any information or explanation required by the Executive Director of Finance and Commercial Services or the County Council's insurers.
 - 1.4.2 To take responsibility for risk management, having regard to advice from the Executive Director of Finance and Commercial Services and other specialist officers (e.g. the Risk Management Officer, and crime prevention, fire prevention and health and safety officers).
 - 1.4.3 To ensure that there are regular reviews of risk within their departments and to report departmental risk summaries to Cabinet at least once per annum.
 - 1.4.4 To ensure that strategic decisions and major projects are supported by risk analyses that incorporate equality and sustainability assessments.
 - 1.4.5 To identify employees who require risk management training and ensure with the Executive Director of Finance and Commercial Services that this is provided.
 - 1.4.6 To notify the Executive Director of Finance and Commercial Services promptly of all new properties or vehicles that require insurance and of any alterations affecting existing insurances.
 - 1.4.7 To consult the Executive Director of Finance and Commercial Services and the Director of Governance on the terms of any indemnity that the County Council is requested to give.
 - 1.4.8 To ensure that employees, or anyone covered by the County Council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- 1.5 Responsibilities of Employees**
 - 1.5.1 To manage (on behalf of their Executive Director) those risks associated with any projects or activities for which they are responsible, adhering to the responsibilities of Executive Directors detailed above.
- 1.6 Further Information**
 - 1.6.1 [The Risk Management web site \(NCC MyNet\)](#) contains further information on many aspects of risk management.
 - 1.6.2 [Insurance \(NCC MyNet\)](#)

2 INTERNAL CONTROLS

2.1 Purpose

2.1.1 As a complex organisation the County Council requires management structures and systems to direct and co-ordinate its activities. Internal controls exist within such systems to ensure their continued operation and to protect the integrity of activities carried out.

2.1.2 The County Council has statutory obligations, and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.

2.1.3 The County Council faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks on a risk assessed basis.

2.1.4 The system of internal controls is established to provide measurable achievement of:

- efficient and effective operations
- reliable financial information and reporting
- compliance with laws and regulations
- risk management
- sound governance arrangements
- adherence to management policies
- safeguarding of the County Council's assets
- minimise the risk of fraud and bribery being committed by internal or external stakeholders

2.2 Key controls

2.2.1 The key controls and control objectives for internal control systems are:

- Managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities
- Financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems
- An effective Internal Audit function that is properly resourced. It should operate in accordance with the principles contained in the Public sector internal audit standards (PSIAS) published by CIPFA and with any other statutory obligations and regulations.
- Annual review of the system of internal audit and at least once every five years an independent review, in line with the PSIAS requirements.

- 2.2.2 Key controls should be reviewed on a regular basis and the County Council should make a formal statement annually to the effect that it is satisfied that the systems of internal control are operating effectively.

2.3 Responsibilities of the Executive Director of Finance and Commercial Services

- 2.3.1 To assist the County Council in putting in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations. To ensure that this assurance framework links to assessments in relation to risk, equality and sustainability.
- 2.3.2 To review the system of internal audit at least annually and report to the Audit Committee.
- 2.3.3 To ensure that reconciliations of all bank accounts, the financial system and feeder systems are undertaken on a regular basis, and that any control weaknesses identified as a result are resolved promptly.
- 2.3.4 To prepare the Annual Governance Statement following an annual review of systems of internal control. The Leader of the Council and the Head of Paid Service are responsible for signing the Annual Governance Statement.

2.4 Responsibilities of Executive Directors

- 2.4.1 To manage and monitor processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks including to:
- Establish and maintain managerial control systems, including defining policies, roles and responsibilities, setting objectives and plans, monitoring financial and other performance and take appropriate anticipatory and remedial action.
 - Define the financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems.
- 2.4.2 To review existing controls in the light of changes affecting the County Council and to establish and implement new ones in line with guidance from the Executive Director of Finance and Commercial Services. After discussion with the Executive Director of Finance and Commercial Services, Executive Directors are also responsible for removing controls that are unnecessary or not cost or risk effective – for example, because of duplication.
- 2.4.3 To ensure that reconciliations of any bank accounts and feeder systems for which they are responsible are undertaken on a regular basis, and that any control weaknesses identified as a result are resolved promptly.

- 2.4.4 To ensure staff have a clear understanding of the consequences of lack of control.

2.5 Responsibilities of the Audit Committee

- 2.5.1 To consider the findings of the review of systems of internal audit and internal control and report to the County Council and consider the County Council's Annual Governance Statement.
- 2.5.2 To provide leadership on audit, governance and risk management issues.
- 2.5.3 To approve the internal audit terms of reference and consider the internal audit strategy and plan and review performance
- 2.5.4 To provide independent assurance and scrutiny of the risk management policy and framework, internal controls and the authority's financial and non-financial performance where it affects the authority's exposure to risk and weakens the control environment.
- 2.5.5 To oversee the financial reporting process as delegated by the Council.

2.6 Responsibilities of Employees

- 2.6.1 To comply with all controls when performing their role and to report exceptions to their line manager.

2.7 Further Information

- 2.7.1 [The Annual Governance Statement \(NCC Internet\)](#)

3 AUDIT REQUIREMENTS

3.1 Internal Audit

3.1.1 Purpose

- 3.1.1.1 Internal Audit is an independent and objective appraisal function established by the County Council for reviewing the adequacy and effectiveness of the system of internal control and risk management. It examines, evaluates and reports an opinion on the adequacy and effectiveness of internal control and risk management as a contribution to the proper, economic, efficient and effective use of resources and the delivery of the County Council's Strategic Ambitions and core role as set out in the County Council's plan.
- 3.1.1.2 The requirement for an Internal Audit function for local authorities is implied by section 151 of the Local Government Act 1972, which requires that authorities "make arrangements for the proper administration of their financial affairs". The Accounts and Audit (England) Regulations 2015, more specifically require that a "relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management or risk".
- 3.1.1.3 The work of the Internal Audit function provides overall assurances to External Audit on internal control systems within the Authority, and external auditors may use the work of the Internal Audit when carrying out their functions.

3.1.2 Key controls

3.1.2.1 The key controls for Internal Audit are:

- that it is independent in its planning and operation
- the Chief Internal Auditor has direct access to the Head of Paid Service, all levels of management and to elected members
- the Internal Auditors comply with the mandatory elements of the institute of internal auditors (IIA) and international professional practices framework (IPPF)
- Internal Audit operate quality and operational procedures and a standardised audit programme guide which incorporates CIPFA's public sector internal audit standards.

3.1.3 Responsibilities of the Executive Director of Finance and Commercial Services

3.1.3.1 To ensure that Internal Auditors have the authority to:

- access County Council premises at reasonable times
- access all assets, records, documents, correspondence and control systems
- receive any information and explanation considered necessary concerning any matter under consideration
- require any employee of the County Council to account for cash, stores or any other County Council asset under his or her control
- access records belonging to third parties, such as contractors and partner organisations, when required
- directly access the Head of Paid Service and members as required

3.1.3.2 To consult with the Chief Internal Auditor regarding the strategic and annual audit plans, which take account of the characteristics and relative risks of the activities involved.

3.1.3.3 To ensure that effective procedures are in place to prevent, detect and if necessary, investigate promptly any fraud, bribery or irregularity.

3.1.4 Responsibilities of Executive Directors

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

3.1.4.2 To ensure that Auditors are provided with any information and explanations that they seek during their work.

3.1.4.3 To consider and respond promptly to recommendations in audit reports.

3.1.4.4 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion in accordance with the agreed action plan, such that the identified risk is adequately mitigated on a risk assessed basis.

- 3.1.4.5 To notify the Executive Director of Finance and Commercial Services (usually by notifying Norfolk Audit Services) and the Practice Director immediately of any suspected fraud, bribery, theft, irregularity, improper use or misappropriation of the County Council's property or resources. Pending investigation and reporting, the Executive Director should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- 3.1.4.6 To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Chief Internal Auditor prior to implementation.
- 3.1.4.7 To account to Internal Auditors for cash, stores or any other County Council asset under his or her control when requested so to do.

3.1.5 Responsibilities of Employees

- 3.1.5.1 To ensure that Internal Auditors are given access at all reasonable times to premises, personnel, documents and assets that the Auditors consider necessary for the purposes of their work.
- 3.1.5.2 To ensure that Auditors are provided with any information and explanations that they seek during their work.
- 3.1.5.3 To account to Internal Auditors for cash, stores or any other County Council asset under his or her control when requested so to do.

3.1.6 Further Information

- 3.1.6.1 [Norfolk Audit Services \(NAS\) \(NCC MyNet\)](#)
- 3.1.6.2 [Audit committee terms of reference– NCC internet pdf file\)](#)

3.2 External Audit

3.2.1 Purpose

- 3.2.1.1 The County Council's accounts are subject by law to be scrutinised by External Auditors. They must be satisfied that the statement of accounts 'presents a true and fair view' of the financial position of the County Council and its income and expenditure for the year in question and complies with the legal requirements.
- 3.2.1.2 Public Sector Audit Appointments Limited (PSAA) has delegated statutory functions on a transitional basis from the Audit Commission Act 1998 under powers contained in the Local Audit and Accountability Act 2014. Under transitional arrangements, PSAA is responsible for appointing auditors to principal local government and police bodies, for setting audit fees and for making arrangements for the certification of housing benefit subsidy claims. From 2018-19 PSAA will appoint External Auditors to local councils in England and Wales that opt into its national scheme. The External Auditor has rights of access to all documents and information necessary for audit purposes.
- 3.2.1.3 The basic duties of the External Auditor are defined in the Audit Commission Act 1998 and the Local Government Act 2003. Section 4 of the 1998 Act requires Public Sector Audit Appointments Limited to prepare a code of audit practice, which External Auditors follow when

carrying out their duties. The code of audit practice approved by parliament in March 2010 sets out the auditor's objectives to review and report upon:

- the financial aspects of the audited body's corporate governance arrangements
- the audited body's financial statements
- aspects of the audited body's arrangements to manage its performance, including the preparation and publication of specified performance information and compliance in respect of the preparation and publication of the Annual Performance Plan.

3.2.2 Key controls

3.2.2.1 External Auditors are appointed by Public Sector Audit Appointments Limited normally for a minimum period of five years. Public Sector Audit Appointments Limited prepares a code of audit practice, which External Auditors follow when carrying out their audits.

3.2.3 Responsibilities of the Executive Director of Finance and Commercial Services

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

3.2.3.2 To ensure there is effective liaison between External and Internal Audit.

3.2.3.3 To work with the External Auditor and advise the County Council, Cabinet, the Audit Committee and Executive Directors on their responsibilities in relation to External Audit.

3.2.4 Responsibilities of Executive Directors and Employees

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

3.2.4.2 To ensure that all records and systems are up to date and available for inspection.

3.2.5 Further Information

3.2.5.1 [Annual Audit Letter \(NCC Internet - pdf file July 2018\)](#)

3.2.5.2 [Public Sector Audit Appointments Limited \(External Internet\)](#)

4 ANTI FRAUD, BRIBERY AND CORRUPTION

4.1 Purpose

4.1.1 The County Council will not tolerate fraud, bribery and corruption in the administration of its responsibilities, whether from inside or outside the County Council.

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

- 4.1.3 The County Council also expects that individuals and organisations (e.g. suppliers, contractors, and service providers) with whom it comes into contact will act towards the County Council with integrity and without thought or actions involving fraud, bribery and corruption.

4.2 Key controls

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

- the County Council has an effective Anti-Fraud, Bribery and Corruption Policy to encourage prevention, promote detection and set out a clear pathway for investigation and maintains a culture that will not tolerate fraud, bribery or corruption
- all members and staff act with integrity and lead by example in ensuring adherence to legal requirements, rules and procedures
- senior managers are required to deal swiftly and firmly with those who defraud, bribe or attempt to defraud, bribe the County Council or who are corrupt
- high standards of conduct are promoted amongst members by the Standards Committee
- the maintenance of a register of interests for members
- the maintenance of a register of hospitality or gifts for members
- the maintenance of a register of interests for officers in relation to interests of contracts undertaken by the County Council
- whistle blowing procedures are in place and operate effectively

4.3 Responsibilities of the Executive Director of Finance and Commercial Services

- 4.3.1 To maintain adequate and effective internal control arrangements, ensuring that counter fraud, bribery and corruption work is adequately resourced.
- 4.3.2 To ensure that all suspected financial irregularities are reported to the Chief Internal Auditor, the Head of Paid Service and the Director of Governance.

4.4 Responsibilities of the Director of Governance

- 4.4.1 To maintain and promote the Anti-Fraud, Bribery and Corruption Policy.
- 4.4.2 To maintain and promote the Whistleblowing Policy.

4.5 Responsibilities of Head of Democratic Services

- 4.5.1 To maintain the Register of Member Interests and to record any details of interests in contracts declared by Officers in the Register of Officers Interests in particular contracts.

4.6 Responsibilities of Executive Directors

4.6.1 Executive Directors are responsible for the prevention and detection of theft, fraud, bribery, corruption and other irregularities within their area of responsibility. Each Executive Director will:

- Identify, be familiar with and assess the types and risks of fraud, bribery or corruption that might occur within their area of responsibility;
- Promote the policy, publicity and relevant training to staff and bodies they do business with;
- Be alert for any indication of fraud, bribery or corruption;
- Be ready to take appropriate action in a timely way, should there be suspicion of theft, fraud, bribery or corruption; and
- Ensure that all suspected financial irregularities are reported to the Executive Director of Finance and Commercial Services (usually by notifying Norfolk Audit Services) and the Monitoring Officer (Director of Governance)

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

4.6.3 To ensure that where financial impropriety is discovered, the Executive Director of Finance and Commercial Services is informed, and where sufficient evidence exists to believe that a criminal offence may have been committed, the police are called in to determine with the Crown Prosecution Service whether any prosecution will take place.

4.6.4 To ensure all that officers are made aware of the existence of the Register of Officers Interests in particular contracts and the need for compliance to record any interests where applicable.

4.6.5 To maintain adequate and effective internal control arrangements in consultation with the Executive Director of Finance and Commercial Services and to promote measures in the Anti-Fraud and Corruption Strategy.

4.7 Responsibilities of Members and Employees

4.7.1 To act with integrity and lead by example in ensuring adherence to legal requirements, rules and procedures.

4.7.2 For senior managers, to deal swiftly and firmly with those who defraud, bribe or attempt to defraud, bribe the County Council or who may be corrupt.

4.8 Further Information

4.8.1 [Anti-Fraud, Bribery and Corruption Policy \(NCC Internet\)](#)

4.8.2 [Gifts and Hospitality - A Code of Conduct for Councillors \(NCC Internet\)](#)

4.8.3 [Conduct and Behaviour Policy \(NCC MyNet\)](#)

4.8.4 [Whistleblowing \(NCC MyNet\)](#)

5 GRANTS**5.1 Purpose**

5.1.1 Part of the County Council's income is derived from grants for specific purposes. Funds may be granted from Government departments, agencies or from European funding sources.

5.1.2 Grants often come with conditions or a 'Grant Determination' letter.

5.2 Key Controls

5.2.1 Notification of all external funding bids and audit requirements to the Executive Director of Finance and Commercial Services and the Chief Internal Auditor.

5.2.2 Notification of requirements for interim and final claims to the Executive Director of Finance and Commercial Services at the earliest opportunity.

5.3 Responsibilities of the Executive Director of Finance and Commercial Services

5.3.1 To ensure that all funding notified by external bodies is received and properly recorded in the County Council's accounts.

5.4 Responsibilities of Executive Directors

5.4.1 To ensure that information on all grants received is notified to the Executive Director of Finance and Commercial Services, including all relevant details of the grant, and any conditions set out in the grant determination letter.

5.4.2 To ensure that details of interim and final claims are notified to the Executive Director of Finance and Commercial Services.

5.4.3 To ensure that controls are in place to ensure grant conditions will be met.

5.4.4 To ensure that where required claims are completed according to the relevant guidance and if they require audit or certification that arrangements are made for this to take place.

5.4.5 To ensure that documentation in relation to the grant and providing supporting information for claims is retained for the required period.

6 ASSETS**6.1 Security****6.1.1 Purpose**

6.1.1.1 The County Council holds assets in the form of land, buildings, vehicles, equipment, furniture and other items worth many millions of pounds. It is important that assets are safeguarded and used efficiently in-service delivery, and that there are arrangements for the security of both assets and information required for service operations.

6.1.1.2 Maintenance of the Council's asset management strategies and up-to-date asset records are a prerequisite for proper asset accounting and sound asset management.

6.1.2 Key controls

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

- resources are used only for the purposes of the County Council and are properly accounted for
- resources are available for use when required
- resources no longer required are disposed of in accordance with the law and the regulations of the County Council to maximise benefits
- asset records are maintained in the form of an accounting asset register which includes all assets valued at over £40,000, including assets funded under finance leases
- the property register maintained by NPS (“C2”) including all owned and leased properties (excluding farms assets and surplus highways land)
- departmental records of farms assets and surplus highways land
- insurance records
- departmental inventories
- authorisation for all asset transactions are obtained in accordance with thresholds defined in the Financial Regulations section 5.13
- all staff are aware of their responsibilities regarding
 - safeguarding the County Council’s assets and information, including the requirements of the Data Protection Act 2018 and the UK General Data Protection Regulation and software copyright legislation
 - code of recommended practice for **local authorities** on data **transparency**
 - safeguarding the security of the County Council’s computer systems, including maintaining restricted access to the information held on them and compliance with the County Council’s computer and internet security policies

6.1.3 Responsibilities of the Executive Director of Finance and Commercial Services

6.1.3.1 To ensure that an accounting asset register is maintained in accordance with good practice for all fixed assets (including those funded under finance leases) with a value more than £40,000.

6.1.3.2 To check that systems are in place to confirm that fixed assets are:

- recorded
- safeguarded
- used efficiently and effectively
- adequately maintained

6.1.3.3 To ensure that Strategic Asset Management Framework cover property assets and Asset Management plans cover all non-property assets, to ensure optimum use of assets is made, under-performing assets are identified, and assets no longer required are disposed of where appropriate.

- 6.1.3.4 To receive the information required for accounting, costing and financial records from each Executive Director.
- 6.1.3.5 To request information from Executive Directors regarding assets purchased from revenue funds as part of the Statement of Accounts process each year.
- 6.1.3.6 To ensure that assets are valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC).
- 6.1.3.7 To ensure that NPS Property Consultants Ltd maintain a property database in a form to be approved by the Executive Director of Finance and Commercial Services for all properties owned or used by the County Council. Any use of property by a department or establishment other than for direct service delivery should be supported by documentation identifying terms, responsibilities and duration of use, with advice from the Corporate Property Officer (Director of Property).
- 6.1.4 Responsibilities of Executive Directors - General**
 - 6.1.4.1 Executive Directors to ensure that all property transactions are made by the Corporate Property Officer (Director of Property) and to ensure that lessees and other prospective occupiers of County Council land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the Executive Director of Finance and Commercial Services on advice from the Director of Governance, is in place.
 - 6.1.4.2 To ensure the proper security of all buildings and other assets under their control.
 - 6.1.4.3 Where land or buildings are surplus to requirements, a recommendation for sale should be the subject of a report to Cabinet by the Executive Director of Finance and Commercial Services on advice of the Corporate Property Strategy Group
 - 6.1.4.4 Where a property becomes unoccupied, Facilities Management and the Executive Director of Finance and Commercial Services should be notified to enable security and insurance arrangements to be made to the satisfaction of the Executive Director of Finance and Commercial Services.
 - 6.1.4.5 The Director of Governance is responsible for custody of all title deeds.
 - 6.1.4.6 To ensure that no County Council asset is subject to personal use by an employee without proper authority.
 - 6.1.4.7 To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to, or used by, the County Council.
 - 6.1.4.8 To ensure that the department maintains an inventory of moveable assets valued above £1000, as well as portable and attractive items of lower value considered by the departmental responsible officer to merit inclusion. The inventory should be completed in accordance with the Inventory Records guidance notes.
 - 6.1.4.9 To ensure that assets are identified, their location recorded, that they are appropriately marked, and the insurance requirements assessed. Where equipment is leased then prior agreement of the leasing company should be sought before carrying out security marking of equipment, as the assets do not belong to the County Council.

- 6.1.4.10 To consult the Executive Director of Finance and Commercial Services in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 6.1.4.11 To ensure cash holdings on premises are kept to a minimum.
- 6.1.4.12 To ensure that keys to safes and similar receptacles are kept in a key safe with a number coded locking mechanism. If the safes and similar receptacles are locked with a key these should be kept with and by the responsible officer at all times; loss of any such keys must be reported to the Executive Director of Finance and Commercial Services as soon as possible.
- 6.1.4.13 To record all disposal or part exchange of assets and notify the Executive Director of Finance and Commercial Services where the original purchase price was £20,000 or more. For items valued at under £10,000 disposal must be by competitive tender or public auction, unless the Executive Director of Finance and Commercial Services agrees otherwise. For items valued at over £10,000, disposal should be in accordance with financial regulations section 5.13. All property disposals are made only by the Corporate Property Officer (Director of Property) as per Financial Regulations and must involve the Division Member as per Local Member Protocol (Annex to Appendix 5 of the constitution).
- 6.1.4.14 To arrange for the valuation of assets for accounting purposes to meet requirements specified by the Executive Director of Finance and Commercial Services.
- 6.1.4.15 To notify the Executive Director of Finance and Commercial Services of any assets acquired from revenue funds including operating leases with a value of £40,000 or more. This should include the purchase of many related items that individually do not have a value of £40,000 but do have a cumulative value of £40,000 or more.
- 6.1.4.16 To ensure procedures are in place and followed in relation to the acquisition, monitoring and disposal of all assets including non-property assets and leased assets.
- 6.1.4.17 To participate in the creation and maintenance of corporate asset records and registers, and to ensure departmental Asset Registers record all assets, including non-property assets and leased assets.
- 6.1.4.18 To ensure that departmental Strategic Asset Management Frameworks cover all assets, including non-property assets and leased assets to ensure that optimum use of assets is made, under-performing assets are identified, and assets no longer required can be disposed of where appropriate.
- 6.1.4.19 To ensure that all employees are aware that they have a personal responsibility regarding the protection and confidentiality of information, whether held in manual or computerised records and adhere to the NCC Policy and Guidance for the Data Protection Act 2018 and the UK General Data Protection Regulation. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the County Council.

6.1.5 Responsibilities of Executive Directors – Inventories

- 6.1.5.1 To maintain inventories and record an adequate description of furniture, fittings, equipment, plant and machinery in a form agreed by the Executive Director of Finance and Commercial Services.
- 6.1.5.2 To carry out an annual check of all items, including leased assets, on the inventory to verify location, review condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly.
Attractive and portable items such as computers, tablets, cameras, smart phones and video recorders should be identified with security markings as belonging to the County Council. Where equipment is leased then prior agreement of the leasing company should be sought before carrying out security marking of equipment.
- 6.1.5.3 To make sure that property is only used in the course of the County Council's business, unless the Executive Director concerned has given permission otherwise.

6.1.6 Responsibilities of Executive Directors – Stocks and stores

- 6.1.6.1 To plan for the care and custody of stocks and stores in the department.
- 6.1.6.2 To ensure stocks are necessary, maintained at reasonable levels and are subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion.
- 6.1.6.3 The appropriate Executive Director may in accordance with arrangements approved by the Executive Director of Finance and Commercial Services dispose of obsolete or otherwise surplus goods or stores up to a specified estimated disposal value. The current value is identified within the Contract Standing Orders. Above this figure disposal shall require Member approval.
- 6.1.6.4 Disposal or recycling of ICT equipment must follow NCC policy guidelines to ensure that security and the Data Protection Act 2018 and the UK General Data Protection Regulation requirements are met.

6.1.7 Further Information**6.1.7.1 [Inventory Guidance \(NCC MyNet\)](#)**

- 6.1.7.2 CIPFA/LASAAC Code of Practice on Local Authority Accounting – contact the Corporate Accounting Team

6.2 Intellectual property**6.2.1 Purpose**

- 6.2.1.1 Intellectual property is a generic term that includes inventions and writing. If these are created by the employee during employment, then, generally, they belong to the employer, not the employee. Various acts of Parliament cover different types of intellectual property.
- 6.2.1.2 Certain activities undertaken within the County Council may give rise to items that may be patentable, for example, software development. These items are collectively known as intellectual property.

6.2.2 Key controls

- 6.2.2.1 If the County Council decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with intellectual property procedures approved by County Council.

6.2.3 Responsibilities of the Executive Director of Finance and Commercial Services

- 6.2.3.1 To develop and disseminate good practice through the County Council's intellectual property procedures.

6.2.4 Responsibilities of Executive Directors

- 6.2.4.1 To ensure that controls are in place to ensure that staff do not carry out private work in County Council time and that staff are aware of an employer's rights regarding intellectual property.

6.3 Asset disposal**6.3.1 Purpose**

- 6.3.1.1 It would be uneconomic and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and the regulations of the County Council.

6.3.2 Key controls

- 6.3.2.1 Procedures protect staff involved in the disposal from accusations of personal gain.
- 6.3.2.2 Leased assets are separately identified on the asset register to ensure that the County Council does not dispose of assets that it does not hold title for.

6.3.3 Responsibilities of the Executive Director of Finance and Commercial Services

- 6.3.3.1 To issue guidelines representing best practice for disposal of assets.
- 6.3.3.2 To ensure that disposals of land and building assets are undertaken in accordance with Financial Regulations.
- 6.3.3.3 To ensure appropriate accounting entries are made to remove the value of disposed assets from the County Council's records and to include the sale proceeds if appropriate.

6.3.4 Responsibilities of Executive Directors

- 6.3.4.1 To ensure that income received for the disposal of an asset is properly banked and coded.
- 6.3.4.2 In accordance with arrangements approved by the Executive Director of Finance and Commercial Services, dispose of obsolete or otherwise surplus goods and stores up to the minimum estimated disposal value. For disposals above this value to consult with the Executive Director of Finance and Commercial Services and where appropriate seek Member approval.

- 6.3.4.3 To notify the Executive Director of Finance and Commercial Services of any asset disposals where the initial purchase price was greater than £20,000.
- 6.3.4.4 Assets for disposal are identified and are disposed of at the most appropriate time, and only when it is in the best interests of the County Council, and best price is obtained, bearing in mind other factors, such as environmental issues. Disposal shall be by competitive tender or public auction unless the Executive Director of Finance and Commercial Services or Cabinet decides otherwise.
- 6.3.4.5 To work with the Corporate Property Officer (Director of Property) to effect any disposal of land and buildings assets within the thresholds defined by the Financial Regulations and to consult with the Executive Director of Finance and Commercial Services as appropriate.

6.3.5 Further Information

- 6.3.5.1 Property - Disposals Process (NCC MyNet) – to follow

6.4 Retention of Financial Records

6.4.1 Purpose

- 6.4.1.1 Dependent upon the type of record and information held, financial records need to be retained for an approved duration of time. This is necessary to meet legal requirements and to provide necessary documentation for activity such as audits, tax returns and grant claims.

6.4.2 Key Controls

- 6.4.2.1 The County Council has a policy for the minimum retention periods for financial records to provide a corporate standard for all types of records and documents.

6.4.3 Responsibilities of the Executive Director of Finance and Commercial Services

- 6.4.3.1 To ensure that the corporate policy for the minimum retention periods for financial records is maintained and meets statutory and regulatory requirements.

6.4.4 Responsibilities of Executive Directors

- 6.4.4.1 To ensure records are maintained and held securely for the correct period, after which they should be disposed of in accordance with the procedures.

6.4.5 Further Information

- 6.4.5.1 [Retention of Records \(NCC MyNet\)](#)

7 TREASURY MANAGEMENT

7.1 Purpose

- 7.1.1 Many millions of pounds pass through the County Council's accounts each year. To safeguard the management of this money, professional codes of practice have been established. These aim to provide

assurances that the County Council's money is properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of the County Council's cash balances.

7.2 Key controls

- 7.2.1 The County Council has adopted the key recommendations (Section 5) of CIPFA's Code of Practice for Treasury Management in the Public Services (the Code) and complies with the CIPFA Prudential Code when carrying out investment and borrowing activities under Part 1 of the Local Government Act 2003.
- 7.2.2 Accordingly, the County Council will create and maintain, as the cornerstone for effective treasury management:
- 7.2.3 A Treasury Management Policy Statement, stating the policies, objectives and approach to risk management of its treasury management activities as described in Section 6 of the Code.
- 7.2.4 Suitable Treasury Management Practices (TMPs), setting out the manner in which the County Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 7.2.5 The content of the Policy Statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the County Council. Such amendments will not result in the County Council materially deviating from the Code's key principles.
- 7.2.6 The County Council will receive reports on its treasury management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
- 7.2.7 The County Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet. For the execution and administration of Treasury management, County Council delegates decisions to the Executive Director of Finance and Commercial Services, who will act in accordance with the County Council's Policy Statement and TMPs.
- 7.2.8 The County Council's Audit Committee is responsible for considering the effectiveness of the governance, control and risk management arrangements for Treasury Management and ensuring they meet best practice.
- 7.2.9 Complementary to the CIPFA Treasury Management Code is the guidance on Local Government Investments, issued under section 15(1)(a) of the Local Government Act 2003. The guidance requires an Annual Investment Strategy to be approved by the County Council before the start of the financial year, setting out the disclosures and reporting requirements specified in the guidance including the requirement to prioritise Security, Liquidity and Yield in that order of importance for treasury management investments.
- 7.2.10 The Local Government Act 2003 requires the County Council to determine and keep under review borrowing for capital purposes. CIPFA's Prudential Code for Capital Finance in Local Authorities supports the County

Council's framework of strategic planning, local asset management and options appraisal in ensuring that capital investment plans are affordable, prudent and sustainable. The County Council must set an affordable borrowing limit as part of its annual budget process.

- 7.2.11 The County Council is responsible for the setting and revising of prudential indicators and the approval of the Annual Investment and Treasury Strategy.

7.3 Responsibilities of Executive Director of Finance and Commercial Services – Treasury Management and Banking

- 7.3.1 To arrange the borrowing and investments of the County Council in such a manner as to comply with CIPFA's Code of Practice for Treasury Management in the Public Services and the adopted Treasury Management Policy Statement (Section 6 of the code) and Treasury Management Practices.
- 7.3.2 To prepare an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in the Treasury Management Policy. These documents must be presented to the Treasury Management Panel and Cabinet before being approved by the County Council.
- 7.3.3 To determine, in line with the Annual Investment Strategy, a list of counterparties with whom the County Council may invest. This list to be updated periodically as circumstances (both the County Council's and the counterparties) change.
- 7.3.4 To report to County Council at least annually (and monitor on a regular basis), on the Authority's performance against prudential indicators agreed by the County Council and in accordance with the Local Government Finance Act 2003 and the Prudential Code for Capital Finance in Local Authorities published by CIPFA.
- 7.3.5 To report to Members on treasury management policies, practices, activities and performance monitoring information.
- 7.3.6 To effect movement between the separately agreed limits for borrowing and other long-term liabilities reflected in the Prudential Code's operational and authorised limits and monitor performance against prudential indicators, including reporting significant deviations to Cabinet and Council as appropriate.
- 7.3.7 To procure, award and manage, in accordance with Contract Standing Orders, banking services and facilities. This is to include agreed bank overdraft and settlement limits. To mandate the opening and closing of bank accounts and utilise appropriate methods of payment and income collection as considered necessary for the proper administration of the Council's financial affairs.
- 7.3.8 To process foreign payments with consideration of VAT rules and regulations.

7.4 Responsibilities of Executive Directors – Treasury Management and Banking

- 7.4.1 To follow the instructions on banking issued by the Executive Director of Finance and Commercial Services.

7.5 Responsibilities of Executive Director of Finance and Commercial Services – Investments, Borrowing and Leasing

- 7.5.1 To ensure that all investments of money are made in the name of the County Council or in the name of nominees approved by the County Council.
- 7.5.2 To ensure that all securities that are the property of the County Council or its nominees and the title deeds of all property in the County Council's ownership are held in the deeds room, maintained by the Head of Democratic Services.
- 7.5.3 To effect all borrowings in the name of the County Council.
- 7.5.4 To act as the County Council's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the County Council.
- 7.5.5 To ensure that all borrowing and investment decisions, both long and short term, are based on cash flow monitoring and projections.
- 7.5.6 To ensure that all leasing decisions are made in accordance with the County Council's leasing guidance reflecting industry best practice, including options appraisal for funding comparison and best value. The outcome of any financial assessment should be evidenced and reported to the Executive Director of Finance and Commercial Services.

7.6 Responsibilities of Executive Directors – Investments, Borrowing and Leasing

- 7.6.1 To ensure that financing decisions, including leasing and loans to third parties, including interests acquired in companies, joint ventures or other enterprises are made with the agreement of the Executive Director of Finance and Commercial Services and the approval of Members, if required.

7.7 Responsibilities of Executive Director of Finance and Commercial Services and Executive Directors – Trust Funds and funds held for third parties

- 7.7.1 To arrange for all trust funds to be held, wherever possible, in the name of the County Council. All officers acting as trustees by virtue of their official position shall deposit securities, etc. relating to the trust with the Executive Director of Finance and Commercial Services, unless the deed otherwise provides.
- 7.7.2 To arrange, where funds are held on behalf of third parties, for their secure administration, approved by the Executive Director of Finance and Commercial Services, and to maintain written records of all transactions.
- 7.7.3 To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

7.8 Responsibilities of the Executive Director of Finance and Commercial Services – Imprest Accounts

- 7.8.1 To provide employees of the County Council with cash or bank imprest accounts to meet urgent minor expenditure on behalf of the County Council and to prescribe rules for operating these accounts.
- 7.8.2 To determine the petty cash limit and to maintain a record of all transactions and petty cash advances made, and periodically to review the arrangements for the safe custody and control of these advances.
- 7.8.3 To reimburse imprest holders to restore the imprest level, as often as necessary.

7.9 Responsibilities of Executive Directors – Imprest Accounts

- 7.9.1 To ensure that employees operating an imprest account:
- obtain and retain vouchers to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained
 - make adequate arrangements for the safe custody of the account
 - produce upon demand by the Executive Director of Finance and Commercial Services cash and all vouchers to the total value of the imprest amount
 - record transactions promptly
 - reconcile and balance the account at least monthly; reconciliation sheets to be approved by line manager or RBO and a copy sent with the claim form to Payments.
 - provide the Executive Director of Finance and Commercial Services with a certificate of the value of the account held at 31 March each year
 - ensure that the float is never used to cash personal cheques or to make personal loans. Payments into the account are the reimbursement of the float, change relating to purchases where an advance has been made, or exceptional circumstances agreed with finance.
 - on leaving the County Council's employment or otherwise ceasing to be entitled to hold an imprest advance, an employee shall account to the Executive Director of Finance and Commercial Services for the amount advanced to him or her.

7.10 Responsibilities of Employees

- 7.10.1 To operate any Imprest Account for which they are responsible in accordance with the responsibilities of Executive Directors outlined above.

7.11 Further Information

- 7.11.1 [Imprest procedures \(NCC MyNet\)](#)

8 Pension Fund

8.1 Purpose

The County Council is the Administering Authority for the Norfolk Pension Fund and administers the Local Government Pension Scheme (LGPS) on behalf of all participating employers and scheme members. The County Council is also an employer within the scheme.

8.2 Key controls

8.2.1 The County Council is required to:

- Make arrangements for the proper administration of the Pension Fund's financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director of Finance and Commercial Services.
- Manage its affairs to secure economic, efficient and effective use of the Fund's resources and safeguard its assets.
- Approve an annual statement of accounts.

8.2.2 The County Council delegates to the Pensions Committee responsibility for deciding upon the best way in which the Pension Fund is invested. The Pensions Committee will formally review the performance of investments and the overall strategy on a regular basis. The Fund will be invested in compliance with Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The 2016 Regulations introduced the requirement for LGPS funds to pool investment assets from the 1st April 2018.

8.2.3 In order to facilitate the pooling of assets, the Norfolk Pension Fund has entered into an Inter-Authority Agreement with 10 other Administering Authorities, collectively known as the ACCESS (A Collaboration of Central, Eastern & Southern Shires) Pool. The ACCESS Funds are Cambridge, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, Northamptonshire, Suffolk and West Sussex.

8.2.4 The Pensions Committee appoints and monitors the performance of the Investment Managers, Custodian and other related service providers to the Fund.

8.2.5 The County Council delegates responsibility for the administration and financial accounting of the Norfolk Pension Fund to the Executive Director of Finance and Commercial Services.

8.2.6 The Norfolk Pension Fund has adopted an Investment Strategy Statement in relation to the investment of the assets. The Pension Committee monitors the Fund's position in relation to the Investment Strategy Statement.

8.2.7 The local Pensions Oversight Board, made up of scheme member and scheme employer representatives with an independent chair, helps ensure that the Fund is managed and administered effectively and efficiently and complies with the Code of Practice on the Governance and Administration of Public Service Pension Schemes.

8.3 Responsibilities of Executive Director of Finance and Commercial Services

8.3.1 The Executive Director of Finance and Commercial Services is responsible for the preparation of the Pension Fund annual statutory statement of accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) and Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code of Practice on Local Authority Accounting in Great Britain ("the Code").

8.3.2 In preparing the statement of accounts, the Executive Director of Finance and Commercial Services has to:

- Comply with the Code.
- Select suitable accounting policies and apply them consistently and where appropriate make judgements and estimates, which are reasonable and prudent.
- Keep proper accounting records, which are up to date.
- Take reasonable steps for the prevention and detection of fraud, bribery and other irregularities.

8.3.3 To publish and maintain a Funding Strategy Statement, which sets out the Fund's approach to funding liabilities, based on principles agreed by the Pensions Committee and the Fund's Investment Strategy Statement, Customer Care and Communications Strategy Statement, and Governance Statement.

8.3.4 To ensure compliance with the relevant regulatory and legislative guidelines and for keeping records of all scheme members, calculation and payment of benefits, transfers between schemes and the collection of contributions from participating employers.

8.4 Responsibilities of Executive Directors

8.4.1 None

8.5 Further Information

8.5.1 [Norfolk Pension Fund web site \(External Internet\)](#)

9 Money Laundering and Proceeds of Crime

9.1 Purpose

9.1.1 To reduce the likelihood of money laundering within all County Council operations and contracts and prevent the use of proceeds from crime. The detailed policy document is published on the Legal Services Intranet pages.

9.2 Key Controls

9.2.1 The County Council has an anti-money laundering policy and procedures. This has been developed with regard to the Proceeds of Crime Act 2002 and the relevant Regulations.

9.2.2 A Money Laundering Reporting Officer is responsible for receiving, considering and responding to any reports received of known or

suspected money laundering. This role is undertaken by the Director of Governance.

9.3 Responsibilities of the Executive Director of Finance and Commercial Services

- 9.3.1 To maintain and communicate the anti-money laundering policy and procedures to ensure that they reflect statutory requirements.

9.4 Responsibilities of Executive Directors

- 9.4.1 To ensure that staff most likely to be exposed to, or suspicious of, money laundering situations are made aware of the requirements and obligations placed on the County Council and themselves by the legislation and receive appropriate training.
- 9.4.2 To ensure that procedures are established in accordance with corporate guidelines to help prevent money laundering including making arrangements for reporting concerns about money laundering to the Money Laundering Reporting Officer.
- 9.4.3 To ensure that regular departmental risk assessments are undertaken in relation to money laundering within the services provided.

9.5 Further Information

- 9.5.1 [Anti-Money Laundering and Proceeds of Crime \(NCC MyNet\)](#)

SECTION D FINANCIAL SYSTEMS, PROCESSES AND RECORDS

SECTION CONTENTS:

[Financial Systems, Processes and Data Protection](#)

[Data Quality and Management](#)

[Scheme of Authorisation](#)

[Income, Payments and Purchases](#)

[Taxation](#)

[Trading Accounts](#)

1. FINANCIAL SYSTEMS, PROCESSES AND DATA PROTECTION REGULATIONS

1.1 Purpose

1.1.1 Information held by the Council must be accurate and the systems and procedures to maintain and process such information must be sound and well administered. They should contain controls to ensure that transactions are properly processed, and errors detected promptly.

1.1.2 The Executive Director of Finance and Commercial Services has a professional responsibility to ensure that the County Council's financial systems are sound and should therefore be notified of any new developments or changes in these systems.

1.1.3 All systems that involve personal information must comply with the DPA (Data Protection Act) 2018 and the UK GDPR (General Data Protection Regulation).

1.2 Key controls

1.2.1 The key controls for systems and procedures are:

- basic data exists to enable the County Council's objectives, targets, budgets and plans to be formulated
- performance is communicated to the appropriate managers on an accurate, complete and timely basis
- early warning is provided of deviations from target, plans and budgets that require management attention
- operating systems and procedures are secure
- data processing (computerised or manual) involving personal information is registered with the Information Commissioners Office.

1.3 Responsibilities of the Executive Director of Finance and Commercial Services

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

- issue advice, guidance and procedures for officers and others acting on the County Council's behalf
- determine the accounting systems, form of accounts and supporting financial records
- establish arrangements for audit of the County Council's financial affairs
- approve any new financial systems to be introduced
- approve any changes to be made to existing financial systems
- ensuring financial systems have available sufficient journal categories to allow for meaningful analysis of transactions.

1.4 Responsibilities of Executive Directors

- 1.4.1** To ensure that accounting records are properly maintained and held securely.
- 1.4.2** To ensure that all transactions posted to the financial systems, whether in relation to budgets, actual or commitment transactions, and whether generated manually or via another system, are recorded against an appropriate journal category.
- 1.4.3** To ensure that vouchers and documents with financial implications are not destroyed and are held in accordance with the retention of records procedures, except in accordance with arrangements approved by the Executive Director of Finance and Commercial Services.
- 1.4.4** To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.
- 1.4.5** To incorporate appropriate controls to ensure that, where relevant:
- all input (whether via journals or via feeder systems) is genuine, complete, accurate, timely and not previously processed
 - all processing is carried out in an accurate, complete and timely manner
 - output from the system is complete, accurate and timely
- 1.4.6** To ensure that processes for inputting journals are complied with.
- 1.4.7** To ensure that the organisational structure provides appropriate segregation of duties, providing adequate internal controls and minimising the risk of fraud or other malpractice.
- 1.4.8** To ensure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.
- 1.4.9** To ensure that systems are documented, and staff trained in operations.
- 1.4.10** To consult with the Executive Director of Finance and Commercial Services before changing any existing system or introducing new systems.
- 1.4.11** To establish a scheme of authorisation identifying officers authorised to act upon the Executive Director's behalf in respect of payments, income

collection and placing orders, including variations, and showing the limits of their authority.

- 1.4.12** To maintain lists of authorised officers, with specimen signatures and delegated limits, and provide these to the Executive Director of Finance and Commercial Services, together with any subsequent variations. The relevant people must have access and know who is authorised.
- 1.4.13** To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building.
- 1.4.14** To ensure that, where personal information is involved, financial processing is registered in accordance with the DPA (Data Protection Act) 2018 and UK GDPR (General Data Protection Regulation) and that staff are aware of their responsibilities under such legislation.
- 1.4.15** To ensure that all staff are aware of their responsibilities under freedom of information legislation and that procedures are in place to ensure compliance.
- 1.4.16** To ensure that relevant standards and guidelines for computer systems issued by the Executive Director are observed.
- 1.4.17** To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.
- 1.4.18** To comply with the copyright, designs and patents legislation and to ensure that:
- only software legally acquired and installed by the County Council is used on its computers
 - staff are aware of legislative provisions
 - in developing systems, due regard is given to the issue of intellectual property rights

1.5 Responsibilities of Employees

- 1.5.1** To ensure they act in accordance with the responsibilities of Executive Directors outlined above.

1.6 Further Information

1.6.1 [Information Governance web site \(NCC MyNet\)](#)

1.6.2 [Retention of Records \(NCC MyNet\)](#)

2. DATA QUALITY AND MANAGEMENT

2.1 Purpose

- 2.1.1** Information is used to support many functions across the organisation, including financial management, decision making, assessing performance of services, informing the public and partners and carrying out financial processes such as payment of salaries and creditors. It is important the information used is fit for purpose. Policies, procedures, systems and

accountabilities need to be in place to ensure that data is accurate, valid, reliable, timely, relevant and complete and held securely.

2.2 Key controls

2.2.1 The key controls for data quality and management are:

- Clear governance and accountability for data quality management
- Policies and procedures in place and applied
- Efficient systems and processes
- Skills and training
- Effective reporting

2.3 Responsibilities of the Executive Director of Finance and Commercial Services

2.3.1 To ensure that performance data and information is fit-for-purpose.

2.3.2 To ensure that governance arrangements for data quality and management are in place and that arrangements are risk assessed and improvement actions included within the Information Management and Technology work programme.

2.3.3 To ensure that policies are in place that set out the data quality and management arrangements and are regularly reviewed.

2.3.4 To ensure that performance systems and procedures are in place.

2.4 Responsibilities of Executive Directors

2.4.1 To ensure that departmental procedures and processes comply with the agreed data quality and management frameworks.

2.4.2 To ensure that staff who are accountable for providing data are given adequate skills and training.

2.5 Further Information

2.5.1 [Data Quality Policy \(NCC MyNet\)](#)

3. SCHEMES OF AUTHORISATION

3.1 Purpose

3.1.1 It is not possible for Executive Directors to personally approve every item of income and expenditure relating to their service. Appropriate staff must be authorised to carry out functions to ensure the smooth operation of the service. Where responsibilities are given in this way to appropriate staff, limits on their authority appropriate to their position and the requirements of the service should be set.

3.2 Key Controls

3.2.1 The key controls for schemes of authorisation are:

- Written schemes of authorisation exist within each department.

- Staff formally accept their responsibilities under the schemes of authorisation

3.3 Responsibilities of Executive Directors

3.3.1 To ensure that a proper scheme of authorisation has been established within their area and is operating effectively. The scheme of authorisation should identify staff authorised to act on the Executive Director's behalf, or on behalf of the Council, in respect of payments, income collection and placing orders, together with the limits of their authority.

3.4 Responsibilities of Employees

3.4.1 Employees to whom responsibilities are authorised must formally accept their responsibilities under the scheme of authorisation and must act in accordance with those responsibilities and the limits imposed on them.

4. INCOME, PAYMENTS AND PURCHASES

4.1 Income

4.1.1 Purpose

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

4.1.2 Key controls

4.1.2.1 The key controls for income are:

- all income due to the County Council is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed
- all income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery
- all money received by an employee on behalf of the County Council is paid without delay to the Executive Director of Finance and Commercial Services or, as he or she directs, to the County Council's bank and properly recorded. The responsibility for cash collection should be separated from that:
 - for identifying the amount due
 - for reconciling the amount due to the amount received
- effective action is taken to pursue non-payment within defined timescales
- formal approval for debt write-off is obtained
- appropriate write-off action is taken within defined timescales
- appropriate accounting adjustments are made following write-off action
- all appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule

- money collected and deposited is reconciled to the bank account by a person not involved in the collection or banking process
- Prior to all foreign trade and transactions, advice must be sought from the Budgeting and Accounting team to ensure VAT implications and reporting requirements to HMRC have been fully considered. All invoices will be raised in Sterling (unless prior agreement from finance has been sought)

4.1.3 Responsibilities of the Executive Director of Finance and Commercial Services

- 4.1.3.1** To agree arrangements for the collection of all income due to the County Council and to approve income collection procedures, debt recovery procedures, systems and documentation.
- 4.1.3.2** To order and supply to departments all controlled stationery and similar items and to satisfy himself or herself regarding the arrangements for their control.
- 4.1.3.3** To manage the opening and closing of all Authority bank accounts, including maintaining bank authorised signatories.
- 4.1.3.4** To establish a procedure for writing off bad debts in line with Council decisions.
- 4.1.3.5** To keep a record of all sums written off and to adhere to the requirements of the Accounts and Audit (England) Regulations 2015.
- 4.1.3.6** To ensure that appropriate accounting adjustments are made following write-off action.

4.1.4 Responsibilities of Executive Directors

- 4.1.4.1** To establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, and to review it regularly, in line with corporate policies.
- 4.1.4.2** To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- 4.1.4.3** To ensure that invoices are raised promptly where the service requires an invoice to be raised. Invoices should not be raised for amounts under £10, except where NCC has a legal obligation to do so. Where it is not cost effective to raise an invoice, income should be collected prior to the goods or service being delivered.
- 4.1.4.4** To ensure recovery procedures are in place, where appropriate, in conjunction with the Director of Governance and Executive Director of Finance and Commercial Services, including legal action where necessary, for debts that are not paid promptly.
- 4.1.4.5** To ensure that systems are in place for official receipts and that the maintenance of other documentation for income collection is undertaken.
- 4.1.4.6** To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.
- 4.1.4.7** To hold securely receipts, tickets and other records of income for the appropriate period.

- 4.1.4.8** To lock away all income to safeguard against loss or theft and ensure the security of cash handling.
- 4.1.4.9** To ensure that income is paid fully and promptly into the appropriate County Council bank account in the form in which it is received. Appropriate details should be recorded on to paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a regular basis.
- 4.1.4.10** To ensure income is not used to cash personal cheques or other payments.
- 4.1.4.11** To ensure accounts are sent out promptly and that the Executive Director of Finance and Commercial Services is informed with details relating to work done, goods supplied, services rendered or other amounts due, to enable the County Council to record correctly the sums due to the County Council.
- 4.1.4.12** Executive Directors have a responsibility to assist the Executive Director of Finance and Commercial Services in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the County Council's behalf.
- 4.1.4.13** Executive Directors are responsible for limiting the levels of cash that can be held on the premises for their department. However, from an insurance point of view there is an agreed maximum pay out regardless of loss and the pay-out will be dependent on how the cash was secured e.g. locked cabinet or safe.
- 4.1.4.14** To ensure that risk assessments are carried out wherever cash is handled and that cash handling procedures are complied with.
- 4.1.4.15** To keep a record of all transfers of money between employees or partners. The receiving officer must sign for the transfer and the originator must retain a copy.
- 4.1.4.16** To keep a record of all sums written off up to the approved limit taking account of any VAT requirements.
- 4.1.4.17** Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.
- 4.1.4.18** To notify the Executive Director of Finance and Commercial Services of outstanding income relating to the previous financial year as soon as possible, after 31 March in line with the timetable and closing accounts procedures as agreed by the Executive Director of Finance and Commercial Services.
- 4.1.5** **Responsibilities of Employees**
- 4.1.5.1** To ensure all income due to the County Council is identified and charged correctly; all income is collected from the correct person, at the right time; and all money received by an employee on behalf of the County Council is banked without delay.

- 4.1.5.2** Where invoices are raised outside of the control of the income team it is the responsibility of the RBO to ensure accurate, complete and timely invoicing as part of the invoice approval process
- 4.1.5.3** To assist the Executive Director of Finance and Commercial Services in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the County Council's behalf.
- 4.1.5.4** To follow corporate procedures relating to Income.

4.1.6 Further Information

4.1.6.1 [Debt Recovery Policy & Framework \(NCC MyNet\)](#)

4.1.6.2 [Retention of Records \(NCC MyNet\)](#)

4.1.6.3 [Accounts and Audit \(England\) Regulations 2015 \(External internet\)](#)

4.2 Unofficial Funds

- 4.2.1** Funds maintained by NCC employees in relation to NCC establishments, but for purposes outside the responsibilities of Norfolk County Council, such as for fund-raising should be kept separate from all NCC transactions. Income must not be banked to any NCC account. All money both received and paid out should be recorded properly and kept secure. VAT should not be reclaimed on expenditure made directly from unofficial funds. It is advised that those responsible for any unofficial funds ensure that appropriate insurance arrangements are in place and that accounts are maintained and independently audited on an annual basis.

4.3 Payments and Purchases

4.3.1 Purpose

- 4.3.1.1** Public money should be spent with demonstrable probity and in accordance with the County Council's policies. Authorities have a statutory duty to achieve best value in part through economy and efficiency. The County Council's procedures should help to ensure that services obtain value for money from their purchasing arrangements.
- 4.3.1.2** These procedures should be read in conjunction with the County Council's Contract Standing Orders (NCC Internet Constitution Appendix 16)

4.3.2 General

- 4.3.2.1** Every officer and member of the County Council has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the County Council, in accordance with appropriate codes of conduct. See Constitution Appendix 17 – Members Code of Conduct (NCC Internet) and the Standards of Conduct and Behaviour (NCC Intranet).
- 4.3.2.2** Official orders must be in a form approved by the Executive Director of Finance and Commercial Services. Official orders must be issued for all work, goods or services to be supplied to the County Council, except for supplies of utilities, periodic payments such as rent or rates, petty cash

purchases, purchase cards or other exceptions specified by the Executive Director of Finance and Commercial Services.

4.3.2.3 Contract Standing Orders should be used as a guide for ordering and paying for work, goods and services. Each order must conform to the County Council's requirements for purchasing. Standard Conditions of Contract must not be varied without the prior approval of the Director of Procurement.

4.3.2.4 Apart from petty cash, schools' LMS bank accounts, manual cheques and other payments from advance accounts, the normal method of payment from the County Council shall be by BACS drawn on the County Council's bank account. The use of direct debit shall require the prior agreement of the Treasury & Banking Accountant.

4.3.2.5 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of County Council contracts, except where the contract concerned has been specifically set up with such a facility.

4.3.3 Key controls

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

- all goods and services are ordered only by persons with approval to do so and are correctly recorded
- all goods and services shall be ordered in accordance with the County Council's Contract Standing Orders
- goods and services received are checked to ensure they are in accordance with the order. Ideally, goods should not be received by the person who placed the order, unless this is impracticable
- payments are not made unless goods have been received by the County Council to the correct price, quantity and quality standards, unless the circumstances fall into those agreed by the Executive Director of Finance and Commercial Services as being suitable for a prepayment to be made (see 4.11.4 below) or within the agreed 5% or £5 tolerance for payments processed via myOracle
- all payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method in accordance with the County Council's Payments Policy and Framework.
- all appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention schedule
- all expenditure, including VAT, is accurately recorded against the correct account budget and any errors are corrected
- in addition, the effect of e-business/e-commerce and electronic purchasing requires that processes are in place to maintain the

security and integrity of data for transacting business electronically

- advice on all foreign trade must be sought from finance to ensure VAT implications and HMRC reporting requirements have been considered.

4.3.4 Responsibilities of the Executive Director of Finance and Commercial Services

4.3.4.1 To ensure that all the County Council's financial systems and procedures are sound and properly administered.

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

4.3.4.3 To approve the form of official orders.

4.3.4.4 To agree the circumstances in which a prepayment may be made. These are currently:

- Where goods or services will not be provided unless payment in advance is made. Examples include training courses, examination fees, etc. Where the user of the service is given the choice of payment in advance or of being invoiced, the invoice option should be taken.
- Where payment in advance will result in lower prices for the services or goods being purchased. Where the values are large, the savings should be compared to the loss of interest earned, and prepayments should only be considered where they offer better value for money. Where possible, prepayments should be protected by bonds or other security.
- Where required for contractual or operational reasons. Every effort should be taken to minimise or eliminate the need for prepayments.
- Where an early payment is required or appropriate to support a supplier or service provider in accordance with terms set out in the Financial Regulations (5.11).

4.3.4.5 To make payments from the County Council's funds on the Executive Director's authorisation that the expenditure has been duly incurred in accordance with these Financial Regulations.

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

4.3.4.7 To make payments to contractors on the certificate of the relevant Executive Director, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.

4.3.4.8 To make loans to suppliers and service providers in accordance with terms set out in the Financial Regulations (5.11).

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

- 4.3.4.10** To ensure that a budgetary control system is established that enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that they can be taken into account in budget monitoring reports.
- 4.3.4.11** To operate the Construction Industry Scheme.
- 4.3.5 Responsibilities of Executive Directors**
- 4.3.5.1** To ensure that orders and requisitions – including confirmation of urgent orders and requisitions placed verbally – are made using one of the County Council's approved electronic procurement systems where this is available or otherwise in writing by post, email or fax. The exceptions are for supplies of utilities, periodic payments such as rent or rates, petty cash purchases, purchase cards or other exceptions specified by the Executive Director of Finance and Commercial Services.
- 4.3.5.2** To ensure that orders are only used for goods and services provided to their departments. Individuals must not use official orders to obtain goods or services for their private use.
- 4.3.5.3** To ensure that only those staff authorised can raise orders. To maintain an up-to-date list of such authorised staff, whether it is a manual list including specimen signatures or electronic by means of a password, identifying in each case the limits of their authority. Names of authorising officers together with specimen signatures and details of the limits of their authority shall be forwarded to the Executive Director of Finance and Commercial Services. The authoriser of the order should be satisfied that the goods and services ordered are appropriate and needed, that the order is correctly coded, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Best value principles should underpin the County Council's approach to procurement. Value for money should always be achieved.
- 4.3.5.4** To ensure that officers authorised to negotiate on behalf of the County Council have been appropriately trained.
- 4.3.5.5** To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. This check should, where possible, be carried out by a different officer from the person who authorised the order. Appropriate entries should then be made in inventories or stores records.
- 4.3.5.6** To ensure that, except in the case of some prepayments, payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment, confirming:
- receipt of goods or services
 - that the invoice has not previously been paid
 - that expenditure has been properly incurred and is within budget provision
 - that prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices
 - correct accounting treatment of tax
 - that the invoice is correctly coded

- that discounts have been taken where available
- that appropriate entries will be made in accounting records

4.3.5.7 To ensure that prepayments are only made after the following controls have been satisfied:

- The prepayment falls within the circumstances agreed by the Executive Director of Finance and Commercial Services as being suitable for prepayments
- The Executive Director must personally approve (in writing) prepayments above £100,000. Below this level, prepayments can be approved by a Senior Accountant. Budget Officers responsible for arranging training can authorise prepayments in relation to training up to a value of £1000.
- Any action that could be taken to provide security of the prepayment (e.g. by use of a bond) is taken prior to the prepayment being made.
- The risk of the goods or services not being received must be considered when determining whether a prepayment is appropriate. For large values, this will require a credit check for the supplier to be undertaken. A written risk assessment should be provided for any prepayment over £100,000 and attached to the payment request.
- Where prepayments are proposed as part of ongoing contractual arrangements, the risk of the goods or services not being supplied, or not being to the required standard must form part of the procurement project risk management arrangements. The contract terms should be agreed with the Procurement Team to ensure legal requirements and Contract Standing Orders are complied with. The loss of interest earned that would arise from prepayments must be incorporated into the contract evaluation process.
- Contract terms provide for the County Council to recover the prepayment where goods or services are either not provided or are substandard.
- Prepayments must comply with all current controls relating to ordering and payment for goods and services, including Contract Standing Orders.
- Where possible, a VAT invoice is obtained prior to the prepayment being made and checked as outlined above. Where this is not possible, a VAT receipt must be obtained as soon as possible after the prepayment has been made.
- Prepayments must be accounted for in accordance with proper accounting practice, ensuring the expenditure is recorded in the financial year in which the goods or services are received rather than the financial year in which payment is made.

- 4.3.5.8** In exceptional circumstances – where I procurement cannot be used to ensure that two authorised members of staff are involved in the ordering, receiving and payment process – if possible, a different officer from the person who signed the order, and in every case, a different officer from the person checking a written invoice, should authorise the invoice.
- 4.3.5.9** To ensure that where it is not possible to make payments using the original invoice that payment is only made on a copy of the original invoice, either photocopied, emailed or faxed, showing the invoice number and supplier details. The copy invoice must indicate the copy has not been paid before.
- 4.3.5.10** To encourage suppliers of goods and services to receive payment by the most economical means for the County Council. It is essential, however, that payments made by direct debit have the prior approval of the Executive Director of Finance and Commercial Services.
- 4.3.5.11** To comply with Contract Standing Orders and to ensure that the department obtains best value when purchasing by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality
- 4.3.5.12** To ensure that employees are aware of the Standards of Conduct and Behaviour Guidance applicable to County Council Staff.
- 4.3.5.13** To ensure that loan, leasing or rental arrangements are not entered into without prior agreement from the Executive Director of Finance and Commercial Services. This is because of the potential impact on the County Council's borrowing powers, to protect the County Council against entering into unapproved credit arrangements, and to ensure that value for money is being obtained.
- 4.3.5.14** To notify the Executive Director of Finance and Commercial Services of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Executive Director of Finance and Commercial Services.
- 4.3.5.15** All contracts for construction and alterations to buildings and for civil engineering works must be documented and agreed by the Executive Director of Finance and Commercial Services regarding the systems and procedures. This must be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of subcontractors' tax status.
- 4.3.5.16** To notify the Executive Director of Finance and Commercial Services immediately of any expenditure to be incurred as a result of any changes in the law or decision of the courts, including any contingent liabilities likely to develop in the short to medium term.
- 4.3.5.17** To ensure that all appropriate contract and payment records are retained and stored for the defined period, in accordance with the document retention schedule.
- 4.3.5.18** To ensure compliance with the Public Services (Social Value) Act 2012 and with Section 18 (Social Value) of Contract Standing Orders

4.3.6 Responsibilities of Employees

4.3.6.1 To ensure that any orders raised comply with all corporate procedures, including Contract Standing Orders.

4.3.6.2 To ensure that all invoices passed for payment comply with all corporate procedures, including Contract Standing Orders and the No Purchase Order No Payment policy.

4.3.7 Further Information

4.3.7.1 [Contract Standing Orders \(NCC Internet\)](#)

4.3.7.2 [Payments Policy & Framework \(NCC MyNet\)](#)

4.3.7.3 [Construction Industry Scheme Information \(External site\)](#)

4.3.7.4 [Standards of Conduct and Behaviour \(Officers\) \(NCC MyNet\)](#)

4.3.7.5 [Standards of Conduct and Behaviour \(Officers\) \(NCC MyNet\)](#)

4.3.8 Payments to Employees and Members**4.3.8.1** Purpose

4.3.8.1.1 Staff costs are the largest item of expenditure for most County Council services. It is therefore important that payments are accurate, timely, made only where they are due for services to the County Council and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that member allowances are authorised in accordance with the scheme adopted by the County Council.

4.3.8.2 Key controls

4.3.8.2.1 The key controls for payments to employees and members are:

- proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to:
 - starters
 - leavers
 - variations
 - enhancements
- and that payments are made on the basis of timesheets, employment contracts or claims
- frequent reconciliation of payroll expenditure against approved budget and bank account
- all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule
- that HM Revenue and Customs regulations are complied with
- the need to retain authorisation for deductions from employees pay

4.3.8.3 Responsibilities of the Executive Director of Finance and Commercial Services

- 4.3.8.3.1 To arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date.
- 4.3.8.3.2 To record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions.
- 4.3.8.3.3 To make arrangements for payment of all travel and subsistence claims or financial loss allowance.
- 4.3.8.3.4 To make arrangements for paying members' travel or other allowances upon receiving the prescribed form, duly completed and authorised.
- 4.3.8.3.5 To provide advice and encouragement to ensure secure payment of salaries and wages by the most economical means.
- 4.3.8.3.6 To ensure that there are adequate arrangements for administering superannuation matters on a day-to-day basis.

4.3.8.4 Responsibilities of Executive Directors

- 4.3.8.4.1 To ensure appointments are made in accordance with the regulations of the County Council and approved establishments, grades and scale of pay and that adequate budget provision is available.
- 4.3.8.4.2 To notify the Head of Human Resources of all appointments, terminations or variations that may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Executive Director of Finance and Commercial Services.
- 4.3.8.4.3 To ensure that adequate and effective systems and procedures are operated, so that:
 - payments are only authorised to bona fide employees
 - payments are only made where there is a valid entitlement
 - conditions and contracts of employment are correctly applied
 - employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness
- 4.3.8.4.4 To send an up-to-date list of the names of officers authorised to sign records to the Head of Human Resources, together with specimen signatures. The payroll provider should have signatures of personnel officers and officers authorised to sign timesheets and claims.
- 4.3.8.4.5 To ensure that payroll transactions are processed only through the payroll system. Executive Directors should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. HM Revenue and Customs applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Executive Director of Finance and Commercial Services.
- 4.3.8.4.6 To certify travel and subsistence claims and other allowances. Certification is taken to mean that journeys were authorised, and expenses properly and necessarily incurred, and that allowances are properly payable by the County Council, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to

tax implications and that the Executive Director of Finance and Commercial Services is informed where appropriate.

- 4.3.8.4.7 To ensure that the Executive Director of Finance and Commercial Services is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.

- 4.3.8.4.8 To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.

4.3.8.5 Responsibilities of Members

- 4.3.8.5.1 To submit claims for members' travel and subsistence allowances on a monthly basis and, in any event, not less than quarterly.

4.3.8.6 Responsibilities of Employees

- 4.3.8.6.1 To submit claims (such as overtime, travel and subsistence), timesheets and any other information as required by the due dates.

4.3.8.7 Further Information

4.3.8.7.1 [Pay and Reward \(NCC MyNet\)](#)

4.3.8.7.2 [Travel and Expenses Information \(NCC MyNet\)](#)

4.3.8.7.3 [Pay Scales \(NCC MyNet\)](#)

4.3.9 Ex Gratia Payments and Settlement of Legal Claims

4.3.9.1 Purpose

- 4.3.9.1.1 The purpose of this procedure is to enable Executive Directors to make ex gratia payments and to settle legal claims where it is in the interest of the County Council to do so.
- 4.3.9.1.2 This procedure does not apply to the settlement of Insurance Claims (covered by Section C paragraph 1.3.6) or payments required by statute or made under a court order.

4.3.9.2 Key Controls

- 4.3.9.2.1 Where payments may be covered by insurance arrangements, the Insurance procedures (Section C paragraph 1) should be followed and the Executive Director of Finance and Commercial Services notified immediately of any possible claim.
- 4.3.9.2.2 Ex gratia payments should only be made where it is in the interests of the County Council to do so.
- 4.3.9.2.3 Legal claims should only be settled after consultation with the Director of Governance and the Executive Director of Finance and Commercial Services.

4.3.9.3 Responsibilities of the Executive Director of Finance and Commercial Services

- 4.3.9.3.1 To ensure procedures are in place for the handling of Insurance claims (see Section C paragraph 1) and that payments are made under these arrangements whenever possible.

- 4.3.9.3.2 To ensure procedures are in place for the payment of ex gratia payments and legal claims where approved by the appropriate Executive Director.
- 4.3.9.3.3 To report ex gratia payments and settlement of legal claims (other than insurance claims) over £10,000 to Members annually.

4.3.9.4 Responsibilities of Executive Directors

- 4.3.9.4.1 To consult with the Head of Human Resources in any case relating to the accidental death in service or serious injury of an employee.
- 4.3.9.4.2 To approve, in consultation with the Director of Governance, ex gratia payments to employees for loss or damage to personal property up to £500 (or £1000 in respect of damage caused by children looked after by the County Council). Claims over these values must be dealt with under the Insurance procedures.
- 4.3.9.4.3 To make ex gratia payments to third parties up to a value of £1,000 where it is in the County Council's interest to do so. This could include the avoidance of legal action, the avoidance of adverse publicity and compensation for errors made by the County Council. Payments above this amount should only be made after consultation with the Director of Governance and the Executive Director of Finance and Commercial Services. Written documentation of the reasons for the payment must be kept. Any payments that may be covered by insurance arrangements should be referred to the Executive Director of Finance and Commercial Services in the first instance.
- 4.3.9.4.4 To consult the Director of Governance and Executive Director of Finance and Commercial Services whenever legal claims are received, and to settle those claims only where the Chief Legal Officer advises that settlement of the claim is preferable to defending the claim in court. Any legal claims that may be covered by insurance arrangements should be referred to the Executive Director of Finance and Commercial Services in the first instance.

4.3.9.5 Responsibilities of Employees

- 4.3.9.5.1 To notify their line manager of any accident as soon as possible after the incident.

4.3.9.6 Further Information

[4.3.9.6.1 Risk Management \(NCC MyNet\)](#)

5. TAXATION

5.1 Purpose

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

5.2 Key controls

- 5.2.1 The key controls for taxation are:

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

5.3 Responsibilities of the Executive Director of Finance and Commercial Services

- 5.3.1** To complete all HM Revenue and Customs returns regarding PAYE.
- 5.3.2** To complete a monthly return of VAT inputs and outputs to HM Revenue and Customs and maintain up-to-date guidance in the VAT manual
- 5.3.3** To provide details to HM Revenue and Customs regarding the construction industry scheme.
- 5.3.4** To provide details to HM Revenue and Customs regarding foreign trade.
- 5.3.5** To maintain up-to-date guidance for County Council employees on taxation issues.

5.4 Responsibilities of Executive Directors

- 5.4.1** To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Revenue and Customs regulations.
- 5.4.2** To ensure that, before construction and maintenance works are undertaken, a contractor's name and unique taxpayer reference and other information as required are obtained and passed to the County Council's Purchase to Payments section.
- 5.4.3** To ensure that all persons employed by the County Council are added to the County Council's payroll and tax deducted from any payments, this includes office holders and any individual providing a personal service to the authority, including services provided through personal service companies. Exceptions to this rule apply where the individuals are bona fide self-employed or are employed by a recognised staff agency.
- 5.4.4** To follow the guidance on taxation issued by the Executive Director of Finance and Commercial Services through individual guidance notes and the County Council's VAT manual.
- 5.4.5** To consult with the Executive Director of Finance and Commercial Services with regard to capital and revenue schemes that may result in an exempt supply of services.

5.5 Responsibilities of Employees

- 5.5.1** To provide the Payroll Team with all information relevant to PAYE.
- 5.5.2** Where authorising income and expenditure, to ensure that the correct VAT coding is used.

5.5.3 To follow the guidance on taxation issued by the Executive Director of Finance and Commercial Services through individual guidance notes and the County Council's VAT manual.

5.5.4 Advice on all foreign trade and transactions must be sought from the finance team to ensure VAT implications and reporting requirements to HMRC have been fully considered.

5.6 Further Information

[5.6.1 VAT & Tax Matters \(NCC MyNet\)](#)

6. TRADING ACCOUNTS

6.1 Purpose

6.1.1 Trading accounts are required for all services that provide goods or services to a third party on a traded basis and where the organisation has identified that a service should operate as a separate trading unit. The Best Value Accounting Code of Practice requires authorities to keep trading accounts for services provided on a basis other than straightforward recharge of cost.

6.1.2 Legislation prevents local authorities charging at a profit except for services provided through a company and for services provided to anyone other than the general public (e.g. to private companies). The charges for these restricted services are limited to the cost of provision, which should be identified in full.

6.2 Responsibilities of the Executive Director of Finance and Commercial Services

6.2.1 To advise on the establishment and operation of trading accounts.

6.3 Responsibilities of Executive Directors

6.3.1 To identify where trading accounts are needed and to comply with corporate guidance and observe all statutory requirements in relation to trading accounts. This includes the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged, and to produce an annual report in support of the final accounts.

6.3.2 To ensure that the same accounting principles are applied in relation to trading accounts as for other services.

6.3.3 To maintain records of all trading activity, performance and costs to ensure that the cost of services is identified, informed and accurate quotations can be provided, and service performance can be reviewed and compared.

6.3.4 Costs should include:

- Direct cost of the service – costs that would not be incurred without the provision of that service
- A proportion of departmental management and overhead costs
- Indirect costs – such as buildings and ICT infrastructure

- A charge (proportionate to usage) for central support services (after internal recharges have been made – i.e. ICT charges to Payroll).

- 6.3.5** Costs should not include core democratic costs – such as Democratic Services.
- 6.3.6** To ensure that support services' performance and costs are identified to ensure that services and traded services have information on the cost of support services, proportional to the service received in order to identify total cost of services and inform decision making.
- 6.3.7** To regularly benchmark costs with other providers and councils.

SECTION E EXTERNAL ARRANGEMENTS

SECTION CONTENTS :

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1. PARTNERSHIPS AND EXTERNAL BOARDS

1.1 Purpose

- 1.1.1 Partnerships play a key role in delivering community strategies and in helping to promote and improve the wellbeing of the area. Local Authorities are working in partnership with others – public agencies, private companies, community groups and voluntary organisations. Local Authorities still deliver some services, but their distinctive leadership role is to bring together the contributions of the various stakeholders. They therefore need to deliver a shared vision of services based on user wishes.
- 1.1.2 Local Authorities will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations. Local Authorities will be measured by what they achieve in partnership with others.
- 1.1.3 The County Council has formal representation on many external boards such as the Health and Wellbeing Board, Police and Crime Panel and the Local Enterprise Partnership Board.
- 1.1.4 Separate governance arrangements will exist for external boards and decisions taken by Council Members at these boards that affect Norfolk County Council will still be subject to the Norfolk County Council Constitution.

1.2 General

- 1.2.1 The main reasons for entering into a partnership are:
- to provide new and better ways of delivering services
 - the ability to access new resources and expertise
 - the desire to find new ways to share risk
 - to forge new relationships
- 1.2.2 A partner is defined as either:

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

but can be distinguished from the legal relationship which refers to two or more persons carrying on business in common with a view to profit.

1.2.3 Partners participate in projects by:

- acting as a project deliverer or sponsor, solely or in concert with others
- acting as a project funder or part funder

1.2.4 Partners have common responsibilities:

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

1.3 Key controls

1.3.1 The key controls for County Council external partnerships are:

- that the partner is to be made aware of their responsibilities under the County Council's financial regulations and the code of practice on tenders and contracts
- to ensure that risk management processes are in place to identify and assess all known risks
- to ensure that processes are in place to assess the viability of the partnership in terms of resources, staffing and expertise
- to agree and accept formally the roles and responsibilities of each of the partners involved in the partnership before the partnership commences
- to communicate regularly throughout the partnership so that problems can be identified and shared to achieve their successful resolution decisions are taken by Cabinet where and when appropriate.

1.4 Responsibilities of the Executive Director of Finance and Commercial Services

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

1.4.2 To advise on the key elements of funding a partner. They include:

- a scheme appraisal for financial viability in both the current and future years
- risk appraisal and management
- resourcing, including taxation issues
- internal and external audit, security and control requirements
- carry-forward arrangements

1.4.3 To ensure that the accounting arrangements are satisfactory.

1.4.4 To report to Members as part of the monthly monitoring process on the financial performance of significant partnerships.

1.5 Responsibilities of Executive Directors

1.5.1 To ensure that, before entering into agreements with external bodies, a financial and a risk management appraisal have been prepared for the Executive Director of Finance and Commercial Services.

1.5.2 To ensure that the County Council has the power to act and that such agreements and arrangements do not impact adversely upon the services provided by the County Council.

1.5.3 To discuss with the Executive Director of Finance and Commercial Services and Director of Governance the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. They must also ensure that the risks have been fully mitigated before agreements are entered into with external bodies.

1.5.4 In consultation with the Executive Director of Finance and Commercial Services and Director of Governance, to ensure that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

1.5.5 To ensure that all agreements and arrangements are properly documented.

1.5.6 To maintain a register of all partnership contracts entered into with external bodies in accordance with standing orders, the contract in question and procedures specified by the Executive Director of Finance and Commercial Services.

1.5.7 To provide appropriate information to the Executive Director of Finance and Commercial Services to enable a note to be entered into the County Council's statement of accounts concerning material items, and to enable the Executive Director of Finance and Commercial Services to report to Members regarding the financial performance of significant partnerships.

2. COMPANIES AND TRUSTS

2.1 General

2.1.1 In some circumstances the establishment of company and trust arrangements, both within the County Council and with other parties, can offer the opportunity to develop services. However, such arrangements should not be entered into without thorough and professional consideration of the implications to both the individuals appointed to such bodies, and the business implications for the County Council and its interests. Such arrangements should only be considered further where there are demonstrable benefits to NCC or its area.

2.2 Key Controls

2.2.1 Cabinet is responsible for:

- The establishment and viability (including the business case) of all companies/trusts
- Approving investments in other companies/trusts, in which the County Council has a financial interest (it is not necessary to seek member approval if the investment is within criteria Cabinet has previously delegated to either a Cabinet Member or Executive Director. For example, through the Norfolk Infrastructure Fund)
- Taking decisions as shareholder and sole trustee where appropriate
- Monitoring and receiving reports on the County Council's companies.
- Dissolution of County Council's companies, trusts and charities

2.2.2 Where any assistance is given, there must be a demonstrable return to the County Council to comply with subsidy control,, competition and best value controls.

2.2.3 The appointment of directors to companies/trusts in which the County Council has an interest must be made by Cabinet, having regard to the advice of the Executive Director of Finance and Commercial Services. The directors will then have a statutory duty to the company/trust and must therefore act in accordance with the Companies and/or Charities Act where applicable.

2.3 Responsibilities of the Executive Director of Finance and Commercial Services

2.3.1 The Executive Director of Finance and Commercial Services is responsible for reviewing the ongoing viability of such entities and reporting the performance of their activities within the Annual Statement of Accounts, with a view to ensuring that the County Council's interests are being protected.

2.3.2 The Annual Statement of Accounts must reflect the County Council's share of its subsidiaries' and associates' profits and losses after tax and

its investment in these companies, in accordance with accounting standards and best financial practice. All companies in which NCC has an investment must provide information as required by the Executive Director of Finance and Commercial Services to meet the Code of Practice on Local Authority Accounting. The Executive Director of Finance and Commercial Services is responsible for ensuring the proper financial accounting treatment and compliance with current legislation.

2.4 Responsibilities of Executive Directors

2.4.1 Executive Directors are responsible for informing the Director of Governance and Executive Director of Finance and Commercial Services of any new proposals, to ensure that legal and financial considerations are properly considered before any arrangements with an outside body or creation of a new company are considered.

2.4.2 Advice and guidance are available on the NCC Intranet to provide practical assistance.

2.5 Responsibilities of Members and Staff appointed to outside bodies

2.5.1 Members and, where applicable, staff are individually responsible for ascertaining the responsibility of the role, any conflicts of interest and assessed personal liability prior to accepting an appointment to an outside body. Guidance is available to members and staff on the NCC Intranet and additional advice can be sought from the Director of Governance or Executive Director of Finance and Commercial Services as appropriate.

2.6 Further Information

2.6.1 [NCC Appointments on Outside Bodies web site \(NCC MyNet\)](#)

3. EXTERNAL FUNDING

3.1 Purpose

3.1.1 External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and core role of the County Council. Local Authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers. Funds from external agencies such as the National Lottery provide additional resources to enable the County Council to deliver services to the local community. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the County Council's overall plan.

3.2 Key controls

3.2.1 The key controls for external funding are:

- to ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood

- to ensure that funds are acquired only to meet the County Council's defined priorities
- to ensure that any match-funding requirements are given due consideration prior to entering into long-term agreements and that future revenue budgets reflect these requirements
- the Corporate Bid Team has been established to provide a mechanism to track external funding applications and develop a council wide approach to winning funding

3.3 Responsibilities of the Executive Director of Finance and Commercial Services

- 3.3.1 To ensure that all funding notified by external bodies is received and properly recorded in the County Council's accounts.
- 3.3.2 To ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.
- 3.3.3 To ensure that tax and VAT consequences are considered prior to entering into the agreements and are reflected in future revenue budgets
- 3.3.4 To ensure that audit requirements are met.

3.4 Responsibilities of Executive Directors

- 3.4.1 To notify the Executive Director of Finance and Commercial Services of all such arrangements at an early stage.
- 3.4.2 To ensure that all claims for funds are made by the due date.
- 3.4.3 To ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred and recorded.
- 3.4.4 To ensure that, where necessary, grant related payments are passed for payment separate to other invoices, in accordance with grant payment procedures set out in 'NCC Guidance on all stages of applying for and managing a grant'. This will enable original invoices to be returned to the Project Manager.
- 3.4.5 To ensure that all relevant original documentation is retained for the period necessary to meet final audit requirements as prescribed in the grant offer documentation. This period may vary depending upon the basis of the grant and any specific requirements to which the grant payment is subject.

3.5 Responsibilities of Employees

- 3.5.1 To ensure external funding is only sought in accordance with the responsibilities of Executive Directors outlined above.

3.6 Further Information

- 3.6.1 [Guidance on all Stages of Applying for and Managing a Grant \(NCC MyNet\)](#)

4. FINANCIAL GUARANTEES

4.1 Purpose

4.1.1 Occasionally the County Council may have reason to give a financial guarantee to another body. To comply with financial reporting within the Code of Practice, the County Council must identify and specifically account for all financial guarantees given to another body. To comply with relevant regulations the County Council must ensure any financial guarantees do not constitute a subsidy or adversely affect competition (see section 6). To comply with local government law, the County Council must ensure that it has the necessary vires (powers) to give the financial guarantee.

4.2 Key Controls

4.2.1 The key controls for financial guarantees are:

- To ensure that all financial guarantees are assessed and agreed by the Executive Director of Finance and Commercial Services before they are implemented
- To ensure that all financial guarantees are properly recorded and reported within the annual financial statements.

4.3 Responsibilities of Executive Director of Finance and Commercial Services

- 4.3.1 To examine and where appropriate approve all requests for financial guarantees.
- 4.3.2 To ensure that the County Council's liabilities in respect of financial guarantees are accounted for in current and all subsequent years.
- 4.3.3 To ensure any financial guarantee is within the powers of the County Council, in consultation with the Director of Governance as necessary.
- 4.3.4 To ensure that the financial guarantees being offered do not constitute a subsidy or adversely affect competition. (See Section 6).

4.4 Responsibilities of Executive Directors

4.4.1 To ensure that the Executive Director of Finance and Commercial Services is notified of any proposals to give a financial guarantee and details of the guarantee are discussed with the Executive Director of Finance and Commercial Services for approval prior to agreement and implementation.

4.5 Further Information

4.5.1 [Information from EU \(Table of Contents - Item G\) \(External Internet\)](#)

5. WORK FOR THIRD PARTIES AND AGENTS

5.1 Purpose

5.1.1 Current legislation enables the County Council to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements should be in

place to ensure that any risks associated with this work are minimised and that such work is intra vires. Contracts made on behalf of other bodies may be subject to the County Council's Contract Standing Orders and appropriate reference should be made.

5.2 Key controls

5.2.1 The key controls for working with third parties are:

- to ensure that proposals are costed properly in accordance with guidance provided by the Executive Director of Finance and Commercial Services
- to ensure that contracts are drawn up using guidance provided by the Director of Governance and Executive Director of Finance and Commercial Services and that the formal approvals process is adhered to
- to issue guidance regarding the financial aspects of third-party contracts and the maintenance of the contract register
- to ensure compliance with Contract Standing Orders

5.3 Responsibilities of Executive Director of Finance and Commercial Services

5.3.1 To issue guidance regarding the financial aspects of third-party contracts and the maintenance of the contract register.

5.4 Responsibilities of Executive Directors

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

5.4.2 To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Executive Director of Finance and Commercial Services.

5.4.3 To ensure that appropriate insurance arrangements are made.

5.4.4 To ensure that the County Council is not put at risk from any bad debts.

5.4.5 To ensure that no contract is subsidised by the County Council.

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

5.4.7 To ensure that the department/unit has the appropriate expertise to undertake the contract.

5.4.8 To ensure that such contracts do not impact adversely upon the services provided for the County Council.

5.4.9 To ensure that all contracts are properly documented.

5.4.10 To provide appropriate information to the Executive Director of Finance and Commercial Services to enable a note to be entered into the statement of accounts.

6. SUBSIDY AND COMPETITION

6.1 Purpose

6.1.1 Subsidies are severely restricted by the law. The County Council must ensure that its actions do not result in a breach of the rules regarding

competition . Subsidy (which includes the provisions which pre-date the UK-EU Trade and Co-operation Agreement where a project began when the UK was a member of the EU or during the subsequent transition period) are measures which mean that a level playing field for open and fair competition and sustainable development cannot be ensured. Typical examples can include:

- Provision of loans to companies at non-commercial rates
- The provision of financial guarantees
- Investing in any private company without the reasonable expectation of a commercial return from that company
- Awarding contracts without appropriate competition
- Sharing staff, equipment or accommodation (including with wholly owned companies)
- Waiver of deductions due on contracts

6.1.2 Detailed guidance on subsidy control, including in respect of the application of exemptions, can be found on the Department for Business, Energy and Industrial Strategy (BEIS) web site (see Further Information below). Advice on competition and subsidy control may also be obtained from nplaw.

6.2 Key Controls

6.2.1 The key controls for ensuring payments do not constitute illegal subsidies are:

- the ordering of all goods and services in accordance with the County Council's Contract Standing Orders.
- clear asset management procedures to safeguard the use of all types of County Council assets including staff resources, property, vehicles, equipment and intellectual property rights
- where any assistance is given, there must be a demonstrable return to the County Council
- financial and operational control systems and procedures, which include segregation of duties, authorisation and approval procedures and information systems

6.3 Responsibilities of the Executive Director of Finance and Commercial Services

6.3.1 To advise Executive Directors on matters that may constitute illegal subsidies as appropriate.

6.3.2 To ensure that expertise in subsidy control is maintained within the County Council to enable advice to be given when required.

6.3.3 To consult with the Director of Governance where any payment or action may constitute a subsidy or an anti-competitive practice.

6.4 Responsibilities of Executive Directors

- 6.4.1 To be aware of subsidy and competition legislation and ensure that any payments made by their department do not constitute an illegal subsidy and are not anti-competitive in their nature.
- 6.4.2 To consult with Executive Director of Finance and Commercial Services where any payment or action may constitute an illegal subsidy.

6.5 Responsibilities of Employees

- 6.5.1 To ensure that any payments for which they are responsible do not constitute an illegal subsidy.
- 6.5.2 To consult with their Executive Director where any payment or action may constitute a subsidy or be in breach of competition regulations.

6.6 Further Information

6.6.1 [Information from the Department for Business Energy and the Industrial Strategy \(BEIS\) \(External Internet\)](#)

6.6.2 [Information from EU \(table of Contents – Item G\) \(External Internet\)](#)

7. SERVICE CONCESSION ARRANGEMENTS – Private Finance 2 (PF2)

7.1 **The government has indicated that PF2 will not be available for future schemes. This information is retained in Financial procedures in relation to existing PF1/PF2 arrangements.**

7.2 Purpose

7.2.1 Private Finance provides an alternative to the capital programme for funding assets, where the County Council will receive both services and the use of one or more assets over a long period of time, and the value of the scheme is usually more than £20m. Advice should be sought from the Executive Director of Finance and Commercial Services.

7.3 Key Controls

- 7.3.1 The key controls for managing Private Finance 2 (PF2) are:
- Contract Standing Orders set out the rules and procedures for considering and entering contracts
 - Cabinet are responsible for approving any key decisions relating to PF2 projects.
 - Financial, procurement and legal specialists to support services at all stages

7.4 Responsibilities of the Executive Director of Finance and Commercial Services

- 7.4.1 To provide guidance on PF2 and similar contracts and to ensure that the project has the necessary support from appropriately skilled financial specialists at all stages of its operation.
- 7.4.2 Endorsing the outline business case, including underlying financial assumptions, value for money and deliverability.

- 7.4.3 To ensure that the necessary banking arrangements are available at the commencement of the project.
- 7.4.4 To provide advice to Executive Directors as appropriate.
- 7.4.5 To ensure that any proposals offered as an alternative to deductions to the unitary payment have a value equal to the foregone deduction.
- 7.4.6 To account for the financial arrangements of PF2 contracts in accordance with the relevant regulations and proper accounting practice.

7.5 Responsibilities of Executive Directors

- 7.5.1 To consult with the Executive Director of Finance and Commercial Services when considering PF2 projects.
- 7.5.2 To identify the stages for Member approval and ensure approvals are sought and obtained from Cabinet in a timely manner, following recommendation by the Project Board in accordance with the approved PF2 process, ensuring that all information and risks associated with the project are reported to Members when they are considering the PF2 project.
- 7.5.3 To ensure that the project has support from appropriately skilled legal, financial and procurement specialists during the operational stage.
- 7.5.4 To ensure that at all stages, cost estimates for both the capital and revenue expenditure are carefully made and reviewed and formally approved by Cabinet.
- 7.5.5 To ensure that procedures are in place to limit the likelihood of the County Council failing to pay the contractor on time, or otherwise defaulting or making an overpayment.
- 7.5.6 To inform Members and the Executive Director of Finance and Commercial Services of any matter that may lead to termination under the contract. The approval of Cabinet is required to terminate the contract by use of the Authority Default provisions.
- 7.5.7 To ensure that any dedicated bank accounts necessary to enable the projects to function are set up and properly operated in conjunction with Executive Director of Finance and Commercial Services.
- 7.5.8 To ensure that deductions are made in full in a timely manner. To seek approval of the Executive Director of Finance and Commercial Services where services or assets are proposed in exchange for foregoing such deductions.
- 7.5.9 To ensure that the Executive Director of Finance and Commercial Services has all the relevant information regarding the financial arrangements and transactions of a PF2 contract.

7.6 Further Information

- 7.6.1 [Information from HM Treasury \(External Internet\)](#)
- 7.6.2 [Information from MHCLG \(External Internet\)](#)
- 7.6.3 IFRIC 12 Service Concession Arrangements (copy available in Finance library)

8. SOCIAL IMPACT BONDS

8.1 Purpose

Social Impact Bonds (SIBs) are a means of commissioning services where payment or funding for the service is conditional on the achievement of specified outcomes.

8.2 Key Controls

8.2.1 The key controls for managing SIBs are:

- Cabinet is responsible for approving SIB projects.
- The Executive Director is responsible for ensuring that such approvals are sought and obtained from Cabinet in a timely manner.

8.3 Responsibilities of the Executive Director of Finance and Commercial Services

8.3.1 ensuring that the project has the necessary support from appropriately skilled financial and procurement specialists at all stages of its procurement, as well as during the operational stage.

8.3.2 endorsing the outline business case, including underlying financial assumptions, value for money, and ability to deliver.

8.3.3 ensuring that the financial implications of all SIBs are incorporated in financial planning.

8.4 Responsibilities of Executive Directors

8.4.1 preparing a business case for submission to Cabinet at an appropriate point

8.4.2 ensuring that the project has the necessary support from appropriately skilled legal and procurement specialists at all stages of its procurement, as well as during the operational stage

8.4.3 compliance with Contract Standing Orders

8.4.4 ensuring that, at all stages, cost estimates are carefully made and reviewed to ensure that they are robust, that a sufficient budget is available to fund the anticipated level of outcome payments, and there are measures in place to limit the County Council's exposure to uncapped outcome payments

8.4.5 ensuring that procedures are in place to limit, as far as reasonably possible, the likelihood of the County Council failing to pay the investor on time, or otherwise defaulting or making an overpayment

9. GRANTS TO OUTSIDE ORGANISATIONS

9.1 Purpose

9.1.1 Norfolk County Council provides grants to outside organisations (such as voluntary services, arts organisations, etc.). Grants are targeted on achieving core services objectives.

9.2 Key Controls

9.2.1 The key controls for managing grants to external organisations are:

- Contract Standing Orders
- Funding is initiated by application against pre-specified criteria designed to meet core service objectives
- Successful applications are approved by members or Executive Directors
- Appeals processes are in place
- Processes for paying claims, monitoring expenditure, accounting for grants and reporting to members and Executive Directors are in place.
- Terms and conditions of grant funding are agreed
- Appropriate forms of security are put in place for example, charges on property

9.3 Responsibilities of the Executive Director of Finance and Commercial Services

9.3.1 To specify minimum standards to be followed in awarding grants.

9.3.2 To ensure that the County Council's Financial Systems have in place a coding structure that allows ready access to the type and value of grants provided.

9.4 Responsibilities of Executive Directors

9.4.1 To ensure that all grants awarded are geared towards the delivery of core service objectives

9.4.2 To ensure that a robust awards process is in place for each grant allocated, considering the minimum standards specified by the Executive Director of Finance and Commercial Services, and covering the following points:

- Access to funding is initiated by application in a fair and transparent manner
- Criteria for assessing applications for funding are set out in advance of decisions being made
- Grants are allocated with consideration to those individuals or organisations who will gain the greatest benefit from the funds, thus ensuring value for money and best use of resources
- Grants are approved by Members or Executive Directors as appropriate
- An appeals process is in place which can be accessed by unsuccessful applicants

9.4.3 To ensure that robust procedures are in place in respect of the payment of claims, monitoring of expenditure, accounting for grants, contractual terms, forms of security and reporting to Executive Directors and members.

