

## **STANDING ORDERS RELATING TO FINANCE**

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## **PART 1 – PURPOSE OF STANDING ORDERS RELATING TO FINANCE**

Standing Orders relating to Finance provide the framework for managing the authority's financial affairs. They apply to every member and officer of the authority and anyone acting on its behalf. Their purpose is to:

- establish and maintain systems for the control of the Council's financial activities;
- give general guidance and advice to members and officers as to their responsibilities within these various financial activities;
- ensure members and officers maintain a proper and effective use of those Council resources within their control;
- protect the public, members and officers by being able to demonstrate that property and funds used by the Council are administered with complete integrity;
- promote the Council's Anti-Fraud and Anti-Corruption Strategy.

Any contravention of these Standing Orders, by an officer or member, whether deliberate or unintentional, may lead to disciplinary action.

The Operational Director – Financial Services is responsible for maintaining a continuous review of the Standing Orders relating to Finance and submitting any additions or changes necessary to the full Council for approval.

## **PART 2 - INTERPRETATIONS**

### **Capital Expenditure**

- expenditure on permanent assets such as land, buildings, roads, equipment etc.

### **Cashier**

- an officer who receives money on behalf of the Council.

### **Certifying Officer**

- any officer to whom the power to certify accounts, invoices and expenditure vouchers has been delegated.

### **General Fund**

- is the revenue fund of the Council where all the day to day transactions involving expenditure and income are conducted for all the services of the Council.

### **Money**

- means cash, cheques, postal orders, money orders and vouchers or mandates having a monetary value.

### **Officer**

- means any employee and any official agent acting on behalf of the Council.

### **Responsible Officer**

- an officer whose duties require that he/she controls and accounts for any money, stores or materials, equipment or property on behalf of the Council.

### **Revenue expenditure**

- Money that the Council spends on a day-to-day basis, e.g. staffing costs.

### **Strategic Director**

- Responsibilities of Strategic Directors are also the responsibility of the Chief Executive.

### **Unofficial Fund**

- is any fund, other than an official Council Fund, which is controlled wholly or partly by an officer of the Council; which is connected with a service or service establishment and is financed other than by the Council.

### **Virement**

- The transfer of resources from one budget head to finance additional spending on another budget head.

## **PART 3 - RESPONSIBILITIES**

### **3.1 OPERATIONAL DIRECTOR - FINANCIAL SERVICES**

3.1.1 The Operational Director - Financial Services is the Financial Adviser to the Council and the Executive Board.

3.1.2 The Operational Director – Financial Services has statutory duties in relation to the financial administration and stewardship of the authority. This statutory responsibility cannot be overridden. The statutory duties arise from:

- Section 151 of the Local Government Act 1972
- Section 144 of the Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounts and Audit Regulations 1996
- The Accounts and Audit Regulations 2003

3.1.3 The Operational Director - Financial Services shall maintain the necessary principal financial and accounting records for all services and activities. In this respect he/she will be responsible for the production of the statutory final accounts, the preparation and submission of all grant claims and all financing arrangements.

3.1.4 The Operational Director - Financial Services shall be responsible for providing advice to the other Strategic and Operational Directors on the installation of secure financial systems and internal controls.

3.1.5 The Standing Orders relating to Finance should be read in conjunction with any other instructions of the Council relating to financial matters, particularly:

- Standing Orders relating to duties of Proper Officers and Delegation to Officers.
- Procurement Standing Orders.
- The Anti-Fraud and Anti-Corruption Strategy.

### **3.2 STRATEGIC DIRECTORS**

3.2.1 Strategic Directors are responsible for the management and control of financial arrangements within their departments in accordance with these Standing Orders, ensuring compliance with the requirements of any procedures established by the Operational Director - Financial Services and taking appropriate action in the event of non-compliance.

3.2.2 Strategic Directors should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.

- 3.2.3 Strategic Directors shall be responsible for the administration and security of information technology systems within their own directorate dealing with financial matters and in particular the accuracy of the data input and data produced by these systems.
- 3.2.4 It is the responsibility of Strategic Directors to consult with the Operational Director – Financial Services and seek approval on any matter liable to affect the authority's finances materially before any commitments are incurred.

### **3.3 OPERATIONAL DIRECTORS**

- 3.3.1 Operational Directors may have responsibility delegated to them by Strategic Directors for certain financial matters, including budget monitoring and control and will be held accountable for those budgets.

### **3.4 CERTIFYING OFFICERS**

- 3.4.1 Strategic Directors shall draw up a list, with the agreement of the Chief Internal Auditor, of those officers authorised to certify accounts, invoices, orders and expenditure vouchers on their behalf (Delegated Authority to Certify Financial and Personnel Documents) within the following limits:

Strategic Directors – £5,000,000  
Operational Directors - £1,000,000  
Divisional Managers - £100,000  
Other specific Managers - £10,000  
Other nominated Officers - £1,000

Accounts, invoices, orders and expenditure vouchers over £5,000,000 in value must be certified by any two Strategic Directors.

- 3.4.2 Authorised certifying officers shall be responsible for all financial arrangements delegated under 3.4.1 above and shall maintain a sufficient record of all transactions to account for all such holdings.
- 3.4.3 Authorised certifying officers have a responsibility to assist Internal Audit when reviewing any internal or financial control system for which they are responsible.

### **3.5 ALL OFFICERS AND MEMBERS**

- 3.5.1 Any Officer or Member shall immediately report to the Chief Internal Auditor, either directly or through the appropriate manager, any circumstances which suggest the possibility of financial irregularity or loss.

### **3.6 UNOFFICIAL FUNDS**

- 3.6.1 The responsibilities of a Strategic or Operational Director may extend to custody of unofficial funds or property which belongs to persons other than the Council.

3.6.2 The Strategic or Operational Director, in consultation with the Chief Internal Auditor, shall establish such systems necessary for proper control to be maintained.

3.6.3 The Scheme of Delegation within each department shall identify these responsibilities to officers so authorised.

### **3.7 URGENT ACTION**

3.7.1 Where urgent action becomes necessary as a result of some unforeseen emergency, the Chief Executive (or in the absence of the Chief Executive any two Strategic Directors acting jointly) may take such action and the Standing Orders Relating to Finance shall be waived in respect of such action.

3.7.2 Every use of this Standing Order shall be reported, in writing, to the next available meeting of the Executive Board.

### **3.8 APPLICATION OF STANDING ORDERS RELATING TO FINANCE**

3.8.1 These Standing Orders apply to all Council services.

3.8.2 The financial administration of schools is contained within the Halton Borough Council Scheme for Financing Schools. However, where specific activities are not contained within this scheme then the Council's Standing Orders shall always apply.



## **PART 4 – FINANCIAL PLANNING AND BUDGET SETTING**

### **4.1 FINANCIAL PLANNING**

- 4.1.1 The financial implications of any proposed scheme shall be clearly set out by the appropriate Strategic Director. Each Strategic Director shall consult with the relevant accountant on the funding arrangements and financial consequences before it is submitted to the Executive Board or Policy and Performance Board.
- 4.1.2 The Operational Director - Financial Services shall prepare each year a Financial Forecast covering a period of up to 3 years, which shall include forecasts of both spending needs and available resources.

### **4.2 CAPITAL PROGRAMME**

- 4.2.1 The Operational Director - Financial Services shall compile the approved capital schemes into a Capital Programme on an annual basis.
- 4.2.2 The draft Capital Programme shall be submitted to the Executive Board for approval.
- 4.2.3 The Operational Director - Financial Services can vary the Capital Programme up to:
  - 5% on schemes costing less than £5m
  - £250,000 on schemes costing £5m and above
- 4.2.4 Capital spending by Neighbourhood Services even when acting in a contracting capacity is included within the Council's capital controls and arrangements.

### **4.3. REVENUE BUDGETS**

- 4.3.1 All revenue estimates shall be prepared in accordance with the agreed guidelines as outlined by the Operational Director - Financial Services.
- 4.3.2 The Operational Director - Financial Services shall compile and submit a summary of proposed expenditure and related income budgets to the Executive Board.
- 4.3.3 The Executive Board shall submit the summarised estimates, together with its recommendation as to the Council Tax to be levied, to the Council for approval.
- 4.3.4 The Operational Director - Financial Services shall prepare, for reference, a record of the detailed provisions contained within the approved Revenue Budget.

## **PART 5 – BUDGETARY CONTROL**

### **5.1 CAPITAL CONTROL**

- 5.1.1 Notwithstanding inclusion in the Capital Programme, no capital expenditure shall be incurred before detailed scheme approval by the Executive Board has been obtained in accordance with the Procurement Standing Orders.
- 5.1.2 Any essential preliminary expenses incurred prior to detailed scheme approval shall be revenue expenditure. Following detailed scheme approval such expenditure may or may not become capital expenditure. The Operational Director – Financial Services shall then make the appropriate financial provision.
- 5.1.3 Progress reports on every scheme shall be submitted to the relevant Board at least twice a year by the appropriate Strategic Director. Notwithstanding this requirement, where any variation occurs which is likely to result in an overspend, then the appropriate Strategic Director shall make a specific report immediately to the Executive Board identifying how the overspend will be dealt with.
- 5.1.4 The Operational Director - Financial Services shall report twice yearly to the Executive Board on capital spends.
- 5.1.5 All loans and/or grants to outside bodies which are not to be charged to revenue, count as capital spending and shall be dealt with under the Capital Programme.
- 5.1.6 If there is a requirement during any year to add any item to the approved Capital Programme for that year, then all requirements of this standing order shall apply to such addition.

### **5.2 REVENUE CONTROL**

#### **5.2.1 Responsibility for Revenue Control**

- The approved Revenue Budget shall be deemed to give authority to the Strategic Directors to expend or incur liabilities, during the period covered by that budget, to the extent of the detailed provisions contained therein. In accordance with the Council's scheme of delegation, these deemed authorities shall be exercisable by the Operational Directors.
- Operational Directors shall ensure that expenditure and income is correctly coded to the appropriate budget head.
- Where the duties of any officer introduce the need to charge expenditure or allocate income against a cost centre over which they have no control, they shall never do so without full reference and prior approval of the officer responsible for that budget.

- The responsibility for ensuring that expenditure and income is properly contained within the approved budget provision shall lie with the appropriate Operational Director.
- Operational Directors shall nominate appropriate managers to be responsible for the monitoring and control of every cost centre.
- The Operational Director - Financial Services shall provide financial information to enable budget holders to monitor and control their budgets.
- The Strategic Director - Financial Services shall monitor the Council's overall budget and report thereon twice yearly to the Executive Board.

## **5.2.2 Management of Revenue Budgets**

### **5.2.2.1 Revisions**

- When potential overspends are detected the first course of action shall be to scrutinise the activity within the budget head to see if it can be re-organised to contain expenditure within the original budget provision.
- Where such expenditure cannot be contained within the budget head then other budget heads within the cost centre shall be scrutinised to establish if they can be adjusted to accommodate such expenditure.
- The Strategic Director and relevant Accountant shall be informed of all such adjustments in writing.
- No revisions are permitted which involve a change in policy or commit expenditure into future years without specific approval of the Executive Board.
- Where budgets are initially held centrally within a Directorate, for subsequent re-allocation to specific cost centres once a basis of re-allocation has been established, such re-allocations may be undertaken in liaison with the relevant Accountant.

### **5.2.2.2 Virement**

- When a potential overspend of expenditure or a shortfall in income cannot be contained within a single cost centre in accordance with the above standing order then consideration shall be given to the transfer of a budget provision from another cost centre - a process called VIREMENT.
- It shall be borne in mind that virement represents the diversion of resources meant for one purpose, and approved by the Council for that purpose, to fund other purposes.

- Virement into a receiving budget head may only occur provided that the donating cost centre does not subsequently become overspent during the budget period.
- No virement is permitted which involves a change in policy or commits expenditure into future years without the specific approval of the Executive Board.
- Virement up to £25,000 shall be authorised by the relevant Operational Director with the Strategic Director and relevant Accountant being informed in writing.
- Virement between £25,000 and £250,000 shall be authorised by the relevant Strategic Director with the agreement of the Operational Director - Financial Services.
- Where virement would exceed £250,000 it may only be approved by the Executive Board/Executive Board Sub-Committee.

#### 5.2.2.3 Supplementary Estimates

- When potential overspends cannot be contained by virement or where virement is not allowed an application for a Supplementary Estimate is necessary.
- It should be borne in mind that a Supplementary Estimate could only be met out of the available reserves of the Council.
- Where an application for a Supplementary Estimate does not exceed £250,000 it may be approved by the Operational Director - Financial Services in conjunction with the Portfolio holder for Corporate Services.
- Where a Supplementary Estimate would exceed £250,000 it may only be approved by the Executive Board/Executive Board Sub-Committee.

## **PART 6 – ACCOUNTING AND FINANCIAL MANAGEMENT**

### **6.1 FINANCIAL SYSTEMS**

- 6.1.1 The Operational Director - Financial Services is responsible for the operation of the authority's accounting systems, the form of accounts and the supporting financial records. All such systems and records shall be in a form determined by him/her.
- 6.1.2 Each Strategic Director shall ensure that, within his/her Directorate, sufficient internal control systems exist to ensure that all resources are properly applied on the activity intended and that the possibility of error, inefficiency or fraud (or other abuse) is minimised.
- 6.1.3 The Council's "primary" financial information and accounting system is the Agresso system. Strategic Directors must consult with Internal Audit and Accountancy before making changes to existing financial systems or establishing new systems, to allow for proper consideration of system controls.
- 6.1.4 Each Strategic Director, with the agreement of the Chief Internal Auditor, shall draw up a list of those officers authorised to certify accounts, invoices and expenditure vouchers on their behalf. The list shall be sent to the Chief Internal Auditor and shall be amended on the occasion of any change.

### **6.2 INTERNAL AUDIT**

- 6.2.1 To comply with the provisions the Accounts and Audit Regulations 2003 (amended 2006), the Operational Director - Financial Services is responsible for maintaining an adequate and effective system of internal audit of the Council's accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.
- 6.2.2 Proper internal control practice for internal audit is defined in the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. Internal Audit shall operate to this Code and any other relevant guidance. The definition of Internal Audit within the Code is:
- 'Internal Audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources'.*
- 6.2.3 For Internal Audit to fulfil its responsibilities effectively, it must be seen to be independent in its planning and activities. In order to achieve this, Internal Audit shall operate within a framework that allows:

- internal auditors to be free of operational responsibilities, thereby ensuring independence from the activities audited;
- the Chief Internal Auditor to have unrestricted direct access to the Strategic Director - Corporate and Policy, the Operational Director - Financial Services, the Monitoring Officer and the Chief Executive on any audit matter he / she considers appropriate;
- the Chief Internal Auditor to have the freedom to report in his / her own name to all officers and members.

6.2.4 The Chief Internal Auditor shall report on the work of Internal Audit to the Business Efficiency Board, which has been designated as the Council's Audit Committee. The reporting arrangements will include:

- quarterly reports summarising the outcomes of internal audit work and any significant emerging issues or risks;
- an annual report that provides an overall opinion on the adequacy and effectiveness of the Council's control environment. This report will form one of the sources of assurance in regard to the annual review of the effectiveness of the system of internal control, as required by the Accounts and Audit Regulations 2003.

6.2.5 The Chief Internal Auditor shall provide a continuous internal audit. The scope of Internal Audit's remit shall extend to the entire control environment of the Council.

6.2.6 The Chief Internal Auditor shall be responsible for assessing Internal Audit's resource requirements. The Business Efficiency Board shall be informed of proposed solutions should there be an imbalance between resource availability and requirements.

6.2.7 Internal auditors, or any other authorised representative of the Operational Director - Financial Services, shall be empowered to:

- enter any Council premises or land at all reasonable times;
- have access to all records, documents, data and correspondence relating to transactions of the Council, or unofficial funds operated by an employee as part of their duties;
- require any employee of the Council to provide such explanations, information or other assistance necessary concerning any matter under audit examination;
- require any employee of the Council to produce cash, stores, or any other property under his / her control.

These rights of access apply equally to partner organisations that have links with, or provide services on behalf of the Council (e.g. voluntary aided

schools), where the Council has a statutory or contractual entitlement to exercise such right. These rights shall be included in all contractual arrangements entered into with such organisations.

6.2.8 Internal Audit shall report the findings, recommendations and agreed actions of each audit review to:

- the appropriate service manager(s)
- the relevant Strategic and Operational Directors
- the Operational Director – Financial Services
- the Strategic Director – Corporate and Policy
- the Chief Executive

6.2.9 Strategic Directors are responsible for ensuring that any agreed actions from audit reports are implemented in a timely and efficient manner.

6.2.10 Managing the risk of fraud and corruption is the responsibility of management. However, at the request of management, Internal Audit may assist with the investigation of suspected fraud and corruption.

6.2.11 Internal Audit must be consulted before changes are made to existing financial systems or new systems are established. Advice and recommendations shall be given without prejudicing the right of Internal Audit to review and make further recommendations on relevant policies, procedures, controls and operations at a later date.

### **6.3 INSURANCE**

6.3.1 The Operational Director – Exchequer and Customer Services shall effect all insurance cover and shall maintain a record of all policy details for notified risks.

6.3.2 Each Strategic Director shall be responsible for ensuring that adequate insurance cover exists within their areas of responsibilities.

6.3.3 Each Operational Director shall be aware and keep under review all potential risks in consultation with the Council's Risk Manager which require to be insured or of any alterations affecting existing insurances.

6.3.4 Each Operational Director shall notify the Operational Director - Exchequer and Customer Services in writing of any loss, liability, damage or any event which may entitle the Council to make a claim under any insurance policy.

6.3.5 Within the terms of certain policies the police must be contacted within certain time limits. It shall be the responsibility of each Operational Director to ensure that this is done and to notify the Operational Director – Exchequer and Customer Services accordingly.

6.3.6 The Operational Director – Exchequer and Customer Services shall negotiate the claims with the insurers, in consultation with other officers where necessary.

## **6.4 BANKING ARRANGEMENTS AND CHEQUES**

- 6.4.1 All arrangements with the Council's bankers shall be made by the Operational Director - Financial Services who shall operate such accounts as he/she considers necessary.
- 6.4.2 Cheques, bank transfers, direct debits or other instructions to the Council's bankers, must be signed by any one of the following;
- Strategic Director – Corporate and Policy
  - Operational Director - Financial Services
  - Operational Director - Exchequer and Customer Services
  - Chief Accountant
  - Chief Internal Auditor
  - Chief Executive.
- 6.4.3 A facsimile signature of the Operational Director - Financial Services may be used, under such arrangements as he/she may approve, on cheques and other written instructions to the Council's Bankers to pay amounts not in excess of £5,000.
- 6.4.4 All cheques shall be ordered and controlled by the Operational Director – Exchequer and Customer Services who shall make proper arrangements for their safe custody.
- 6.4.5 Cheques or other written instructions to the Council's bankers, in respect of accounts which hold and control funds where the Council has a duty of trusteeship or care, may only be signed by those officers so authorised by the Operational Director - Financial Services and the appropriate Strategic Director.

## **6.5 TREASURY MANAGEMENT, BORROWING AND INVESTMENT**

- 6.5.1 CIPFA's "Treasury Management in The Public Services - (the Code) (Revised April 2002)" shall be adopted as good practice for treasury management purposes.
- 6.5.2 A Treasury Management Policy Statement, setting out the strategy and the procedures to be followed, shall be approved by the Council, and thereafter its implementation and monitoring shall be delegated to the Executive Board Sub-Committee.
- 6.5.3 All money in the hands of the Council shall be aggregated for the purposes of treasury management and shall be under the control of the Operational Director - Financial Services for the purposes of section 151 of the Local Government Act 1972.
- 6.5.4 All decisions on borrowing, investment or financing shall be delegated to the Operational Director - Financial Services or through him/her to appropriate



staff, who shall be required to act in accordance with CIPFA's "Treasury Management in The Public Services (The Code) (Revised April 2002)".

- 6.5.5 The Operational Director - Financial Services shall present to the Executive Board Sub-Committee, at or before the start of each financial year, a strategy for the forthcoming financial year.
- 6.5.6 The Operational Director – Financial Services shall report to the Executive Board Sub-Committee and relevant Policy and Performance Board not less than four times each financial year on the activities of the Treasury Management operation and on the exercise of Treasury Management powers delegated to him/her. One such report shall comprise an Annual Report on Treasury Management for presentation by 30th September of the succeeding financial year.
- 6.5.7 The Operational Director - Financial Services shall be the Council's registrar of stocks, bonds and mortgages and shall maintain records of all borrowing by the Council.
- 6.5.8 Borrowing and Investments shall be made in the name of the Council.

## **6.6 LEASING AND CREDIT ARRANGEMENTS**

### 6.6.1 Types of Lease

#### 6.6.1.1 Finance Lease

A finance company provides the capital to purchase the equipment which is acquired by the Council. The Council carries all the financial risks, with a non-cancellable primary period and an optional secondary lease term at nominal rental. The lease provides for the equipment to be sold by the authority, with the permission of the Lessor, at the end of the period. The proceeds of any such sale will be passed to the Lessor who will then rebate 95% back to the Council.

Equipment financed in this way is never owned by the Council and may only be sold with the permission of the Lessor and approval of the Operational Director - Financial Services.

The liability must appear on the Council's Balance Sheet with a note of future liability.

Equipment financed by these leases counts against the Council's Borrowing Credit Approval and is therefore not recommended.

#### 6.6.1.2 Operating Lease

A finance company provides the capital to purchase the equipment which is acquired by the Council. The Council does not carry all the financial risks since the finance company is not looking to recover the full costs from the primary lease relying on its own expertise to remarket the equipment to recover any

balance from resale or further rental contracts. Because of this, Operating Leases are cheaper than Finance Leases.

Equipment financed in this way is never owned by the Council and therefore cannot be sold.

The liability does not appear on the Council's Balance Sheet but details of future liability must appear as a note in the Consolidated Revenue Account.

Equipment financed by these leases does not count against the Council's Borrowing Credit Approval.

#### 6.6.1.3 Contract Hire

A supplier provides equipment for the Council to use for an agreed period. They receive in return a rental charge and the agreement does not distinguish between the costs of the goods and this charge. These arrangements may or may not include maintenance. While this type of agreement is generally more expensive than Finance or Operating Leases they are usually much more flexible regarding period and termination.

Equipment financed in this way is never owned by the Council and therefore cannot be sold. The liability does not appear on the Council's Balance Sheet and there is no requirement to disclose any future liability.

Equipment hired under contract hire does not count against the Council's Borrowing Credit Approval.

#### 6.6.1.4 Hire Purchase

This is a specific type of Contract Hire in which the Council has the option to purchase the equipment, at a nominal price, at the end of the hire period. They are usually short periods.

Equipment financed in this way can only be sold if the option to purchase has been exercised.

The liability must appear on the Council's Balance Sheet with a note of future liability.

Equipment financed by Hire Purchase counts against the Council's Borrowing Credit Approval.

#### 6.6.2 Authorisation

All Leases and Hire Purchase Agreements may only be entered into by the Operational Director - Financial Services.

Contract Hire may be entered into by the relevant Strategic Director in association with the Operational Director - Financial Services

### 6.6.3 Expenditure Controls

Finance Leases and Hire Purchase agreements, because they count against the Council's Borrowing Credit Approval, must comply with the Council's capital controls under Standing Order 5.1.

Although Operating Leases and Contract Hire do not count against the Council's Borrowing Credit Approval and do not count as capital expenditure, where they commit expenditure beyond the period covered by the approved revenue budget, the implications of such arrangements shall be reported in writing to the Operational Director - Financial Services for prior approval.

## **6.7 SUBSIDIES, GRANTS AND AGENCY REIMBURSEMENTS**

6.7.1 Each Strategic Director shall be responsible for the identification and maximisation of all Subsidies, Grants and Agency Reimbursements and shall report in writing to the Operational Director - Financial Services the details of all bids for funding including any matchfunding required to be made by the Council.

6.7.2 The relevant Operational Director shall be responsible for submitting the necessary claims within the relevant time limits.

6.7.3 The Operational Director - Financial Services shall be responsible for taking all reasonable steps to ensure the prompt settlement of claims.

6.7.4 All claims for grant and subsidy must be signed by the Strategic Director – Corporate and Policy or the Operational Director – Financial Services.

## **6.8 TAXATION**

6.8.1 There is a clear responsibility and onus on the Council to operate the PAYE system. The system must comply with all the Inland Revenue regulations and respond to all changes as they are introduced. The system does not just embrace employees of the Council, it also includes payments to members and other parties.

6.8.2 The Operational Director – Human Resources shall be responsible for ensuring that the appropriate systems and accounting arrangements are in place to properly identify and account for all aspects of PAYE and NIC liabilities.

6.8.3 The Operational Director – Human Resources shall maintain an up to date knowledge and point of reference for all PAYE and NIC matters.

6.8.4 Each Strategic and Operational Director shall monitor their operations with regard to PAYE and NIC obligations.

6.8.5 All Strategic and Operational Directors shall be responsible for notifying the Operational Director – Human Resources of any changes within their area

which might affect liability and collection of PAYE and NIC for those employed within that area.

## **6.9 VALUE ADDED TAX**

- 6.9.1 The Operational Director - Financial Services shall be responsible for ensuring that the appropriate systems and accounting arrangements are in place to properly identify and account for all transactions involving VAT
- 6.9.2 Each Strategic Director shall monitor their operations with regard to VAT matters. The correct VAT liability shall be attached to all income due and all recoverable VAT on purchases shall comply with HM Customs and Excise regulations.
- 6.9.3 The Operational Director - Financial Services shall maintain an up to date knowledge and point of reference for all VAT matters.
- 6.9.4 Each Strategic and Operational Director shall be responsible for notifying the Operational Director - Financial Services of any changes within their area which might involve VAT liability.

## **PART 7 – ASSET CONTROL**

### **7.1 LAND AND BUILDINGS**

- 7.1 The Operational Director - Property Services shall maintain a register of all properties which the Council owns or has an interest in, recording against each all details relating thereto.
- 7.2 The Council Solicitor shall have the custody of all title deeds under secure arrangements.

### **7.2 MOVABLE PROPERTY**

- 7.2.1 Inventories shall set out particulars of all furniture, equipment, movable plant and machinery, vehicles and other movable assets with a replacement value exceeding £250 except for stocks and stores which shall be dealt with under Standing Order 7.4.
- 7.2.2 Inventories shall be compiled, and kept up to date, by each Operational Director. They shall also undertake physical checks at least annually and evidence this process.
- 7.2.3 Attractive and portable items, such as computers, cameras and video recorders, should be identified with security markings as belonging to the Council.
- 7.2.4 Purchases of new items and replacement of existing items shall be recorded in the appropriate inventory showing the order number or other appropriate reference to connect that entry with the expenditure recorded in the Council's accounts.
- 7.2.5 Deletions from inventories shall be in accordance with approved procedures and the manner of disposal of redundant or obsolete items shall be in accordance with Standing Order 7.9.

### **7.3 VEHICLES AND PLANT**

- 7.3.1 The form of inventory to be maintained to ensure the proper control and efficient use of all Council vehicles shall be determined by the appropriate Operational Director.
- 7.3.2 The manner of disposal of redundant or obsolete vehicles and plant shall be either, inclusion for an agreed part exchange value within the contract for replacement equipment, or in accordance with Standing Order 7.9.

### **7.4 STOCKS AND STORES**

- 7.4.1 Each Operational Director shall be responsible for the custody and control of stocks and stores in their Department.

- 7.4.2 The receipt, issue and return of all stock items shall be in a manner prescribed by each Strategic Director with the agreement of the Operational Director - Financial Services.
- 7.4.3 Stocks shall not be held in excess of normal requirements except in special circumstances.
- 7.4.4 Operational Directors shall arrange for continuous stocktaking to take place throughout the year and ensure that all items are checked at least once during the year.
- 7.4.5 Following any stockcheck a reference shall be entered on the stores records which shall indicate any deficiency to be written off or any surplus to be brought into charge as stock.
- 7.4.6 Operational Directors shall certify the value of stock held at the 31st March each year and shall notify the Operational Director - Financial Services of such value within one month.

## **7.5 SECURITY**

- 7.5.1 Arrangements for proper security and preventing unauthorised use of all buildings, stocks, stores, furniture, equipment, computer hardware, software, confidential data, cash, documents having monetary value and any other item of value shall be in accordance with procedures agreed with the Chief Internal Auditor.
- 7.5.2 Keys to safes and similar receptacles containing cash shall be retained in the possession of the person responsible for that cash at all times. Such keys shall never be left in Council premises overnight. Any loss shall be reported to the Chief Internal Auditor immediately.
- 7.5.3 Cash holdings shall not at any time exceed those covered by the insurance policies and agreed with the Chief Internal Auditor.
- 7.5.4 Unofficial funds and private property shall be held under secure arrangements agreed with the Chief Internal Auditor.

## **7.6 ASSET INSURANCE**

- 7.6.1 Operational Directors shall ensure that all assets under their control are properly insured in accordance with Standing Order 6.3.

## **7.7 UNAUTHORISED USE OF COUNCIL PROPERTY**

- 7.7.1 The Council's property shall not be removed from Council premises otherwise than in the normal course of the Council's business nor used otherwise than for Council purposes, except with the specific approval of the Operational Director concerned.

## **7.8 LOST PROPERTY**

- 7.8.1 Items of lost property found or handed in on Council Premises shall be entered immediately in a Lost Property Register.
- 7.8.2 The Register shall itemise at least:
- Date the item was found.
  - Name and address of finder.
  - Description of item.
  - Estimated value of item.
  - Signature and address of claimant.
- 7.8.3 Items shall be labelled and referenced to the Register and stored in a safe place. Any cash shall be banked as soon as possible.
- 7.8.4 Any claim shall be paid by cheque or out of Petty Cash, depending on the sum involved, and referenced to the Lost Property Register.
- 7.8.5 Unclaimed items shall be disposed of after six months, preferably by donation to a Local Registered Charity. Consideration shall be given to selling the more valuable items, either individually or as a batch and shall be in accordance with Standing Order 7.9.
- 7.8.6 Where the property is of a perishable nature or where storage would involve unreasonable expense or inconvenience (e.g. wet towels or clothes in swimming areas), then disposal can occur sooner in accordance with procedures approved by the relevant Operational Director.
- 7.8.7 Notice advising the broad policy shall be displayed in all pertinent areas.

## **7.9 DISPOSAL OF ASSETS**

- 7.9.1 When disposing of assets other than land, the official 'Disposal of Assets & Scrap Materials' form shall always be used, for control and accounting purposes.
- 7.9.2 Any proposal to dispose of an asset shall not commence before completing Part 1 of the Disposal form which shall be submitted, in duplicate, to the appropriate Operational Director. Each proposal shall give a full description of the item, outline the reason for disposal, the intended method of disposal and the estimated value to be received.
- 7.9.3 Where the consideration receivable by the Council on disposal is likely to be more than £50,000 then full reference shall be made to the Procurement Standing Orders (Part 5).

- 7.9.4 The authority to dispose of any asset, where the consideration receivable is likely to be less than £50,000, lies with the appropriate Operational Director.
- 7.9.5 Each Operational Director, where the consideration is likely to be less than £50,000, shall be responsible for ensuring the best terms are achieved and accepted. Quotations or tenders shall be invited as outlined below:
- £1000 or less, quotations are advisable and should be in writing,
  - more than £1000 up to £50,000, three written quotations are required.
- 7.9.6 Part 2 of the Disposal form shall be completed to outline all the terms and acceptance details. A copy of the form shall be returned to the proposing officer for record purposes.
- 7.9.7 The details of the disposal shall be noted on the appropriate inventory.
- 7.9.8 Where departmental policy dictates that scrap is accumulated into a viable amount for disposal, each Manager responsible for such areas shall ensure that it is properly retained and passed to the designated officer responsible for the safe custody of this stock within the depot. When an appropriate quantity has accumulated that officer shall complete Part 1 of the Disposal Form and submit it to the appropriate Operational Director or Authorised Officer, for approval. The procedures for the Disposal of Assets shall then be followed.
- 7.9.9 Any item, particularly specialist equipment, included for a 'trade-in' or 'part exchange' allowance against the costs of new or replacement equipment are subject to separate contractual arrangements and do not form part of these procedures.



## **PART 8 – EXPENDITURE CONTROL**

### **8.1 PAYROLL**

8.1.1 The Operational Director – Human Resources shall be responsible for;

- the payment of salaries, wages and allowances,
- the production of all payrolls,
- the maintenance and control of the records relating thereto.

8.1.2 Payments shall only be made where a post is included in the approved establishment or is an agreed temporary appointment and shall be in accordance with the grade, allowances and conditions appropriate to that post.

8.1.3 Operational Directors shall provide the Operational Director - Human Resources with the details of appointments, terminations of employment, and other matters necessary for payroll purposes. They shall be responsible for ensuring that all documents relating to payroll claims and to absences from duty are in accordance with specified procedures and in particular are;

- prepared to proper standards of accuracy,
- approved and certified by the Operational Director or an authorised certifying officer prior to submission for processing,
- retained in a manner suitable for subsequent examination.

8.1.4 At regular intervals, Operational Directors shall check the employees' names listed on the payroll of the cost centres for which they are responsible to verify accuracy and completeness. Any inaccuracies shall be reported to the Operational Director – Human Resources.

### **8.2 ORDERING**

8.2.1 Each Strategic Director must ensure that all expenditure is lawful and has been properly authorised. Additionally, each Director must ensure that adequate controls and procedures operate within their areas of responsibility.

8.2.2 The Council's Procurement Standing Orders must be complied with.

8.2.3 Due consideration must be given to ensure that value for money is achieved, including comparison with costs of internal provision where available, e.g. Print Unit.

8.2.4 Orders must be approved by designated certifying officers.

8.2.5 Orders must be raised using the correct expenditure and product codes.

- 8.2.6 Orders must only be raised where there is sufficient budget to cover all known costs associated with the order.
- 8.2.7 All orders must be raised, processed and paid through the Council's approved systems, except where:
- the orders are made under the terms of a formal contract or standard JCT or ICE conditions,
  - the expenditure relates to regular periodical payments of the type approved by the Operational Director - Financial Services, e.g. gas, electricity, water, rent,
  - specific approval is obtained from the Operational Director – Financial Services.
- 8.2.8 Orders placed for goods and services as a matter of urgency must be confirmed by raising an order on the approved financial system. The confirmation must be clearly marked as such and dispatched to the supplier so that any invoices can be referenced back to the official order.
- 8.2.9 Official orders must not be used for any personal, private or unofficial business.
- 8.2.10 In accordance with the Employee Code of Conduct, officers must declare any links or personal interests that they have with purchasers, suppliers and contractors if they are engaged in contractual or purchasing decisions on behalf of the Council.
- 8.2.11 Orders must not be placed with firms providing promotional offers which constitute inducements to staff unless such offers are converted into discounts for the benefits of the Council.
- 8.2.12 On receipt of goods, officers must record details against the purchase order on the official financial system.

### **8.3 INVOICES AND CREDITOR PAYMENTS**

- 8.3.1 Each Operational Director shall be responsible for ensuring that all accounts arising from within their Directorate are properly examined, verified and certified before submission for payment.
- 8.3.2 The authorised certifying officer shall only certify accounts for payment once the following matters have been established by that officer:
- the works, goods or services to which the account relates have been received, carried out, examined and approved,
  - the quantities, prices, extensions, calculations, discounts, allowances, credits and tax are correct,

- the account has not been previously passed for payment, all details and analysis of VAT have been properly dealt with,
- the relevant expenditure has been allocated to the correct financial code,
- the expenditure is contained within the approved budget,
- the proper entries are made in inventories, stores records or other property records where appropriate.

8.3.3 When processing an invoice for payment, the invoice will be electronically scanned and matched to the relevant order, within approved limits, via the financial system and automatically passed for payment. All other invoices will be scanned and processed via the approved financial system.

8.3.4 Operational Directors, and other authorised Certifying Officers, are responsible for ensuring that undisputed accounts are processed for payment within a maximum of 30 days of the receipt of the invoice. Any disputed invoices should be identified and the reason for the dispute recorded.

8.3.5 Payment will be made by Operational Director – Exchequer and Customer Services by either cheque or direct credit drawn on the Council's bank account.

## **8.4 EXPENSES AND ALLOWANCES**

8.4.1 Members of the Council shall make claims for the payment of expenses or allowances in accordance with the provisions of, and for duties approved by, the Members Allowance Scheme as agreed by the Executive Board.

Claims shall be submitted on the prescribed form to the Operational Director - Exchequer and Customer Services. These shall be checked against supporting records and certified by the Operational Director - Exchequer and Customer Services or an authorised certifying officer.

The Operational Director - Exchequer and Customer Services shall arrange payment in the manner considered most appropriate.

8.4.2 Officers claiming car allowance shall do so on the form prescribed for that purpose and shall outline the reason for each journey together with sufficient detail to support the claim. Claims shall be passed to the Operational Director - Exchequer and Customer Services and processed on a monthly basis through the payroll system in accordance with the agreed timetable. Claims must be submitted in the financial year to which they relate and must be approved by an authorised certifying officer.

8.4.3 Officers claiming subsistence allowances, travelling and other expenses shall do so on the forms prescribed for that purpose. They shall be at the rate agreed by the Council and approved and certified by the appropriate Operational Director or an authorised certifying officer. Claims below £50 may go through petty cash.

8.4.4 Officers claiming post entry training expenses shall do so on the forms prescribed for that purpose. Claims shall be approved and certified by an authorised certifying officer.

Claims shall be submitted to the Training Manager who will agree the details and sums involved and record and approve the claim.

Claims shall then be passed to the Operational Director - Exchequer and Customer Services who shall arrange for payment to be made through the creditors system.

## **8.5 PETTY CASH**

8.5.1 The Operational Director - Exchequer and Customer Services may make advances, in cash, to those officers as may need them, on account of expenses to be incurred by them on behalf of the Council.

8.5.2 The Petty Cash system is included in the Council's purchasing procedures as a matter of prudence and convenience. Use of the system shall be restricted to those items of a "petty" nature, being too small to warrant treatment through the normal ordering/payment procedures. In any event, the value of any item purchased shall never exceed £50, except as agreed with the Operational Director - Exchequer and Customer Services.

8.5.3 Use of such an account shall be restricted to the purpose for which it was set up.

8.5.4 Petty Cash accounts shall be maintained on the imprest system by the approved Officers, with reimbursement being claimed at intervals not exceeding one month.

8.5.5 Petty Cash accounts shall not be allowed to become overdrawn.

8.5.6 The account shall be maintained in the manner prescribed below:

- Official receipts in the name of the Council shall be obtained for every transaction. These should list full details of items purchased and include the supplier's VAT registration number where applicable.
- Receipts shall be signed and dated by the claimant upon reimbursement.

- Receipts shall be entered into the Petty Cash Book as soon possible. This must be done at least once a week.
- Claims for reimbursement shall be submitted to the Operational Director - Exchequer and Customer Services in plenty of time, having regard to usage and demand, and shall never exceed one month.
- Reimbursement to claimants shall never be made from any other floats.
- Petty Cash floats are the responsibility of particular Officers. If circumstances demand that other officers have access, then they shall be made aware of, and adhere to, the above procedures to ensure proper administration and control.

8.5.7 Occasionally items of a larger nature are required urgently and circumstances dictate that a cash imprest system shall be used. The criteria governing all petty cash payments shall be observed and the official ordering system shall also be used.

## **PART 9 – INCOME CONTROL**

### **9.1 INCOME**

- 9.1.1 Any proposal to introduce a new source of income or to vary any existing source of income, shall, before implementation, be submitted to the Executive Board.
- 9.1.2 Each Operational Director shall furnish the Operational Director - Exchequer and Customer Services with such particulars in connection with work done, goods supplied or services performed as may be required to record correctly all sums due to ensure invoices are prepared promptly and income recovered.
- 9.1.3 The Operational Director – Exchequer and Customer Services shall be notified promptly of all monies due to the Council and of contracts, leases and other agreements which involve the receipt of money.
- 9.1.4 Each Operational Director shall furnish the Operational Director - Financial Services, not later than the 30th April, with details of any income due before the end of the previous financial year which has not previously been notified.
- 9.1.5 Any account, statement or other notification requiring moneys to be paid to the Council shall clearly specify that payment is to be made to "Halton Borough Council".
- 9.1.6 No income shall be written off as irrecoverable without the specific approval of the Executive Board/Executive Board Sub-Committee, except that the Operational Director – Financial Services shall have the power to write off income where the sum is £100,000 or less, or the write-off becomes necessary as a result of bankruptcy, dissolution, liquidation or where the debt becomes irrecoverable by operation of law.
- 9.1.7 All income received on behalf of the Council shall be paid into the appropriate budget head.
- 9.1.8 Subsidies, Grants and Agency Reimbursements may be seen as income but are treated separately under Standing Order 6.7.

## **PART 10 – COLLECTION AND CONTROL OF MONEY**

### **10.1 GENERAL**

- 10.1.1 The Operational Director - Financial Services is responsible for the collection and control of all money due to the Council. The Operational Director – Financial Services shall supervise all matters relating to the collection arrangements and shall approve all systems, procedures and documentation involved.
- 10.1.2 All cheques, postal orders, etc., shall be made payable to "Halton Borough Council". Cashiers shall ensure that the payee's name is correct, date is correct, cheque has been signed and the words and figures agree. Whenever possible, the banker's card should be inspected and the card number and address of the payer written on the reverse of the cheque.
- 10.1.3 On no account shall cash be used for cashing personal cheques or making advances in exchange for IOU's.
- 10.1.4 Official money shall be kept separate from private or unofficial money at all times.
- 10.1.5 Where a discrepancy or irregularity occurs in respect of money held on behalf of the Council, it shall be reported to the Chief Internal Auditor immediately.

### **10.2 RECEIVING MONEY**

- 10.2.1 All money received shall be acknowledged and recorded in the prescribed manner relative to the type of income, for example:
- official receipt produced by the Council's official receipting equipment;
  - official hand written receipt (with carbon copy);
  - rung up in a till;
  - ticket;
  - carbon copy entry on rent card via duplicate posting strip;
  - credit card receipt.
- 10.2.2 Cashiers, when receiving money, are responsible for ensuring its correctness.
- 10.2.3 When payment is received by cheque, the receipt number relating to that payment shall be endorsed on the cheque.
- 10.2.4 Change shall never be given for cheques offered in excess of the amount due.
- 10.2.5 Cashiers shall be responsible for balancing the money collected in the accounting period (usually one day). Any shorts or overs shall be fully documented in an official record.
- 10.2.6 Payments received through the post shall be dealt with in the manner agreed with the Chief Internal Auditor.

### **10.3 SECURITY OF MONEY**

- 10.3.1 Each cashier should have, for their own use, a cash drawer, cash box, safe or other receptacle, the keys to which shall always be retained on their person. Joint use of cash drawers, etc., or joint access to money, should not be permitted unless, in consultation with the Operational Director - Exchequer and Customer Services, special arrangements have been made. It is particularly important that money shall never be left unattended.
- 10.3.2 Cashiers receiving money are responsible for its safe custody and to properly account for it until such time as they part with it in an authorised manner.
- 10.3.3 Money retained overnight or over weekends shall be kept locked in a secure place (a safe whenever possible) and care should be taken to ensure that the insurance cover is not exceeded. Keys to cash drawers, safes, etc., shall never be left on the premises overnight.

### **10.4 DEPOSITING MONEY AND BANKING**

- 10.4.1 All money received on behalf of the Council shall be promptly paid over to the Operational Director - Exchequer and Customer Services or deposited in the Council's name with the Council's Bankers. The banking of coinage shall be subject to special arrangements agreed by the Chief Internal Auditor.
- 10.4.2 All sums due for banking shall be collected by the approved Security Company in accordance with procedures agreed by the Operational Director - Exchequer and Customer Services. Any exceptions, and alternative arrangements, shall be agreed by the Operational Director - Exchequer and Customer Services and shall include adequate security measures.
- 10.4.3 Until proper discharge is obtained, the cashier who received the money shall be solely responsible for its safekeeping.
- 10.4.4 Official bank stationery shall be used when preparing sums for banking. Where cheques, postal orders etc., are paid in, the amount of each cheque, postal order etc., and some reference to connect them with the debt to which they relate (receipt number or name of the debtor) shall be listed separately to supplement and support the bank stationery.
- 10.4.5 All deposits shall be recorded so as to clearly identify the area or service to which the income collected relates.

### **10.5 RECORDS AND STATIONERY**

- 10.5.1 Reports and summaries relating to the recording, control and accounting of cashier activity shall be kept in a manner agreed by the Operational Director – Exchequer and Customer Services. These records shall be available for inspection at all times and retained for a period agreed with the Chief Internal Auditor.



- 10.5.2 Stocks of controlled stationery, such as receipt books, tickets, etc., shall be ordered and stored in accordance with such procedures as agreed with the Operational Director - Exchequer and Customer Services. Departments holding stocks shall ensure that they are securely held until use. A nominated officer in each area or service shall be responsible for the recording and custody of financial stationery until it is used. The stationery shall be used in the correct numerical sequence. Records shall be available at all times for inspection by the Chief Internal Auditor.
- 10.5.3 The use of Controlled Stationery, including safe custody, shall be in accordance with procedures agreed with the Operational Director - Exchequer and Customer Services.
- 10.5.4 Used receipt books etc., shall be returned to the nominated officer and similarly retained for inspection.
- 10.5.5 Collection and deposit records shall be so maintained that ready reference to receipts issued is available, the income is analysed and the dates and amounts of payments made to the Operational Director – Exchequer and Customer Services or to the Council's Bankers are clearly shown. A copy shall be forwarded to the Accountancy Division as soon as possible after the accounting period ends.
- 10.5.6 Prime documents relating to the financial transactions of the Council (orders, invoices, timesheets etc.) to be subject to a retention period relating to the financial transactions of the Council specified by the Operational Director - Financial Services from time to time in accordance with statutory guidelines. Other documents shall be retained for at least 3 years.

## **PART 11 – IRREGULARITIES, FRAUD and CORRUPTION**

### **11.1 REPORTING ARRANGEMENTS**

11.1.1 Any officer shall immediately report to the Chief Internal Auditor, either directly or through line management, any circumstances which suggest the possibility of financial irregularity or loss. The circumstances will be outlined to the Strategic Director – Corporate and Policy, Operational Director – Financial Services and Chief Executive to decide what action is necessary by way of investigation and report.

### **11.2 POLICE INVOLVEMENT**

11.2.1 No action to involve the police in any investigation of any suspected irregularity shall be taken without prior reference to the Strategic Director – Corporate and Policy, Operational Director – Financial Services and Chief Executive. This excludes those circumstances such as unauthorised entry, burglary and theft where immediate police involvement is essential to comply with insurance requirements.