

# STANDING ORDERS



## **PART 2: FINANCIAL REGULATIONS**

**April 2013**

<b>REF</b>	<b>CONTENTS</b>	<b>PAGE</b>
<b>1</b>	<b>STATUS OF FINANCIAL REGULATIONS</b>	<b>3</b>
1.1	Introduction	3
1.2	Responsibilities	3
1.3	Breaches of Financial Regulations	5
1.4	Dispensations from the Financial Regulations	5
<b>2</b>	<b>FINANCIAL PLANNING, MANAGEMENT AND CONTROL</b>	<b>6</b>
2.1	General	6
2.2	Annual Budget	6
2.3	Budget Monitoring and Control	6
2.4	The Accounting System and Procedures	7
2.5	Annual Statement of Accounts	7
2.6	<b>Internal Control and Risk Management</b>	<b>8</b>
2.7	Internal Audit	8
2.8	External Audit	9
2.9	Service Level Agreements	9
2.10	Fraud, Corruption and Irregularity	9
2.11	Scheme of Delegation	10
2.12	Virements to Budgets	Error! Bookmark
2.13	Staffing and Remuneration	10
<b>3</b>	<b>INCOME</b>	<b>11</b>
3.1	General Income and Cash	11
3.2	NCC Income	11
3.3	Grants and Certification	12
3.4	Money Laundering	12
<b>4</b>	<b>EXPENDITURE</b>	<b>13</b>
4.1	General	13
4.2	Key Controls	13
4.3	Contracts	14
4.4	Payment of Invoices	14
4.5	Petty Cash	15
4.6	<b>Purchasing Cards</b>	<b>15</b>
<b>5</b>	<b>SALARIES AND WAGES</b>	<b>17</b>
5.1	General	17
5.2	Employee Expenses	17
5.3	Redundancy and Other Employee Payments	17
<b>6</b>	<b>ASSETS</b>	<b>18</b>
6.1	Fixed Assets and Register	18
6.2	Stocks and Stores	18
6.3	Banking and Treasury Management	19
6.4	Borrowings	19
<b>7</b>	<b>OTHER MATTERS</b>	<b>20</b>
7.1	Insurance	20
7.2	<b>Acquisition and Disposal of Land and Buildings</b>	<b>20</b>
7.3	<b>Taxation</b>	<b>20</b>
7.4	Security	20
7.5	Related Party Transactions and Personal Interests	21
7.6	Gifts and Hospitality	21
7.7	<b>Other Expenses</b>	<b>22</b>
<b>8</b>	<b>APPENDICIES</b>	
8.1	APPENDIX A – Financial Authorisation Matrix	23
8.2	APPENDIX B – Authority for Dispensation	25
8.3	APPENDIX C – Financial Regulations' Updates and Amendments	27

# 1 STATUS OF FINANCIAL REGULATIONS

## 1.1 Introduction

1.1.1 The Financial Regulations of the Company form part of its overall system of financial and management control. The Articles of the Company, the Terms of Reference of the Board and its Committees, and the Standing Orders outline how the Company will be controlled and run.

1.1.2 The Financial Regulations should be read in conjunction with the Company's other Standing Orders and the detailed policy and procedural documents which underpin the Financial Regulations in specific areas of the business.

1.1.3 The Financial Regulations must be adhered to at all times and apply to every Board Member, Committee of the Board and staff member of the Company and, for the avoidance of doubt, Trustees, Directors, Officers and staff of any related party, Trust, Company or anyone acting on its behalf.

## 1.2 Responsibilities

1.2.1 The **Board** is responsible for adopting the Financial Regulations of the Company and for approving the framework of policy, internal control and accountability within which the Company operates. The Board is responsible for monitoring compliance with this framework.

1.2.2 The **Audit Committee** is responsible for monitoring compliance, breaches of and dispensations to the Financial Regulations.

The Committee shall review the Financial Regulations on an annual basis, approve amendments/additions and recommend them for Board approval at least once every 3 years.

1.2.3 The **Chief Executive** shall co-ordinate and direct the financial activities of the Executive to ensure that the Financial Regulations and detailed financial procedure documents are observed at all times.

The Chief Executive is responsible for ensuring that there is effective and efficient budgetary control, financial instructions, policies and procedures and systems across the Company.

Further responsibilities of the Chief Executive are set out in the related sections of the Financial Regulations.

1.2.4 The **Director of Business Services** is delegated responsibility by the Chief Executive for all financial matters – most notably ensuring the

prudent and effective financial management of the Company and the proper administration of its financial affairs.

The Director of Business Services also has a duty to maintain a continuous review of the Financial Regulations, submitting any additions or amendments to the Audit Committee for approval as required.

The Director of Business Services shall issue training, advice and guidance pursuant to the Financial Regulations, which Board Members, staff members and others acting on behalf of the Company are required to follow and agree training requirements with Executive Directors as required.

The Director of Business Services is responsible for advising the Board of the financial implications of all proposals – notably if they consider that a decision would be contrary to, or not wholly in accordance with, the budget adopted by the Board.

The Director of Business Services also has a professional responsibility in relation to the financial administration and stewardship of the Company in support of the statutory duties of the Council's Section 151 Officer and shall provide all information required to be reported to them.

Further responsibilities of the Director of Business Services are set out in the related sections of the Financial Regulations.

**1.2.5 Executive Directors** are responsible for ensuring that:

- All staff under their management are aware of the existence and content of the Financial Regulations, and other regulatory documents, and that they are adequately trained, skilled and experienced to be able to comply with them;
- Compliance with the Financial Regulations within their own Directorates is monitored and non-compliance reported to the Director of Business Services.
- The financial activities of their Directorate are managed within the framework, procedures and budgets determined by the Director of Business Services.
- The Director of Business Services is consulted on proposals that have significant financial implications and approval is obtained for all matters liable to materially affect the finances of the Company, before any commitments are incurred.

Further responsibilities of Executive Directors are set out in the related sections of the Financial Regulations.

**1.2.6 Company Managers** are responsible for ensuring that they and their staff are fully aware of the Financial Regulations and the importance of complying with them. They are required to comply with the Financial Regulations and shall be responsible for the accountability and control of all resources including plant, buildings, materials, cash and stores appertaining to their spheres of operation and responsibility.

**1.2.7** Compliance with the Financial Regulations is compulsory for **All Staff** connected with the Company and failure to observe Financial Regulations may result in disciplinary action being taken.

Individual staff members are responsible for ensuring they fully understand the Financial Regulations in all related areas or activities they are involved. Staff must always seek advice from a senior member of the finance team where there is any element of doubt on how to proceed.

### **1.3 Breaches of Financial Regulations**

**1.3.1** It is a disciplinary offence to breach these Financial Regulations or related procedures, policies or instructions.

**1.3.2** All breaches of the Financial Regulations, whether inadvertent or otherwise, must be brought to the attention of the Director of Business Services who shall both investigate and report to the Audit Committee.

**1.3.3** Any irregularities in the financial affairs of the Company, any unlawful expenditure or the existence of an unbalanced budget must be reported to the Section 151 Officer by the Director of Business Services.

### **1.4 Dispensations from the Financial Regulations**

**1.4.1** There will be no dispensations from Financial Regulations except in the circumstances set out below. A Register of dispensations shall be maintained by the Company Secretary and all dispensations reported to the next Audit Committee.

**1.4.2 Emergency Action** - in the event of an emergency the Chief Executive or Executive Directors may authorise necessary actions. Subsequent notification of emergency actions taken shall be provided to the Director of Business Services.

**1.4.3 Operational Issues** – the Chief Executive/Executive Director may dispense with the Financial Regulations where justification is reported, and authority provided, in accordance with APPENDIX B – Authority for Dispensation.

## **2 FINANCIAL PLANNING, MANAGEMENT AND CONTROL**

### **2.1 General**

**2.1.1** The Company shall adopt a Medium Term Financial Plan (MTFP) which takes account of the assumptions included in the Housing Revenue Account Medium Term Financial Plan (HRA) MTFP and is updated to reflect key strategic documents and the latest annual budget.

**2.1.2** The Director of Business Services is responsible for developing and maintaining a resource allocation process that generates budgets appropriate to the planned activities of the Company as set out in the Corporate Plan.

### **2.2 Annual Budget**

**2.2.1** The Director of Business Services is responsible for establishing the annual budget setting cycle, budget strategy and ensuring that a detailed budget is prepared for each financial year and approved by Board.

**2.2.2** The Director of Business Services shall ensure that responsible managers have budgets that they are tasked with delivering and these are communicated to those budget holders. The budget will be used, subject to procurement rules, as the authority to incur expenditure and raise invoices within the approved budget limits.

**2.2.3** It is the responsibility of Executive Directors to ensure that budget estimates submitted to the Resources Committee and Board fully reflect the resource requirements of their Directorates and related activities.

**2.2.4** It is the responsibility of the Director of Property Services to ensure that budget estimates which reflect agreed capital expenditure plans for capital works managed by the Company on behalf of the City Council are received by the Resources Committee and Board on an annual basis.

### **2.3 Budget Monitoring and Control**

**2.3.1** The Director of Business Services shall maintain a reporting function to ensure that budget holders have effective management information to manage their budgets and regular reports on financial matters are provided to Board and Resources Committee on financial matters.

**2.3.2** Responsibility for expenditure shall be delegated to budget holders as approved by the Director of Business Services. Budget holders will not commit expenditure in excess of the approved budget provision.

**2.3.3** Executive Directors are responsible for reporting material variances against budget, both actual and forecast, for their Directorate. The Director of Business Services is responsible for monitoring the Company's overall financial position.

## **2.4 The Accounting System and Procedures**

**2.4.1** The Director of Business Services is responsible for the proper administration of the Company's financial affairs.

**2.4.2** The Director of Business Services is also responsible for selecting accounting policies and ensuring that they both comply with relevant accounting principles (UK GAPP) and standards and are applied consistently.

**2.4.3** The Director of Business Services shall determine all accounting procedures, controls and records. These shall be sufficient to satisfy statutory and regulatory requirements, ensure effective management and safeguard the interests and assets of stakeholders.

**2.4.4** All management and supervisory staff have a duty to:

- Maintain proper accounting records
- Safeguard and effectively use assets;
- Maximise financial performance;
- Manage the security, custody and control of all Company resources;
- Ensure appropriate segregation of duties for all financial processes/activities.

**2.4.5** All control, suspense and other key accounts will be reconciled cleared down, reviewed and evidenced as such on a monthly basis.

**2.4.6** The Assistant Director of Finance and Procurement is responsible for reviewing, and signing as evidence of review, a list of all non-recurring journals, in excess of £10,000, posted on a monthly basis.

**2.4.7** The Director of Business Services will ensure the confidentiality of financial records is maintained and that records to support published financial information are preserved and archived in accordance with law.

**2.4.8** All changes made to, or the introduction of new financial systems shall be proposed and authorised by the Director of Business Services.

## **2.5 Annual Statement of Accounts**

**2.5.1** The Director of Business Services is responsible for the preparation, audit and submission of the annual financial statements, compliance with

related reporting standards and their presentation/adoption by Committee, Board and AGM.

## **2.6 Internal Control and Risk Management**

- 2.6.1** The Board has a statutory responsibility for ensuring adequate systems of internal control are in place and operating effectively. The Director of Business Services is responsible for advising the Board on effective systems of internal control and making arrangements to implement internal controls appropriate to the Company's activities. Arrangements must be compliant with relevant law, recognised best practice and the policy, control and accountability framework of the Company.
- 2.6.2** The Director of Business Services shall be responsible for an annual review of the internal control assurance framework as part of the compilation of the annual statement of accounts and both shall be considered and approved annually by the Audit Committee.
- 2.6.3** Staff shall only be allocated access rights to systems which are required for their day to day duties and all staff access rights shall be checked and reviewed on a timely basis. It is the responsibility of the Executive Directors to ensure that their staff have knowledge of and comply with all required systems of internal control.
- 2.6.4** The Board is responsible for adopting a Risk Management Framework and Corporate Risk Register for the Company as well as monitoring their effectiveness and ensuring that they remain fit for purpose.
- 2.6.5** The Chief Executive shall monitor and ensure that the requirements, and responsibilities, of the Executive Management Team (EMT) set out in Risk Management Framework are fully complied with. All Company managers shall receive training to enable them to identify, assess and manage risks.
- 2.6.6** All reports to Board or Committees as well as Business Cases, project proposals and key policies adopted by the Company shall include a risk assessment agreed by the responsible Executive Director.
- 2.6.7** The Chief Executive must ensure that proper arrangements are in place for risk management and disaster recovery, including the back up of computer facilities in the event of serious malfunction.

## **2.7 Internal Audit**

- 2.7.1** The Director of Business Services will propose arrangements for internal audit which in turn will be considered and approved by the Audit

Committee and Board as required by the scheme of delegation and related Terms of Reference.

**2.7.2** The Director of Business Services shall be responsible for liaising with the Internal Auditors and monitoring their performance and production of plans and reports in line with agreed timescales.

**2.7.3** The Company's internal auditors, as well as the external auditors, shall have unrestricted access to records and authority to seek and receive explanations as deemed necessary in relation to any matter they are have been instructed to investigate by the Director of Business Services.

## **2.8 External Audit**

**2.8.1** The appointment of the Company's external auditors shall be approved at the Company's Annual General Meeting following review of their performance and recommendation by the Audit Committee.

**2.8.2** The Director of Business Services will liaise with the external auditors to ensure the completion of the annual external accounts audit within statutory and agreed timescales.

**2.8.3** The Management Letter (or equivalent annual report) which highlights areas of concern identified by the external auditors and recommendations for improved efficiency and control shall be provided to the Audit Committee and the Chair of the Board.

## **2.9 Service Level Agreements**

**2.9.1** Service Level Agreements (SLAs) with the City Council shall be reviewed to ensure VFM and this shall include benchmarking and market testing exercises. The outcome of reviews shall be reported to the Resources Committee by the Director of Business Services.

**2.9.2** Directors are responsible for ensuring that SLAs within their Directorates are monitored and reviewed for VFM on a timely basis.

**2.9.3** All SLAs require the sign off of the Chief Executive. Where an SLA is proposed with an organisation other than the City Council, such arrangements shall be agreed in liaison with the Company Solicitor.

## **2.10 Fraud, Corruption and Irregularity**

**2.10.1** All staff are responsible for ensuring that suspected cases of fraud or misappropriation are reported immediately in line with the requirements of the Anti-Fraud and Corruption Framework (AF&CF).

- 2.10.2** The Director of Business Services is responsible for the development and maintenance of the AF&CF and for ensuring that it is both promoted throughout the Company and adhered to following instances of suspected fraud and/or corruption.
- 2.10.3** All staff shall conduct themselves in line with the requirements of the AF&CF as well as the employee Code of Conduct, adopting the highest standards of propriety and accountability. The involvement of staff in any form of bribery, corruption, fraud or deception will not be tolerated and employees shall ensure compliance with the laws and regulations, including the Bribery Act, at all times.
- 2.10.4** The Company Secretary shall maintain a register of all instances of fraud or attempted fraud which shall be reported to the Audit Committee.
- 2.11 Scheme of Delegation**
- 2.11.1** The Company Secretary will maintain a Scheme of Delegation and be responsible for its periodic review, issuing instructions and ensuring that it is fit for purpose and being compiled with.
- 2.11.2** The Director of Business Services shall maintain a register of all authorised signatories reflecting the financial powers conferred on postholders by the Standing Orders.
- 2.12 Virements to Budgets**
- 2.12.1** A 'Virement' is the term given to the transfer of funds between different revenue budgets and shall include:
- (a) The transfer of budget(s) between
  - (b) The transfer of budget between capital and revenue; and
  - (c) An increase in budgeted income and related expenditure.
- 2.12.2** All requests for virements shall be authorised in line with the requirements of the Financial Authorisation Matrix (see **8**). An audit trail of virements and all other budget changes shall be retained by finance.
- 2.13 Staffing and Remuneration**
- 2.13.1** The Board, through the Scheme of Delegation, shall appoint the Chief Executive who is responsible for determining how staff roles within the Company will be structured.
- 2.13.2** The Chief Executive is also responsible for ensuring that there is a suitable system in place for determining and approving the remuneration of Company posts.

### **3 INCOME**

#### **3.1 General Income and Cash**

- 3.1.1** Debtor invoices are to be raised and despatched promptly following the completion of work and the supply of goods or services, where payment has not been received at or prior to the point of supply.
- 3.1.2** Official receipts and all other documentation used for income collection must be in a format approved by the Director of Business Services and used at all times.
- 3.1.3** All credit notes above £10,000 must be approved by the AD of Finance and Procurement or the Director of Business Services.
- 3.1.4** Executive Directors shall ensure that the receipt, collection and banking of income at locations within their Directorates complies with procedures and limits agreed in consultation with the Director of Business Services and shall liaise to ensure adequate insurance is in place at all times.
- 3.1.5** All employees who have responsibilities for income/cash collection and supervision shall ensure that they comply with the Company's Banking and Cash Handling Procedures at all times.
- 3.1.6** The Director of Business Services shall monitor the recovery of income and establish and initiate appropriate recovery procedures, including legal action where necessary (in consultation with the Company Secretary) for debts that are not paid promptly.
- 3.1.7** The Director of Business Services shall agree the write off of all Company bad debts, providing a summary of all such debts to the Resources Committee for approval as and when they arise.

#### **3.2 NCC Income**

- 3.2.1** The Collection of NCC income is the responsibility of the Director of Housing who shall ensure strict adherence to the Company's procedures and that all cases of rent arrears are investigated promptly with appropriate action taken.
- 3.2.2** Rent refunds shall only be authorised by NCH officers in line with the delegated limits approved annually by the City Council.
- 3.2.3** The Director of Housing shall recommend to the Board and the City Council's Section 151 Officer, rental arrears that should be written-off.

### **3.3 Grants and Certification**

- 3.3.1** Executive Directors shall make the Director of Business Services aware of all grant applications in advance of being submitted and are responsible for ensuring that grants are administered strictly in line with the requirements of the grant giving body.
- 3.3.2** Grant contributions to external organisations shall require the approval of the Director of Business Services and the authorisation of the Chief Executive.

### **3.4 Money Laundering**

- 3.4.1** To ensure compliance with the Money Laundering Regulations 2007 Company employees shall not accept on behalf of the Company payment(s) in cash in excess of £5,000. Details of any such attempts shall be recorded and reported to the Director of Business Services.
- 3.4.2** Where payments in cash exceed £2,000, evidence as to the legitimate source of the income shall be obtained before such payments are accepted. The Head of Rents shall be notified of the details of all accepted/unaccepted payments and report any concerns to the Director of Business Services.
- 3.4.3** Rent accounts shall be monitored to ensure that overpayments by tenants do not occur on a regular basis and do not build up to significant levels. Under no circumstances shall rent refunds be authorised in excess of the level set out in 3.4.2 without the approval of the Director Business Services.

## **4 EXPENDITURE**

### **4.1 General**

**4.1.1** The Company's money should be spent with demonstrable probity and in accordance with the Company's policies and procedures, which shall ensure that services obtain VFM from their purchasing arrangements.

### **4.2 Key Controls**

**4.2.1** The key controls for ordering goods and services which must be adhered to by all employees are:

- (a) All orders shall be raised and approved, by those delegated to do so, in advance of the related goods and services being received by the Company and in accordance with the Tender and Contract Procedure Rules.
- (b) Goods and services shall only be ordered where budget is in place to fully fund both the initial cost and any recurrent costs relating to those goods and services;
- (c) Goods and services received shall be checked to ensure they are in accordance with the order and variations to orders approved by an authorised officer, before being paid;
- (d) Supplier records are only set up when the required independent collaborative checks have been satisfactorily completed and the Standing Orders adhered to; and
- (e) Processes are in place to maintain the security and integrity of data for transacting business electronically.

**4.2.2** Official orders must be in a form approved by the Director of Business Services and must be issued for all works and goods or services that are to be supplied to the Company, except for those circumstances / exemptions set out in paragraph **4.4.3**.

**4.2.3** Standard terms and conditions must not be varied without the prior approval of the Director of Business Services. All Contract terms and conditions must be in a format approved by the Company Secretary before tenders are invited.

**4.2.4** The normal method of payment from the Company shall be by cheque, BACS or other formally approved payment method drawn on the

Company's bank account approved by the Director of Business Services.

- 4.2.5** Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Company contracts.

### **4.3 Contracts**

(See also Standing Orders Part 3: Tender & Contract Procedure Rules)

- 4.3.1** The Company Secretary is responsible for maintaining a register of 'Contracts' in liaison with the procurement team.
- 4.3.2** Payments to contractors on account during a contract shall only be made when a certificate is issued by an appropriate supervising officer (or private architect, engineer or consultant where engaged by the Company) or by another officer nominated in writing for the purpose.
- 4.3.3** Staff who become aware that the final cost of a contract is likely to exceed the contract sum shall report on the circumstances to their Executive Director. Where contract overspends cannot be met from existing budgets are the circumstances shall be reported to the Director of Business Services.
- 4.3.4** Claims from contractors in respect of matters not clearly within the terms and conditions of any existing contract shall be referred to the relevant Executive Director for financial consideration before a settlement is reached or before any offer of settlement is made. Any such settlement must also be approved by the Chief Executive and the Board prior to being paid.

### **4.4 Payment of Invoices**

- 4.4.1** The Director of Business Services is responsible for controls being in place to ensure that payment is not made by the Company unless a proper VAT invoice formally addressed to the Company has been received and:
- Matched to an authorised order or approved in writing by the budget holder;
  - Checked, coded and certified for payment – to include confirming receipt of goods and services and that the invoice has not previously been paid.
- 4.4.2** Segregation of duties shall be maintained to ensure that payments are checked, authorised and released by officers independent of those responsible for approving the processing of the final payment.

**4.4.3** In some instances cheques or payments will need to be raised for expenditure where no order or invoice has been provided. Such instances include:

- Staff expenses and petty cash purchases;
- Payments to HM Court Services;
- Compensation payments to tenants and leaseholders; and
- Replenishment of franking machines.

Third party evidence should be attached to support all such payments and required signatures obtained to formally document authorisation.

**4.4.4** In general, payments in advance of goods or services being received should not be authorised or processed. However, in certain circumstances services must be purchased in advance due to the nature of the supply purchased. These include:

- Employee training courses, seminars and conferences;
- Hotel, accommodation and travel costs;
- Leased or hired equipment
- Rents and rates;
- Landline and other phone rentals;
- Annual IT support/maintenance/licenses; and
- Books and subscriptions.

In such cases costs shall only be incurred with the agreement of the Director of Business Services.

## **4.5 Petty Cash**

**4.5.1** The requirement and level of each petty cash account will be determined by the Director of Business Services who shall ensure that detailed procedures for the operation of petty cash accounts are in place and available to all staff.

**4.5.3** Reimbursements from petty cash shall not be made in excess of £50 and all claims must be signed as approved by the relevant budget holder.

## **4.6 Purchasing Cards**

**4.6.1** Purchasing cards are allocated on an individual basis for use by the designated named card holder only and in accordance with the detailed procedure guide.

- 4.6.2** All purchase card requests shall be approved by the Assistant Director of Finance and Procurement in advance of being ordered and allocated to employees.

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## **5 SALARIES AND WAGES**

### **5.1 General**

- 5.1.1** The Company Secretary is responsible for the payroll function and shall ensure that systems are in place for accurately recording, in a format agreed with the Director of Business Services, all matters affecting the calculation and payment of salaries, wages and benefits.
- 5.1.2** The Company Secretary is responsible for the payment of salaries and wages to all staff, including overtime and bonus payments as well as ensuring all payments are made through the payroll system.
- 5.1.3** Monthly net pay payments made by BACS shall be approved by Finance in advance of being processed. Details of all net pay BACS transfers shall be retained by NCH Finance.
- 5.1.4** All timesheets for weekly paid staff shall be signed by the relevant member of staff, and counter-signed by their respective line manager as evidence of authorisation, before being processed through the payroll system.
- 5.1.5** Payroll systems should be reconciled to HR records on a regular basis and periodic checks should be made on large adjustments.

### **5.2 Employee Expenses**

- 5.2.1** Claims by employees for expenses incurred whilst undertaking duties on behalf of the Company must be claimed and paid in accordance with the Company's Employee Expense Policy. Authorisation limits are set out in the Financial Authorisation Matrix (see **8**).
- 5.2.2** Claims made by the Chief Executive for car allowances, subsistence, travelling and incidental expenses must be approved by the Chair of the Board in advance of payment.

### **5.3 Redundancy and Other Employee Payments**

- 5.3.1** All payments made to ex-employees shall be processed and paid through the Company's payroll systems. All such payments shall be authorised as per the requirements of the Company's Standing Orders and the Scheme of Delegation.

## **6 ASSETS**

### **6.1 Fixed Assets and Register**

- 6.1.1** The Director of Business Services is responsible for ensuring that the Company's assets are used efficiently, effectively and economically in order to demonstrate that VFM is being obtained. The Director of Business Services must ensure that records and assets are properly maintained and securely held.
- 6.1.2** Safe custody of all title deeds when not held by a lending authority, or when not provided as security for a borrowing facility will be under arrangements established by the Company Secretary. A register of documents (deeds, share certificates, bank books etc.) shall be kept which incorporates a record of the location of individual documents requiring storage in a secure location.
- 6.1.3** A Fixed Asset Register (FAR) and inventory shall be maintained, recording a description and location of buildings, equipment, vehicles, plant and machinery, assets under construction, buildings and any other fixed assets owned or leased by the Company as well as an appropriately assigned responsible officer.
- 6.1.4** Directors are responsible for communicating all fixed asset additions, disposals and changes in asset data within their Directorate to the Director of Business Services. Obsolete assets shall be disposed of for the highest available consideration and approved by Resources Committee if value exceeds £5,000.
- 6.1.5** Loss or damage to any Company asset(s) shall be reported immediately to the Director of Business Services and, where appropriate, an insurance claim should be made.

### **6.2 Stocks and Stores**

- 6.2.1** Adequate procedures shall be in place to ensure that all Company stock is counted and reconciled to the stock management system on a timely basis and on the 31<sup>st</sup> March each year (unless an alternative date is agreed with Director of Business Services).
- 6.2.2** Significant stock losses and adjustments must be reported to the Director of Business Services who must then ensure appropriate action is taken in accordance with internal procedures.

**6.2.3** A list of all proposed stock write-offs shall be prepared by the stores manager and signed as authorised by both the Assistant Director of Commercial Delivery and the Director of Business Services at the year-end.

### **6.3 Banking and Treasury Management**

**6.3.1** The Director of Business Services is responsible for ensuring that the Company's banking and treasury management arrangements and the related bank accounts administered by the City Council are adequate and reflect the interests and requirements.

**6.3.2** Company's cheques (drawn only on the Company's petty cash account) shall bear the signature of the Director of Business Services and, up to an agreed level, the Assistant Director of Finance and Procurement. All cheques shall be counter-signed by another member of the finance management team authorised to do so.

**6.3.3** Bank reconciliations shall be performed and evidenced as such by both the officer responsible for compiling the reconciliation and the senior officer responsible for reviewing the reconciliation, on a monthly basis.

### **6.4 Borrowings**

**6.4.1** All proposed borrowing and loan arrangements shall be approved by the Board who shall delegate authority to the Chief Executive to sign the related agreements, letters, notices and other documents.

## **7 OTHER MATTERS**

### **7.1 Insurance**

**7.1.1** The Director of Business Services is responsible for ensuring that the Company's insurance arrangements are adequate and that cover (both provided by the City Council through an SLA) is in place to insure the Company's assets, activities and staff as well as any potential risks or liabilities.

**7.1.2** The Director of Business Services shall be notified in writing of any risk, loss, potential loss, liability, damage or other issue which may lead to a claim against the Company or affect its existing insurance cover.

### **7.2 Acquisition and Disposal of Land and Buildings**

**7.2.1** The acquisition of any interest in land and buildings must be approved by the Board and by any parties involved in providing funds for any such purchases.

**7.2.2** The disposal of any land or building assets by the Company requires the prior approval by the Board. Disposal or termination of a lease of land and property requires the same authority as for disposal of other land and property.

### **7.3 Taxation**

**7.3.1** The Director of Business Services is responsible for ensuring compliance with all relevant tax legislation, tax registrations of the Company are appropriate to its activities in accordance with the law and tax returns are accurate and submitted on time.

### **7.4 Security**

**7.4.1** Each Company manager is responsible for maintaining proper security at all times in relation to all Company buildings, stocks, stores, equipment, cash and other assets under their control. Managers must always consult with the Director of Business Services in any case where security is thought to be defective or where advice and/or special arrangements may be required.

**7.4.2** Keys to safes or similar containers are to be carried on the person of those responsible at all times while in the office and stored safely when not in the office. The loss of keys must be reported immediately to the Director of Business Services.

- 7.4.3** Where Company safes, or other security devices, are accessed using security codes this information should be limited to responsible officers. Security codes should be changed on a timely basis and, as a matter of urgency, in every instance where an individual with access to the safe leaves the Company's employment.
- 7.4.4** Company safes and other security arrangements/facilities shall not be used to hold cash or other assets which are not the property of the Company without the permission of the Director of Business Services.
- 7.4.5** The Director of Business Services is responsible for making arrangements for the proper security of data and information held on computer equipment, in line with data protection requirements, and that regular copies of this data and information are made and stored in a safe and secure location. Members of staff are responsible for ensuring that data they deal with remains secure.

## **7.5 Related Party Transactions and Personal Interests**

- 7.5.1** Every Board Member, Director and employee of the Company must declare any links or personal interests that they, or their close relatives, may have with purchasers, suppliers and/or contractors in accordance with appropriate codes of conduct. An annual return shall be required of all employees and the Company Secretary shall be responsible for maintaining a register of any such interest.

## **7.6 Gifts and Hospitality**

- 7.6.1** It is a disciplinary offence for any person to use their position within the Company to request, induce or accept any gift, reward or other incentive while undertaking work in an official capacity. Such acts seriously undermine the public image of the Company and as a result the Company will discipline all staff found to be in breach of the Financial Regulations on the grounds of gross misconduct.
- 7.6.2** Members of the Board and members of staff shall refuse all material hospitality and gifts offered by an individual or supplier that currently is, or is seeking, to provide services to the Company.
- 7.6.3** Under no circumstances shall cash gifts of any kind be accepted and any such offers shall be reported to the Company Secretary.
- 7.6.4** Items such as calendars, mouse mats, pencils and minor stationery may be regarded as outside of these requirements. Items such as chocolates, wine or similar gifts offered to employees should be accepted on behalf

of teams/service areas rather than by the employee, and recorded as such with Governance.

- 7.6.5** There can be occasions such as work related conferences, award ceremonies and events/meetings with partners/peers (not including suppliers) where attendance and/or sustenance are provided free of charge and refusal is impractical. When such hospitality is accepted and is in excess of a normal working lunch, the employee must inform their line manager and Governance.
- 7.6.6** In any case where there is doubt as to whether a gift or offer of hospitality should be accepted or refused, the Company Secretary should be consulted.
- 7.6.7** All gifts and hospitality made to or declined by employees must be reported to Governance. The Company Secretary is responsible for maintaining a register of all gifts and hospitality made to or declined by the Company, its employees and Board Members (Gifts and Hospitality Register).

## **7.7 Other Expenses**

- 7.7.1** Where it proves necessary for a meeting or event held by NCH for genuine business purposes i.e. formal agenda and minutes, which lasts for a sustained length of time over the normal lunch or dinner period, Executive Directors may approve refreshments for those attending.
- 7.7.2** The provision of refreshments at annual work or social events which are made available for all staff to attend must be approved by the Chief Executive and shall not be classed as hospitality.
- 7.7.3** The average cost per attendee at any such events/meetings shall not exceed the allowances agreed with HMRC as part of the Company's tax dispensations.

## 8 APPENDICIES

### 8.1 APPENDIX A – Financial Authorisation Matrix

8.1.1 The Financial Authorisation Matrix sets out the authorisation levels delegated to officers within the Company. Failure to adhere to these levels constitutes a breach of the Company's Financial Regulations.

#### 8.1.2 General Authorisation Limits (applicable to ORACLE and ROCC systems)

EXPENDITURE TYPE	CHIEF EXECUTIVE	DIRECTOR	LEVEL 1	LEVEL 2	LEVEL 3
Approve orders *	Equal to or more than £150,000	£50,000 to £149,999	£10,000 to £49,999	£1,500 to £9,999	Up to £1,500
Approve cheques/payments without invoices	Equal to or more than £10,000	£1,000 to £9,999	£500 to £999	Up to £500	
Staff Expenses	Equal to or more than £1,000	£500 to £999	£100 to £499	Up to £100	
Virements	Equal to or more than £250,000 (during EMT)	Equal to or more than £100,000	Up to £99,999		
Net Realisable Value of Assets Sold	Up to £5,000				

#### **KEY: -**

\* - Where invoices are received without corresponding orders the appropriate authorisation should be obtained and documented on either the invoice itself or related 'Valuation of Works' certificates by means of the Authorising Officer's signature.

^ - Where items require authorisation by the Board or one of its Committees, approval can be obtained retrospectively on the condition that the matter has previously been authorised by a member of the Board.

# - Whichever is the lower.

### 8.1.3 Directorate Authorising Officers

EXPENDITURE TYPE	LEVEL 1	LEVEL 2	LEVEL 3
<b>BUSINESS SERVICES</b>	<ul style="list-style-type: none"> <li>Assistant Directors</li> </ul>	<ul style="list-style-type: none"> <li>Heads of Service</li> <li>IS&amp;D Manager (IT)</li> </ul>	<ul style="list-style-type: none"> <li>Procurement Manager</li> </ul>
<b>COMPANY SECRETARY</b>	N/A	<ul style="list-style-type: none"> <li>Heads of Service</li> <li>Company Solicitor</li> </ul>	<ul style="list-style-type: none"> <li>Senior Governance Officer</li> </ul>
<b>HOUSING SERVICES</b>	<ul style="list-style-type: none"> <li>Assistant Directors</li> </ul>	<ul style="list-style-type: none"> <li>Regional Managers</li> <li>Heads of Service</li> </ul>	<ul style="list-style-type: none"> <li>Homelink Support Manager</li> <li>NoC Manager</li> <li>Hostel Manager</li> <li>CSC Manager</li> <li>Leaseholder Manager</li> </ul> <p><u>Nominated</u></p> <ul style="list-style-type: none"> <li>TEM Manager (per office)</li> <li>Rents Manager</li> <li>Lettings Manager</li> <li>C'taking Manager</li> <li>T&amp;LI Manager</li> </ul>
<b>PROPERTY SERVICES</b>	<ul style="list-style-type: none"> <li>Assistant Directors</li> <li>Heads of Service</li> </ul>	<ul style="list-style-type: none"> <li>Fleet and Facilities Manager</li> <li>Project Managers</li> <li>Maintenance Managers</li> <li>Senior Building Surveyors</li> <li>Programme Planner</li> </ul>	<ul style="list-style-type: none"> <li>Technical Project Manager</li> <li>Communications Officer</li> <li>Quality Systems Officer</li> </ul>

**NOTE:** - A definitive list of the authorisation limit of all Company establishment posts is held by Finance and in Oracle.

**8.2 APPENDIX B – Authority for Dispensation**

<b>NOTTINGHAM CITY HOMES</b>	
<b>REPORT OF THE DIRECTOR OF</b>	
<b>AUTHORITY FOR DISPENSATION</b> – <i>title for report to be inserted</i>	
<b>1</b>	<b>SUMMARY</b>
1.1	
<b>2</b>	<b>RECOMMENDATIONS</b>
2.1	It is recommended that:
<b>3</b>	<b>REPORT</b>
3.1	
<b>4</b>	<b>OTHER OPTIONS LEGAL IMPLICATIONS</b>
4.1	
<b>5</b>	<b>FINANCE AND RISK IMPLICATIONS</b>
5.1	
<b>6</b>	<b>LEGAL IMPLICATIONS</b>
6.1	
<b>7</b>	<b>VALUE FOR MONEY &amp; EFFICIENCY ISSUES</b>
7.1	
<b>8</b>	<b>EQUALITY &amp; DIVERSITY IMPLICATIONS</b>
8.1	
<b>9</b>	<b>BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT</b>
9.1	
<b>CONTACT OFFICER:</b>	
<b>DATE:</b>	

## Authority for Dispensation from the Financial Regulations

Supporting Report Attached

### Approval:

Chief Executive

.....signed by ..... Date: .....

Director of Business Services

.....signed by ..... Date:.....

### Authority:

Chair of Audit Committee

.....signed by ..... Date:.....

### Record:

Register of Dispensations updated with this decision by Company Secretariat

.....signed by ..... Date:.....

**8.3 APPENDIX C – Financial Regulations’ Updates and Amendments**

<b>FULL DOCUMENT REVISIONS (Board Approved)</b>			
<b>Updated by</b>	<b>Updated on</b>	<b>Filename &amp; path</b>	<b>Status</b>
<b>Julie Hadfield</b>	<b>July 2007</b>	<b>http://intra.nottinghamcity.gov.uk/nottCityHomes/Standing_Orders/docs/NC H.FR_Total_Version.doc</b>	<b>Approved by the Board 26<sup>th</sup> July 2007</b>
<b>Steve Everson</b>	<b>April 2008</b>	<b>S:\Finance\Steve\Amended Financial Regulations</b>	<b>Approved by the Board 15<sup>th</sup> May 2008</b>
<b>Darren Phillips</b>	<b>November 2009</b>	<b>S:\Finance\Standing Orders \2010_11\Financial Regulations</b>	<b>Approved by the Board 26<sup>th</sup> November 2009</b>
<b>Darren Phillips</b>	<b>April 2013</b>	<b>S:\Finance\Standing Orders \2012_13\FinancialRegulations</b>	<b>Approved by the Board TBC<sup>th</sup> May</b>

<b>MINOR UPDATES AND AMENDMENTS (Audit Committee Approved)</b>			
<b>Updated by</b>	<b>Updated on</b>	<b>Filename &amp; path</b>	<b>Status</b>
<b>Darren Phillips</b>	<b>October 2010</b>	<b>S:\Finance\Standing Orders \2010_11\Financial Regulations</b>	<b>Approved by F&amp;A Committee</b>