



# **ALMO FINANCIAL PROCEDURE RULES**

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## **FINANCIAL PROCEDURE RULES**

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## **1 GENERAL**

- i. The ALMO will operate to high business standards and best practices. Exemplary standards of probity and conduct are expected of all Board members and employees.
- ii. Financial Procedure Rules set out the internal framework and procedures for financial administration and control within the ALMO. Each section of these Financial Procedure Rules is headed by one or several objectives that the actual rules are designed to achieve. Those ALMO services currently provided by the Council are covered by the Council's Procedure Rules and it is the service providers' responsibility to ensure they operate those services in accordance with those particular Rules.
- iii. Financial Procedure Rules are applicable at all times and must be adhered to by all employees of the ALMO and external agencies, whilst acting on behalf of the ALMO or the Council, unless specifically exempt by the terms of contracts entered into between those agents and the ALMO. Financial Procedure Rules should be read in conjunction with Contract Procedure Rules.
- iv. Each Chief Executive is responsible for making arrangements to ensure that these Financial Procedure Rules are made known to all appropriate employees, to supply those employees with updates issued and to keep suitable records to confirm to the Director of Resources that this has been done.
- v. The Financial Procedure Rules are subject to change (e.g. when ALMO's assume responsibility for services previously provided by the Council). The Director of Resources will, from time to time, issue appropriate guidance to Chief Executives on financial procedures and arrangements including amendments to financial regulations.
- vi. Within the scheme of officer delegation there is provision for decisions to be referred up to the Chief Executive who may, in turn, refer the decision to the ALMO Board. This principle also applies to these regulations.
- vii. Any amendments to these Rules must be agreed with the Council.

## **2 ACCOUNTING ARRANGEMENTS**

### **OBJECTIVES:**

- a. **Financial records and systems meet all statutory and company requirements.**
- b. **Financial systems include adequate levels of control.**

### **2.1 Accounting Policies**

The accounting policies used in the preparation of the annual accounts and budgets of the ALMO shall be determined by the Chief Executive in conjunction with the Director of Resources of the Council.

### **2.2 Financial records and systems**

All accounting records must be maintained on the financial systems of the ALMO. The Chief Executive shall be responsible for ensuring that such records and systems are properly maintained and also verify adherence to relevant financial administrative instructions in order to ensure compliance with these Financial Procedure Rules. The Chief Finance Officer ?? must be informed of any prospective changes to existing systems or purchases of new systems so that an assessment of controls can be carried out. The Director of Resources may instruct that changes be made to records and systems, as is deemed necessary after consultation with the Chief Executive.

### **2.3 Retention of Documents**

Appropriate financial controls will be established and reviewed by the Chief Executive, including the establishment of expenditure limits and controls.

### **2.4 Accounting procedures and duties**

The following principles shall be observed in the allocation of accounting duties:

- a. The duties of providing information, regarding the sums due to or payments to be made from the ALMO and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them.
- b. Employees who have the responsibility of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.
- c. Every transfer of official or unofficial monies from one employee to another shall be evidenced in the appropriate record by the signature of the receiving employee and retained for the same period to that of cash records.

## **2.5 Provision of financial information to the Government**

The Director of Resources must be consulted prior to the submission of applications for claims, returns or statements of a financial nature to the appropriate Government Department or other bodies and shall be provided with a copy of such returns. All requests for external funding will be recorded on a central register by the Director of Resources.

It is the responsibility of each Chief Executive to provide such information as may be required by the Director of Resources in order to ensure that grant claims are submitted on time and to ensure that grant monies are received.

Any potential delays or problems on specific claims or applications must be notified to the Director of Resources immediately.

## **2.6 Provision of financial information to the Director of Resources**

The Director of Resources shall provide the Chief Executive with such information as he/she may require from time to time in connection with the financial administration of the ALMO in the format and in accordance with the timetable prescribed by the Director of Corporate Services.

## **2.7 Reconciliation of separate standalone systems to the Financial Accounting and Budgeting system (FAB)**

The FAB system is the prime accounting system within the ALMO. Where accuracy of information on the FAB system is dependent upon appropriate reconciliation with or between separate standalone systems these reconciliations shall be carried out on an ongoing basis, the frequency of which may be determined by the Director of Resources. A copy of each reconciliation must be made available to the Director of Resources as requested.

## **2.8 Unofficial funds**

Where an employee of the ALMO operates an unofficial fund or funds as part of or in connection with his/her duties the respective Chief Executive shall ensure that appropriate employees are appointed to administer the fund. The Chief Executive shall ensure that systems of internal control and accounting records are appropriate for the level of the fund's turnover and that the fund is audited within three months from the end of the accounting year by persons independent of the administration of the fund. Any proposed unofficial funds shall have prior written approval of the respective Chief Executive who shall maintain a record of all such approvals and funds and shall require annual

confirmation from the respective employee that the above requirements have been met.

## **2.9 Financial Appraisals**

Financial Appraisals of firms or persons must be carried out in relation to any contract over £35,000 unless the City Council's approved list is used.

The Chief Executive should make arrangements for the financial appraisal to be carried out.

## **2.10 Retention of Documents**

Financial records, including documentation relating to contracts for work done, services and supplies, shall not be disposed of other than in accordance with arrangements approved and amended from time to time by the Chief Executive. Contract records shall not be disposed of other than in accordance with arrangements approved by the Company's Legal Adviser.

Limitation periods of at least 6 years for contracts under hand and at least 12 years for contracts under seal shall apply. See Appendix A for details of current retention periods. Where documents are micro-film/fiche or scanned and retained electronically the physical prime documents must be retained for a period of the two previous financial years plus the current financial year.

## **2.11 Grants to external organisations**

- a. It is the responsibility of the Chief Executive to ensure that organisations in receipt of grant aid have:
  - Satisfactorily demonstrated that they are a competent and suitable organisation to receive public money;
  - The appropriate management and accountability procedures in place to achieve their aims and objectives;
  - Ensured that financial propriety is observed
- b. Where a grant is approved there should be written confirmation of the grant offer or where appropriate, a formal grant agreement before any payment is made. All offers and agreements must include a clause requiring the recipients to keep appropriate records to demonstrate that the grant has been used for the agreed purpose, and these records should be available to the Council for inspection. For large grants, conditions should include:
  - The amount of grant approved;
  - The purpose and duration of the grant;
  - The arrangements for payment;
  - The monitoring and evaluation arrangements;

- The circumstances in which funding may be terminated.
- c. It is the responsibility of the Chief Executive to ensure that the terms and conditions of any grant have been properly observed and that the grant has been properly expended. This must include submission of audited accounts for the year in which the grant was given. For large grants the Chief Executive must also ensure that the funded organisation provides written financial and statistical information on a quarterly basis, and that review meetings between the voluntary organisation and the nominated liaison officer take place at least twice a year.

### **3 BUDGET AND BUSINESS PLAN PREPARATION AND CONTROL**

#### **OBJECTIVE:**

**To set out arrangements for the preparation, approval, control and monitoring of the Annual Budget and Business Plan of the ALMO.**

#### **3.1 Budget preparation and approval**

The Chief Executive shall provide the Director of Resources with the necessary information for the preparation of the Council's annual budget and HRA Strategic Business Plan. Such information shall be provided in a format agreed with the Director of Resources and in accordance with a timetable which is revised annually.

The ALMO Board approves the ALMO's Budget each year.

After approval of the Annual Budget, ALMO Business Plan and/or any amendments thereto, the Chief Executive shall have authority to incur expenditure in accordance with the approved budget except where expenditure is identified as being subject to "separate release".

#### **3.2 Management Fee**

The ALMO and the Council will use the Business Planning process to negotiate the ALMO management fee. The ALMO will produce for the Council a business case (plan) that will be used to bid for resources from the Council. The business case will identify the resources required for the forthcoming year and identify the service improvements that will result. In addition the business case should identify the resulting issues if a different management fee was to be agreed from that originally bid. The ALMO will negotiate with the Council on the level of management fee to be provided.

#### **3.3 Budgetary control**

A Budgetary Control Statement shall be provided to the ALMO Board meeting according to the timetable agreed by the Board.

Virements and requests to incur self-financing expenditure shall be permitted in accordance with the arrangements set out in Appendix B.

Chief Executives shall review their approved budget on a monthly basis and ensure that material budget variations (including shortfalls in income) are reported to the ALMO Board. The Chief Executive shall provide a monthly Budget Statement to Environments & Neighbourhoods.

Should it become apparent that a major variation from the approved budget is likely to occur, the Director of Resources has the authority to require the Chief Executive concerned to provide, in a stipulated manner, details of remedial

action to be taken. This may be necessary to include a freeze on the incurring of expenditure on specific budget heads.

### **3.4 Spending in excess of budget**

Where additional expenditure or a significant reduction in income is identified the Chief Executive shall be informed. The ALMO Board will approve any variation or additional expenditure over budget with the following exceptions:

- The Chief Executive may approve any financial proposals which do not alter the budgeted surplus/deficit for the year by in excess of £100,000 in total, or cause the Business Plan parameters to be altered significantly or create a significant financial risk;
- The Chief Executive may approve any action which incurs additional expenditure to a maximum of £250,000 if additional income of at least equal value has become available;
- The Chief Executive may approve any financial proposals which will incur additional expenditure not exceeding £50,000 in total.

Any such approvals granted should be reported to the ALMO Board and Director of Resources retrospectively.

### **3.5 Income from fees and charges**

With the exception of specific provisions in leases or other agreements, the Chief Executive shall review existing charges at least annually in line with the Service Level Agreements (SLAs). Revised charges should normally take account of forecast inflation. The Chief Executive shall be consulted in relation to any proposals to vary the method of charging or to introduce new charges. Where the Director of Resources considers it necessary he/she may initiate, in consultation with the Chief Executive, any proposal to introduce or amend any charges.

### **3.6 Reporting requirements**

In addition to the formal budgetary control requirements as set out in section 3.3 above, sound financial management will often be assisted by budget responsibility being delegated to management levels below that of the Chief Executive. In such instances Chief Executives need to ensure that responsibilities are clear and known, and that information is provided to managers to enable them to exercise their budget responsibilities.

In particular, approved spending officers must be aware that no employee or Board member shall commit expenditure unless:

- The item of expenditure is included in an approved budget which has been approved by the Board;
- The individual has the authority to commit the spend;
- Any other regulation (e.g. Contract Procedure Rules) concerning the expenditure involved has been complied with.

In exercising their responsibilities Chief Executives will need to monitor and review on a regular basis, normally monthly, a range of information relating to financial performance.

Information is provided through the Financial Accounting and Budgeting (FAB) (if used) system to assist Chief Executives and their Management Team to monitor and regulate financial performance throughout the year with the object of ensuring that approved budgets are not overspent. In addition the Chief Executive should monitor appropriate performance data relevant to their service.

### **3.7 Latest estimates**

The budget will be reviewed from time to time during the year and latest estimates prepared to incorporate all budget movements agreed. These will be submitted for review and approval by ALMO Board. Such approval will constitute formal Board approval of variations to the original budget estimate unless elements of the latest estimate are specifically excluded from such approval.

Revised budget estimates will also be provided to the Director of Resources in accordance with the terms of the Management Agreement.

### **3.8 Surpluses/deficits**

Only the ALMO Board can authorise the use of ALMO working balances.

### **3.9 Emergencies**

Nothing in these rules shall prevent the Chief Executive from incurring expenditure that is essential to meet any immediate needs created by an emergency subject to the action being reported to the next appropriate ALMO Board or Committee meeting, and to the Director of Resources.

## **4 CAPITAL EXPENDITURE**

### **OBJECTIVE:**

**To provide a framework for the preparation, approval and control of the Capital Programme.**

#### **4.1 Resource Allocation**

The Environment & Neighbourhood's Finance section will determine the resources available to each ALMO for capital expenditure. This will include mainline Government funding issued through the Single Capital Pot (or any other funding mechanism), any specific Government funding, the Major Repairs Allowance and capital receipts.

The level of resources will be made known to the ALMO in December of each year for the following financial year. Indicative resource levels will also be provided for the following two financial years this will enable ALMO's to plan future year's programmes.

#### **4.2 Capital Programme and Project Justification**

The Chief Executive shall prepare a Capital Programme within its resource allocation (no over programming will be allowed) in accordance with a timetable and format prescribed by the Director of Resources. These programmes will then be presented to the Council's Executive Board for approval. The Capital Programme will set out priorities for a four-year period and this will be updated annually.

In drawing up the Capital Programme the ALMO Board must take into account the justification for each project and relative priorities. The justification process should demonstrate how schemes within the Capital Programme meet the objectives and targets set out in the Housing Strategy and HRA Business Plan.

It is the duty of the Chief Executive to monitor and control each capital project to ensure that approved costs are not exceeded.

#### **4.3 Authority to Spend**

Following approval of the Capital Programme, it is the responsibility of the ALMO Board to give authority to incur expenditure on each project. The ALMO Board should consider a report prepared by the project officer and/or technical representative which gives the following assurances:

- a. The scheme meets the service objectives and is still a priority of the ALMO.
- b. Sufficient scheme detail is provided.

- c. The cost estimates are realistic and detailed split between constructions, fees etc.
- d. The resources to fund the scheme are realistic and available
- e. The scheme constitutes value for money.
- f. The future revenue effects of the scheme are clear, reasonable and acceptable.
- g. Procurement processes have been properly followed.
- h. That any risks inherent in carrying out the scheme have been identified, evaluated and accepted prior to commencing the scheme.

#### **4.4 Authority to Tender**

The ALMO Board should be satisfied that a project is in a sufficient state of readiness, prior to seeking tenders for the work. The Board should consider a report prepared by the project officer and/or technical representative which gives these assurances. Authority to Tender should not be sought until Authority to Spend has been approved.

#### **4.5 Tender Acceptance**

When tenders have been received and evaluated a notification to accept the tender and award the contract will be forwarded by the project officer and/or technical representative to Leeds City Council's Chief Legal Officer who will award the contract. At this stage a final check of affordability will be made before awarding the contract.

#### **4.6 Variations to the Capital Programme**

Any variations to the Capital Programme must be approved by the ALMO Board. This includes injecting a new scheme to the programme or bringing forward a scheme scheduled for a later year in place of a current year scheme. In these circumstances the justification for re-prioritising projects must be documented.

#### **4.7 Variations to individual schemes**

All variations to individual schemes require the approval of the ALMO Board. This includes:

- a. Where the tendered price for construction work exceeds the Capital Programme provision for that work. In this case the ALMO Board must be satisfied that the scheme still constitutes value for money and must identify a source of funding for the variation.

- b. Where a tender has been accepted which is lower than the provision for that work, the ALMO Board can reallocate the spare resources to other capital priorities.

#### **4.8 Cost variations during the Contract**

After a contract has been awarded, any variations to that contract must be processed in accordance with Contract Procedure Rules. The documentation relating to the justification for all variations should be retained and may be subject to audit. The ALMO Board is responsible for ensuring that any variations to contracts are contained within the resources allocated for the overall Capital Programme.

#### **4.9 Use of revenue to fund capital**

Where the ALMO wishes to fund capital expenditure using revenue contributions, a request should be made to the Environment & Neighbourhoods Finance Section who will check the budgetary position and make the necessary adjustments.

#### **4.10 Carry forward of unspent balances**

Where balances remain unspent at the end of the financial year, these can be carried forward.

#### **4.11 Capital programme monitoring**

It is the responsibility of the ALMO Board to carry out regular scheme monitoring both of capital expenditure and capital resources where they are specific to a scheme. Cost statements on individual schemes should be prepared monthly. Where a monthly cost statement is projecting an overspend on a scheme, this should be reported to the ALMO Board who will ensure that any necessary adjustments to estimates in the capital programme are made promptly.

The ALMO Board is responsible for maintaining up to date information in relation to projected expenditure and resources for individual schemes and for the overall capital programme. The Council's Integrated Capital System will be made available for this purpose. If the ALMO Board chooses not to use this system then the Director of Resources will agree the format and frequency of the information to be supplied.

The ALMO Board shall prepare an annual report for the Council's Executive Board, comparing the approved capital programme to actual capital expenditure. The Director of Resources will determine the timetable and format of the report and include explanations for any variations.

#### **4.12 Operating Leasing**

If the ALMO Board wishes to procure assets through a leasing arrangement, contact should be made in the first instance with the Environment & Neighbourhoods Finance section who will provide advice in relation to the relevant legislation and regulations.

#### **4.13 Best Practice Guidance**

Throughout the whole process of preparing and implementing capital projects the ALMO Board should adhere to best practice guidance e.g.:

Construction Industry standards  
Codes of practice  
Audit Commission Guidance

#### **4.14 Scheme of delegation**

The ALMO Board may wish to introduce a scheme of delegated authority in relation to capital approvals and if this is the case the level of delegated authority will be approved by the ALMO Board including relevant documentation and monitoring.

## **5 FINAL ACCOUNTS**

### **OBJECTIVE:**

**To define arrangements for the accurate and timely production of annual accounts for the ALMO.**

#### **5.1 Responsibility of Chief Executive**

Chief Executives will be required to provide such information as necessary in order to close the annual accounts of the Company in accordance with the timetable and accounting principles provided by the Director of Resources to ensure compliance with the relevant accounting regulations.

#### **5.2 Debtors**

Chief Executives will supply information on amounts owing to the ALMO for goods and services provided on or before the 31<sup>st</sup> March each year.

#### **5.3 Creditors**

Chief Executives will supply information on monies owing to suppliers for the goods and services provided on or before 31<sup>st</sup> March each year which have not been paid.

#### **5.4 Grant claims (where relevant)**

Chief Executives will ensure that grant claims are completed in accordance with the format and date prescribed by the external funding agency, and the Accounts and Audit Regulations 1996. Chief Executives will supply the Director of Resources with completed grant claims and provide the necessary documentation substantiating grant claims for inspection by the Director of Resources and the ALMO's external auditors, as advised by the Director of Resources.

## **6 INTERNAL AUDIT**

### **OBJECTIVES:**

The Internal Audit Service, on behalf of the ALMO, shall review, appraise and report on:

- 1. The efficiency, effectiveness and economy of financial and other management controls.**
- 2. The extent of compliance with, relevance and financial effect of established policies, plans and procedures.**
- 3. The extent to which the assets and interests of the ALMO are accounted for and safeguarded from losses of all kinds arising from:**
  - i. Fraud and other offences**
  - ii. Waste, extravagance and inefficient administration, poor value for money or any other cause**
- 4. The suitability and reliability of financial and other management data developed within the organisation.**

### **6.1 Responsibilities of the Board and Audit Committee**

The Board has responsibility for instituting adequate systems of internal control. This responsibility will in part be fulfilled by the Internal Audit function, which shall be under the direction of the Chief Executive.

The Audit Committee will appoint the Internal Auditors, establish the scope and content of the internal audit work, approve and review the annual work programme and will report to the Board on Internal Audit and Internal Control annually.

### **6.2 Authority of Internal Audit**

The Chief Audit Manager or his/her authorised representative shall have authority to:

- a. Enter any premises or land at all reasonable times
- b. Have access to all records, documents, data held on computer media, and correspondence relating to all transactions of the ALMO, or unofficial funds operated by an employee as part of their duties.
- c. Require and receive such explanations as are necessary concerning any matter under examination.

- d. Require any employee of the ALMO to produce cash, stores or any other property under his/her control, belonging to the ALMO or held as part of the employee's duties.

The Internal Auditors may, if they wish, meet the ALMO Board or Audit Committee without any employees being present, to discuss issues that may have arisen during their work, or highlight areas of concern. They shall also have unfettered access to the Chairs of the Board and Audit Committees outside of meetings, without the presence of officers.

### **6.3 Financial irregularities**

Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property of the ALMO or any suspected irregularity in the exercise of the functions of the ALMO, including unofficial funds, it should be immediately brought to the attention of the Chief Executive.

If the suspected irregularities potentially involve the Chief Executive, then the Chair of the Board, or Chair of Audit Committee, should be contacted.

The Chief Executive should assess the materiality of each case and determine the appropriate action which should be followed. The Chief Executive must consider referring the case to the Police if the irregularity or suspected irregularity involves theft or suspected theft. Proposed action should be agreed with Internal Audit, In addition, where a break-in is suspected, the Police must be informed immediately by the respective Chief Executive.

Where the irregularity involves fraud or corruption then the Chief Executive must ensure that the matter is reported to the Director of Resources in accordance with the Council's Policy Statement on Fraud and Corruption.

## **7 EXTERNAL AUDIT**

### **OBJECTIVES:**

The External Audit Service, shall review, appraise and report on:

1. The annual statutory accounts of the company.
2. The internal financial controls in place at the company.

#### **7.1 Responsibilities of the Board**

The appointment of external auditors is approved by the ALMO Board and the process will include a regular review of performance. The Director of Corporate Services will be responsible for liaison with the external auditors and ensuring the completion of the external audit to comply with statutory timescales.

#### **7.2 Authority of External Audit**

The External Auditors shall have authority to:

- a. Enter any premises or land at all reasonable times
- b. Have access to all records, documents, data held on computer media, and correspondence relating to all transactions of the ALMO, or unofficial funds operated by an employee as part of their duties.
- c. Require and receive such explanations as are necessary concerning any matter under examination.
- d. Require any employee of the ALMO to produce cash, stores or any other property under his/her control, belonging to the ALMO or held as part of the employee's duties.

The External Auditors may, if they wish, meet the ALMO Board or Audit Committee without any employees being present, to discuss issues that may have arisen during their work, or highlight areas of concern. They shall also have unfettered access to the Chairs of the Board and Audit Committee outside of meetings, without the presence of officers.

#### **7.3 Management Letters**

The Director of Corporate Services will arrange for management letters to be sent to the Chief Executive and ALMO Board by the external auditors, which will highlight areas of concern identified by the external auditors, or recommendations for improved efficiency and control.

## **8 INCOME**

### **OBJECTIVES:**

- a. All income due is identified, recorded and correctly calculated.
- b. All income due is promptly invoiced (where applicable), collected, banked and accurately accounted for.
- c. Secure arrangements are made for the collection and retention of money prior to banking.
- d. Any write-off income due is valid and properly authorised.

### **8.1 Form of receipts**

- A. The Chief Executive and/or Director of Resources shall be consulted regarding the form of:
  - a. All books and records of account
  - b. All official receipts, licenses and tickets
  - c. All documents, vouchers or tokens representing receipts for the value of any monies.

All receipt books must be kept securely and, where receipts are issued by various sections, the Chief Executive shall maintain a record showing which sections receipt books have been issued and the signatures of the recipients.

- B. In respect of the documents referred to in (a) the Director of Resources shall be consulted regarding:
  - a. The arrangements for the control thereof;
  - b. The manner in which all receipts and issues thereof are acknowledged and recorded.

This Financial Procedure Rule applies to manual and computerised systems.

### **8.2 Cash receipting and banking procedures - monies received on behalf of LCC:**

- i. Shall be acknowledged by the issue of a receipt in the authorised form.
- ii. All moneys to be banked must be balanced to the official receipt records and checked by an independent employee prior to banking.

- iii. Shall be properly safeguarded with regard to insurance arrangements
- iv. Shall be paid daily, or at such intervals as the Chief Executive in consultation with the Director of Resources shall approve, into the Council's bank account.
- v. An employee independent of the banking procedure shall check the bank Paying-In Voucher book and initial the stub to confirm that the amount banked is correct, and that the stub is endorsed with the bank date stamp.
- vi. The cashing of employee's personal cheques out of income received is strictly forbidden.
- vii. Refunds of overpayments must be made through the payments system and not out of income.
- viii. Bankings must be made intact. Consequently, invoices and amounts due must not be paid from income.

### **8.3 Cash receipting and banking procedures - Monies received on behalf of the ALMO**

In addition to the above, all monies received on behalf of the ALMO, if paid directly into a bank, should be paid into a branch of the company's bankers unless otherwise approved by the Chief Executive.

### **8.4 Records to be kept when paying in money**

- a) The particulars of money to be banked must be entered on a paying-in slip (and the counterfoil thereof) and in the case of each cheque paid in should include:
  - a. The amount of the cheque, and
  - b. A reference (such as the number of the receipt given or the name of the debtor) which, in the event of a refer to drawer cheque, will connect the cheque with the debt or debts in discharge or partial discharge for which it was received.
- b) Where any cheque paid in as mentioned in paragraph (a) above was not received in discharge or partial discharge of a debt due to the company, the employee shall note the fact on the counterfoil or duplicate of the paying-in slip.
- c) Any variance from the procedures detailed in (a)-(b) must be approved in writing by the Chief Executive in consultation with the Director of Resources.

## **8.5 Sale of ALMO property**

- a) Sales of ALMO property (including obsolete vehicles) other than property bought specifically for resale shall be subject to Contract Procedure Rules. However the guidelines in Appendix C amplify the relevant procedures according to the estimated value.

Appendix D provides procedure guidelines for the disposal of assets. Council property cannot be disposed of without agreement of the Council.

- b) For sales of property the Chief Executive must keep a formal record which includes:
  - i. Why goods/items are to be sold;
  - ii. Method of choosing purchaser, including details of all quotes;
  - iii. Approval of the Chief Executive
- c) Where surplus office furniture and equipment has become available the Chief Executive must first be consulted prior to external sale as the goods may be effectively reallocated within the ALMO.
- d) The approval of the Director of Resources is required before the sale of any leased asset.

## **8.6 Sundry Charge Accounts**

- a) All income due shall be invoiced in a manner approved by the Chief Executive and Director of Resources.
- b) All systems and documentation in respect of debtor accounts shall be approved by the Chief Executive and Director of Resources and accounts for income due shall be raised and dispatched immediately they are due. Debtor accounts should not be raised for less than £10 without the prior agreement of the Chief Executive. The Chief Executive should collect such income in an appropriate manner.
- c) All stocks of debtor accounts must be held securely and, where accounts are issued by various sections of a department, the central office of that department shall maintain a record showing to which sections of a department accounts have been issued and the signatures of the recipients.
- d) Accounts remaining unpaid after a period of 6 weeks from date of issue shall be referred to the relevant debt recovery. Where a debtor fails to pay for goods or services invoiced, and unless express permission is given by the Chief Executive, no further goods or services shall be provided until the original debt is settled in full.

- e) Instructions for the cancellation or reduction of accounts for income must be authorised by the appropriate Chief Executive or designated representative. Specimen signatures of such employees must be submitted to the Director of Resources by the Chief Executive concerned. No employee shall sign in any name other than his/her own; neither shall facsimile signatures be used.
- f) Valid rechargeable items should be recovered from tenants, unless less than £10 in value.

### **8.7 Cash shortages and surpluses**

- a) All cash surpluses shall be paid in as stipulated in Financial Procedure Rules 7.2 and 7.3 and reported to the respective Chief Executive and Director of Resources.
- b) Each Chief Executive shall have the discretion as to the making good or otherwise of all cash shortages. However, whenever any matter arises which involves, or is thought to involve irregularities, in compliance with Financial Procedure Rule 6.2, the respective Chief Executive shall immediately notify the Director of Resources.

### **8.8 Procedures for emptying cash receptacles**

Unless approved by the Chief Executive, cash receptacles (e.g. vending machines, pay telephones) must be emptied with two members of staff in attendance and the cash counted and evidenced accordingly by both persons.

The control of keys for cash receptacles should be in compliance with the requirements of Financial Procedure Rule 13.3.

### **8.9 Postal remittances**

Unless other arrangements are approved by the Chief Executive then the following procedures must be adhered to:

- a) The post collection box on the premises should, wherever possible, be connected to a locked receptacle, which should only be emptied in the presence of two persons. A notice should be placed on or near to the collection box stating that no cash should be placed in the box. Where a self-locking mailbag is utilised for collecting mail from the Post Office, this should similarly be opened by two persons.
- b) The opening of the box should be in the presence of at least two persons.
- c) A remittance book should be kept in which the following details of each postal remittance should be entered:

- a. Date remittances received;
- b. Name and address of sender;
- c. Method of payment;
- d. Amount;
- e. Description of reference of payment
- f. Receipt number
- g. Signatures of the two persons involved in post opening.

In addition, a note should be maintained of discrepancies between the stated amounts, for example, as per an attached letter, and the actual amount of remittance.

- d) The signature of the receipting cashier must be recorded in the postal remittance book. Subsequent transfer of money to other employees (for example - banking officer) should be evidenced in accordance with Financial Regulation 2.3 (c). Subsequently, the receipt numbers should be entered in the postal remittance book against each entry by a person other than the 'cashier'.
- e) There should be a daily reconciliation of postal remittances to amounts banked.

#### **8.10 Write-off of debts**

Arrangements for write-off of debts are as detailed in Appendix E.

#### **8.11 Recovery of outstanding amounts due from employees leaving**

Where an employee is to leave the ALMO, the relevant Chief Executive must check whether the individual has debts due to the ALMO, such as: a car loan; training fees; annual metrocard; bike scheme or other amounts, and, if so, take the necessary steps to recover any outstanding balance before the employee ceases to be employed by the ALMO, including recovery from any Pension Rights where applicable.

#### **8.12 Income from private telephone calls**

On occasions, staff will have to make personal telephone calls during the course of their working day. Such calls should be kept to a minimum and staff must pay for all such calls. Chief Executives shall make proper arrangements to enable staff to record details of personal calls and ensure that the income from such calls is collected, receipted and banked at appropriate intervals.

#### **8.13 Credit/Debit Card Facilities**

The Chief Executive must approve the provision of any Credit/ Debit card facility prior to implementation.

## 9 ORDERS

### OBJECTIVES:

Placing an official order commits the ALMO to expenditure therefore the objectives of the section are that:

- a) Only goods and services for the effective operation of the ALMO can be ordered.
- b) Only goods and services for which there is financial provision available can be ordered.
- c) Orders are placed for goods and services with the suppliers offering the best value for money.

#### 9.1 Requirements of official orders

Orders should be raised using FAB.

Any Q orders raised should be in the custody of a responsible employee and be signed by the appropriate authorised employee.

#### 9.2 Authorised officers

##### Computer generated orders

A list of employees able to authorise orders via the FAB system should be approved by the Chief Executive. Orders shall be approved by a Chief Executive or authorised representative.

The authorising of the order shall be deemed to cover the following:

- a. That the goods or services to be purchased fall within the legal powers of the ALMO.
- b. That there is provision for the cost within the approved budget or it is covered by special financial provision.
- c. That Financial Procedure Rules and Contract Procedure Rules have been complied with.

##### B. Manual orders

Orders shall be signed by a Chief Executive or such members of staff specifically authorised by the Chief Executive. Where manual orders are used, a schedule of specimen signatures of employees authorised to approve orders must be submitted to the Director of Resources. No employee shall

sign in any name other than his/her own and facsimile signatures shall not be used without the prior written approval of the Chief Executive.

### **9.3 Orders made via the Facsimile (Fax) transfer**

Where orders are made using facsimile (Fax) transfer, or via electronic means, only orders already authorised in compliance with the requirements of Financial Procedure Rule 8.2 may be faxed.

### **9.4 Verbal Orders**

Verbal orders shall be kept to a minimum and shall be confirmed either the same or next working day by a manual or computer generated order, which shall be marked accordingly.

### **9.5 Selection of suppliers**

Goods, works and services shall, wherever possible, be obtained through other Council organisations, departments or agencies. And done so in accordance with Contract Procedure Rules. Exceptions to these procedures must be justified by the appropriate Chief Executive and a formal record of all exceptions maintained. The requirements of Contract Procedure Rules shall apply to any such exceptions whereby in addition to outside quotes, where applicable, the price offered by the respective Council department must be considered as part of the evaluation.

## **10 PAYMENT OF ACCOUNTS**

### **OBJECTIVES:**

- a) **Only goods and services which meet the requirement of the order are accepted and paid for.**
- b) **All and only certified invoices are accurately processed and authorised to generate the correct payments/s on the due date.**
- c) **All payments are correctly posted to the revenue or capital accounts.**

**Documents referred to in this section may be in an electronic and/or hard copy format.**

### **10.1 Creditor payment system**

The arrangements for the processing of accounts for payment will be in accordance with procedures laid down by the Director of Corporate Services including the provisions of the Creditor Payment System Manual procedures. The payment of all accounts and amounts due shall be made via the creditor payment system. Accounts and amounts due must not be paid from income. Any departures from these procedures (e.g. direct billing or stand-alone computer system feeder to the Council's creditors system) shall be subject to the prior written approval of the Director of Resources.

### **10.2 Authorised signatories**

The Chief Executive or a member of staff (whenever possible not the same employee as the one signing/approving the order or incurring the expenditure authorised by that Chief Executive) shall be responsible for approving accounts for payment. The Chief Executive and Director of Resources must be notified of the names of employees authorised to approve accounts for payment and shall be supplied with specimen signatures. No employee shall sign in any name other than his/her own or use another employee's Logical I.D.

### **10.3 Certification of invoices**

The certification of a Chief Executive or his/her authorised employee shall be deemed to cover the following matters:

- A. That payment is the liability of the ALMO and, where in respect of goods or services, these have been properly ordered;
- B. That the goods have been received, examined and approved as to quality and quantity;
- C. That the work done or service rendered has been satisfactorily carried out, and, where applicable, the materials used were to the requisite standard;

- D. That the prices are in accordance with the contract or quotation or, if there is no contract or quotation, that the prices are otherwise reasonable;
- E. That the account is arithmetically correct; this may be effected by a test check;
- F. That the appropriate deductions have been made for discounts;
- G. That, where applicable, the goods have been recorded on the relevant inventory, stores records or any other appropriate records;
- H. That payment has been entered on the copy order or appropriate record and that no part of the account has been included in any other account or certificate previously passed for payment;
- I. That the expenditure has been properly coded;
- J. That the expenditure is within the estimates or is covered by special financial provision and is in accordance with these Regulations;
- K. That, where a payment includes Value Added Tax., it is in accordance with H.M. Customs and Excise regulations ;
  - a. for construction industry payments an authenticated receipt (see section 16.1 below) will be obtained, or
  - b. For payments made in advance of services or goods being received a tax receipt will be obtained.
  - c. the invoice is a tax invoice, this must show;

An identifying number  
 The contractor's name, address and VAT registration number;  
 The date of the supply;  
 The ALMO name;  
 The description of the goods and services supplied;  
 The rate of any discount offered;  
 The total VAT payable.

#### **10.4 Payment in advance of receipt of goods or services**

These procedures should only be used in exceptional circumstances.

Any payment prior to the receipt of goods or the entering into of any purchasing arrangement which provides for payments in advance must be approved by the Chief Executive, who should ensure that;

- a) adequate justification exists for the goods and/or services to be paid for in advance;
- b) the arrangements represent the best value for money
- c) the interests of the ALMO are protected should any complication arise;
- d) an official order has been issued, where applicable.

## **11 CASH DISBURSEMENTS**

(i.e. Petty cash floats or any such holding of cash)

### **OBJECTIVE:**

**Appropriate cash imprests and procedures are in operation to facilitate the purchase of minor items of expenditure**

#### **11.1 Authorisation of cash imprests levels**

All cash imprests (including Petty Cash and Payroll floats) must be approved by the Chief Executive. The cash value of such imprests, must not exceed the appropriate insurance cover for the particular safe or cabinet used for its safekeeping.

#### **11.2 Payments to be made from cash imprests**

- i. Subsistence claims should only be paid out of petty cash in exceptional circumstances.
- ii. Car allowances should be paid via the Car Allowance system.
- iii. Other payments shall be limited to minor items of expenditure and such individual payments, or a batch of related payments, shall not exceed £50.
- iv. Any payments in excess of £50 must be approved by the Chief Executive and a formal record maintained accordingly.
- v. Under no circumstances should personal or any other cheques be cashed from any cash float.

#### **11.3 Petty cash procedures**

- a) Vouchers for cash disbursements, showing VAT where appropriate, shall be obtained and shall be forwarded with the claim for reimbursement at intervals not greater than one month.
- b) Personal cheques must not be cashed or money borrowed from cash imprests except in circumstances approved by the Chief Executive.

## **12 SALARIES, WAGES AND SUPERANNUATION**

### **OBJECTIVE:**

**To set out the framework of arrangements for payroll and superannuation.**

#### **12.1 General payroll procedures**

The Director of Resources shall approve the method of payroll preparation, payment, documents and records (including PAYE and superannuation) to be kept (including retention) and the certificates to be given for payment of wages.

The Chief Executive shall ensure prompt action for payroll purposes on all appointments, dismissals, resignations, absences from duty, transfers, accounting allocation, changes in remuneration and recovery of any moneys due from employees.

#### **12.2 Authorised signatures**

The Director of Resources shall be notified of the names of employees authorised for the above purposes and shall be supplied with specimen signatures.

#### **12.3 Completion of payroll documentation**

The Chief Executive shall be responsible for the certification by himself/herself or his/her authorised employee for timesheets, turnaround documents, incentive bonus claims and overtime claims by employees under his/her control. Certification will be required within specified timescales.

#### **12.4 Pensions**

The Employee Administration Service (EAS) shall be responsible for all pension administration matters in respect of ALMO employees.. In order to comply with the 1995 Pensions Act regarding the disclosure of information, the EAS is responsible for ensuring that pension forms are forwarded to the West Yorkshire Pension Fund within the time limits determined in the Act.

Failure to comply with these time limits may result in fines being passed onto the ALMO.

Any requests for Voluntary Early Retirement must be in accordance with the ALMO'S Early Retirement Procedures.

The Chief Executive shall be responsible for authorising gratuity payments in accordance with the procedures as laid down in the Pensions Gratuity Scheme as approved by the Director of Resources.

### **13 FOUND AND DEPOSITED PROPERTY**

#### **OBJECTIVE:**

**To specify arrangements for dealing with property found on Council property or deposited with the ALMO and failed to be collected.**

- a) The ALMO has a legal responsibility to take reasonable care of all items of property found by staff or members of the public on premises and property deposited with the ALMO but not subsequently collected, until the items are reclaimed or disposed of.
- b) The custody and disposal of found and deposited property shall be in accordance with the standard procedures approved by the Chief Executive (see Appendix F) unless specific arrangements have been made between the Chief Executive and the Director of Resources, in compliance with legal requirements.

## **14 CUSTODY AND SECURITY OF ASSETS**

### **OBJECTIVE:**

**To set out arrangements to ensure effective and efficient management of the physical assets of the ALMO and the Council.**

The Chief Executive shall be responsible for ensuring that secure arrangements are made for the safe custody of land, buildings, cash and other property including that owned by third parties under the control of the ALMO. (Included in the definition of cash is 'open' cheques).

### **14.1 Inventories**

An inventory shall be prepared and kept up to date by the Chief Executive in accordance with the procedure guidelines issued by the Director of Resources (see Appendix G). Inventories shall be checked and amended in such a manner as may be approved by the Chief Executive. Deficiencies or surpluses in inventories shall be reported to the Chief Executive and similar action taken to that outlined in Appendix G. The Director of Resources shall be notified of the designated employees who are responsible for the control of the inventories. Documents should be retained in compliance with Appendix A.

### **14.2 Change of use of Property**

Any changes to the use of property should be recommended to the Council for approval.

### **14.3 Custody of keys**

The ALMO shall arrange that authorised members of staff shall be responsible for the keys of all safes of similar receptacles, and secure locations, and shall keep a record of the names of such employees. Whilst responsible for the keys, employees shall keep the keys on their person and shall not leave them on the premises. Where it is necessary to transfer keys to another employee e.g. due to shift working or holidays, a record shall be maintained showing the signature of both employees. Duplicate keys shall be kept in such a manner as may be approved by the Chief Executive.

### **14.4 Custody of legal documents**

The Company's Legal Adviser shall be responsible for the custody of all legal deeds, agreements and contract documents. The arrangements for the custody of such documents shall be subject to the written approval of the Director of Resources. Documents should be retained in compliance with Appendix A.

#### **14.5 Recovery of loss through irregularity**

Where loss has occurred through irregularity, recovery and restitution should be pursued in accordance with procedure guidelines issued by the Director of Resources (see Appendix H).

#### **14.6 Vehicles and plant**

- i. For the purpose of these regulations, vehicles and plant are defined as “All motor vehicles, trailers and movable machinery held by the ALMO, whether owned, rented or leased”.
- ii. The Chief Executive shall ensure that records are maintained in respect of vehicles or plant under their control. Such records shall be kept in a manner approved by the Director of Resources and shall include details of usage, locations visited, mileage, fuel consumed, repairs and repair costs.

#### **14.7 Information Technology security**

- i. The Chief Executive shall be responsible for ensuring that secure arrangements are made for the safeguard of computer hardware, software and data. The Chief Executive shall also be responsible for the management of data input into systems, the quality of data input into systems, and meeting the requirements of the Data Protection Act 1998, the Freedom of Information Act 2000 and other appropriate legislation.
- ii. An I.T. inventory of all hardware and software shall be prepared and kept up to date for every establishment of the ALMO by the Chief Executive in accordance with the procedural guidelines issued by the Director of Resources.
- iii. Inventories shall be checked and amended in such a manner as approved by the Chief Executive. Deficiencies in respect of inventory items shall be reported to the Chief Executive and action taken as outlined in Appendix G.
- iv. The Chief Executive shall ensure that all systems and data are removed from the computer backup media before disposal.

## **15 STOCKS AND STORES**

### **OBJECTIVE:**

**To set out responsibilities for stocks and stores held by the ALMO**

#### **15.1 Responsibilities**

The Chief Executive shall be responsible for the care, custody and stocktaking of all stocks under his/her control and shall act in accordance with the procedure guidelines issued by the Director of Resources

#### **15.2 Store deficiencies and surpluses**

Store deficiencies and surpluses shall be recorded and dealt with in accordance with Financial Procedures Rule 6.3 , if appropriate.

Write-offs in aggregate totalling less than £5,000 will require Chief Executive approval. Write-offs in excess of this value require ALMO Board approval.

Cumulative write-offs will be regularly reported to the Board.

## **16 BANKING ARRANGEMENTS**

### **OBJECTIVE:**

**To specify responsibilities in respect of banking arrangements**

#### **16.1 Bank Accounts**

The Chief Executive shall make arrangements through the Director of Resources regarding the opening and operation of all the bank accounts and use of banking services relating to the ALMO and they shall be in the name of the ALMO. No employee shall open a bank account in connection with official business of the ALMO without the express approval of the Chief Executive. The Director of Resources shall be responsible for all negotiations of banking terms.

#### **16.2 Cheque Controls**

The issuing of cheques shall be controlled by the Chief Executive. The Chief Executive will delegate appropriate authorisations for the signing of cheques. Such authorities will be approved by the ALMO Board and the Director of Resources.

## **17 TAXATION**

### **OBJECTIVE:**

**To ensure that the ALMO correctly accounts for Income Tax, National Insurance and VAT to the relevant Government department.**

#### **17.1 Construction Industry Tax Deduction Scheme**

The Chief Executive shall comply with the provisions of the creditor payment system manual and guidelines that are issued from time to time by the Director of Resources regarding the administration and the Construction Industry Tax Deduction scheme.

#### **17.2 Pay As You Earn (PAYE) and National Insurance Contributions**

1. The Chief Executive should ensure that the Inland Revenue guide to PAYE (Document CWG2) and further guidelines that are issued from time to time are adhered to at all times. Failure to operate PAYE at the correct time and in the correct situation may result in the ALMO being liable for penalties.
2. It is the responsibility of the Chief Executive to decide whether a new “employee” qualifies as self-employed or is trading as a Limited Company and therefore not subject to PAYE. Where in doubt, the Chief Executive should obtain advice from the Director of Resources.
3. The Chief Executive should adhere at all times to Taxation Guidelines issued, from time to time, by the Director of Resources.
4. The Director of Resources should be consulted where the Chief executive is unsure as to the PAYE/NI treatment of a given payment.
5. In line with The Asylum and Immigration Act 1996, it is the responsibility of the Chief Executive to ensure that all new employees provide a National Insurance Number.

#### **17.3 Expenses, payments and benefits in kind**

- a) It is the responsibility of the Director of Resources on behalf of the ALMO to carry out negotiations with the Inspector of Taxes to obtain/maintain dispensations (i.e. routine expenses, payments and benefits that would involve no extra tax liability) granted by the Inland Revenue.
- b) It is the responsibility of the Chief Executive to ensure that agreed criteria and limits included within the dispensation are not broken. Where the nature of the payment or level of payment is changed details should be immediately sent to the Director of Resources

- c) At the end of each tax year and within time limits set by the Director of Resources the Chief Executive shall report to the Director of Resources all expenses payment/benefits not covered by a dispensation and made available to any employees during the previous income tax year.

#### **17.4 Value Added Tax**

- a) The Chief Executive must adhere to guidelines on specific supplies, which shall from time to time be issued by the Director of Resources.
- b) The Chief Executive shall be responsible for applying VAT correctly, on-time and coding it correctly in the Financial Accounting and Budgeting System.

## **18 INSURANCE AND RISK MANAGEMENT**

### **OBJECTIVE:**

**To set out the responsibilities of the Chief Executive in respect of insurance and Risk Management.**

The Director of Resources and the Chief Executive shall be responsible for making arrangements to ensure that the Risk Management policy of the ALMO is made known to and adopted by all appropriate employees.

The Risk Management policy of the ALMO and the extent of any insurance cover placed for the ALMO, shall be determined by the Chief Executive in conjunction with the Director of Resources.

The Director of Resources shall be responsible for the administration of all claims funded by the insurance reserve or external insurance arrangements.

The Director of Resources shall maintain adequate records for the purpose of making and will effect all insurance arrangements for the ALMO.

The Chief Executive shall notify the Director of Resources of the nature and extent of all new insurable risks and of any alterations to currently insured risks.

The Chief Executive shall immediately notify in writing the Director of Resources, of any loss, liability or damage.

For the purposes of pursuing or defending an action subject to court proceedings, the Chief Executive in conjunction with employees nominated by him/her from within the ALMO, having regard to the requirements of the court, shall certify the validity and correctness of any claim, or the defence of any claim, arising from the activities of the ALMO.

The Chief Executive shall provide the Director of Resources with information as may be required to discharge his/her responsibilities.

**FINANCIAL PROCEDURE RULE NO 2.10**

**MINIMUM RETENTION FOR FINANCIAL RECORDS**

**TYPE OF RECORD**

**FINANCIAL RECORDS**

**RETENTION PERIOD**

(Unless otherwise specified - the period is the current financial year and number of complete financial years stated below)

**Cash income records**

Receipt books, DP strips	3
Cash receipting machine rolls	3
Sales records	3
Ticket and receipt book control	3
Daily Cash sheets/ reconciliation	3
Paying-In Vouchers	3
Cashier summary sheets	3
Accounting Officer records	3
Shorts and overs records	3
Copy cheque lists	3
Presented cheques	3
Bank statements	3
Banking arrangements	3
Cash books	3
Giro statements	3
Remittance letters	3
Receipt stubs	3
Bankruptcy - All closed records	3
Insolvency practitioner letters	Indefinitely

**Credit/ Sundry Income records**

Copy accounts/ Correspondence	3 (after debt cleared)
Authorities for debts written off	6
Any other prime records of debt	6
Account tabulations	6

**Other income records**

Scales of charges	6
Grant claims and working papers	6 (after final claim)
Postal remittance books	3

**Expenditure records**

Requisition of goods	3
Official orders - Finance copy	6
Official orders - Goods rec'd copy delivery note	3
Official orders - Goods rec'd copy/ Delivery note	1
Bin cards	3
Creditor payment records	3
Petty cash records	3
Postage records	3

**Grants and allowances**

Application Forms	3 After cases finished
Assessment formula/scales	3 After cases finished

**FINANCE RECORDS****Accounting records**

Working papers - Estimates year end accts & costings	3
Financial circulars	3
Financial reports	3
Financial expenditure and revenue accounting/ FAB tabulations	3
Financial annual tabulations	3
Acts, orders, govt circulars	Copies kept by Central Filing
Govt returns and RSG papers	3

**Borrowing/Lending records**

Register of mortgage deeds and stock certificates	Indefinitely
Repaid mortgages and stocks	6
Loans/Stock transfer & registers	6
Stock transfer forms	6
Investment certificates	6
Temporary loans register	Indefinitely
Temporary loans records	6
Bond records	6
Other borrowing records	6
All correspondence	6
Half year interest records	6
Temporary advances records	6
Bonds	Indefinitely
Copy cheques	6

## **Control/Reconciliation**

Control & Year End accounts	Indefinitely
Year End reports	10
Financial control totals	10
(system transactions)	10
Fund balance tabulation (FAB)	6
Invoices	6
Cash balancing reports	6
Write-offs	6
Rebate controls	6
Matched suspense	3
Refund reports/schedules	3
Payroll deductions (Council Tax)	3
Billing and Recovery controls	1
(Documentation production)	

## **Miscellaneous**

Correspondence (Councillor/MP)	3
Corporate Complaints File	6
Ombudsmen files	Indefinitely
Contract/Tender documentation	Indefinitely
Government Returns	6
Council minutes	2
Monthly reports	
(Held by revenues manager)	2
Proof of posting and post books	6
Paying - in documentation	3

## **ADMINISTRATIVE RECORDS**

Travel warrants	3
Flexitime records	3
Car allowance claims	6
Inventory	6
	(after last review)
Control stationery records	6
Committee reports	6
Records of decisions	6

## **CONTRACTS**

Scheduled list of contractors and supporting correspondence	2
Declarations of Interest	6
Records of all quotations and tenders received	)
	)

## **Where applicable periods detailed are from the date contract awarded**

Signed contract documents (inc. Bills of quantities)	)In accordance with the relevant )Statute of Limitations, or for a period (deemed necessary by the Company's Legal adviser)
Contract payment register and copy final payment certificates	(
Variation orders, C of W diaries	(
Copy payment certificates	(
Cost statements	(
Contract correspondence	(
Measurement records	(
Interim and final accounts	(
Report advising change in contract status	
Live/Suspended Contractors files	Indefinitely
Files re: Contractors deleted from the ALMO approved list due to adverse performance	3 Following Procurement Management Group decision
Files re: Contractors deleted from the ALMO approved list due to reasons outside authority control	3 Following the report advising change in status

### **INSURANCE**

Register of schedules	Indefinitely
Valuations	Indefinitely
Policies (discontinued)	3
Claims/Correspondence	6

### **STAFF PERSONNEL RECORDS**

Standard data	3
Variable payroll data	3
Approvals for special leave	3
Unsuccessful job application	1
Annual leave/sickness records	3
Superannuation records	Indefinitely
Disciplinary papers	3
Staff records terminations	6

### **PAYROLL DOCUMENTATION**

#### **Microfiche records**

Copy payslips	6
PA21 Standard data	Indefinitely

#### **Output Prints**

PA21 Standard data	1
PA14 Error reports	3
PA14 Excess pay print	1
PA14 Deductions listing	1
PA14 Incomplete standard data	1
PA14 Recovery of advances	1
SK01/2/4 Sickness absence prints	6

PY17 Pay analysis by allocation code	3
PA18 Bank Listing	1
PA11 Payroll balancing	6

**Input documentation**

Standard data amendments 2(a), 2(b), 2(f), 2(g), 2(h), 4(a), 4(b), 4(c), 5, 6, 7, 8(d), 9, 9(a), 10, 11, 11(a), 16, 17, 20, 501.	6
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Standard data amendments 12, 12(a)	6
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Standard data amendments Form 1, 3(d), 3(e)	6
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Standard data amendments 2(c), 2(d), 2(e), A1, B1	Indefinitely
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Turn Around Documents (TADs)	3
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Claims payroll documentation (including overtime claims)	3
---	---

Time-sheets/ bonus sheets	3
---------------------------	---

**Inland Revenue Documentation**

P35, P45, P9, P6	6
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**Personal files (Terminations)**

In respect of the payroll data held on the Personal Files of terminated employees:-

Inland Revenue documentation	6
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Documentation relating to Superannuation issues.	Indefinitely
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## **APPENDIX B**

### **FINANCIAL PROCEDURE RULE NO 3.3**

#### **DELEGATED VIREMENTS**

Virement between Budget headings shall be permitted subject to value limits delegated from time to time by the ALMO Board. The types of virement allowed and the maximum delegated limits are as set out in the following table.

#### **MAXIMUM DELEGATED LIMITS FOR REVENUE VIREMENT AND CONTINGENCY RELEASES**

<b>Approval Type</b>	<b>ALMO Board £</b>	<b>Chief Executive</b>
Within Cost Centre Account	Unlimited	100,000
Across Cost Centre Accounts	Unlimited	100,000

All revenue schedules requiring approval shall be submitted on a standard report pro forma. Sufficient details shall be given to allow the decision to be made.

**FINANCIAL PROCEDURE RULE 8.5**

**SALE OF PROPERTY GUIDELINES**

Sales of property (including obsolete vehicles and plant, stores, old materials and scrap) other than property bought specifically for resale, shall be subject to Contract Procedure Rules. However these guidelines amplify the relevant procedures according to the estimated sale value.

**Less than £10,000**

The Chief Executive shall proceed in a manner most expedient to the efficient management of the service, having kept a record of the reason for doing so.

**£10,000 - £100,000**

three written quotes and/or adverts in the local press. Where three quotations cannot be obtained or the Chief Executive deems this inappropriate in the interests of the efficient management of the service, he/she should refer to Contract Procedure Rules.

**Over £100,000**

refer to Contract Procedure Rules

In respect of sales of land or buildings or where it is intended to dispose of items through auction, Chief Executives should refer directly to Contract Procedure Rules.

Appendix D provides procedure guidelines for the disposal of assets, including furniture and equipment.

## **APPENDIX D**

### **FINANCIAL PROCEDURE RULE 8.5**

#### **DISPOSAL OF ASSETS**

##### **a) REQUESTS FOR DISPOSAL**

- a. Where surplus furniture and equipment has become available the Chief Executive should be advised so that consideration might be given to disposal or dispersion.

##### **b) CLASSIFICATION OF ITEMS FOR DISPOSAL**

- a. Surplus furniture and equipment will be analysed by the Chief Executive into three main types.
  - I. Individual antique items of probable high value
  - II. Intermediate items of a more general nature but nevertheless more valuable than general furniture.
  - III. General furniture and equipment.
- b. For items falling within (I) and (II) above arrangements for disposal to either appointed auctioneers or specific furniture dealers will be made. For other items, that is, category (III) items of general furniture and equipment, the Chief Executive has discretion as to:-
  1. Collect centrally required items for disposal to external furniture contractors.
  2. If the opinion is that the items are of "general company interest" details will be circulated to all Chief Executives and Council Directors with sufficient details to ensure that any company needs can be identified.
  3. In certain situations it could be that items not required by the Chief Executive can be disposed of individually. In these cases the appropriate member of staff shall dispose of the items.

##### **c) DISPOSAL PROCEDURES**

- 3.1 In the cases in b above the recommendation of the Chief Executive must be in writing.
- 3.2 The exact procedures to be followed will be dependent on the type of items concerned. However, the following considerations should be complied with:

- 1 If appropriate quotes should be obtained from any other interested parties, (including staff members). It is recommended that no disposal of furniture and equipment to staff members occurs without first attempting to obtain external competitive quotes.
- 2 Receipts will be issued for income received in respect of all items sold with a note of receipt number being made on the appropriate inventory sheet.

**FINANCIAL PROCEDURE RULE 8.10**

**WRITE OFF OF DEBTS**

The following procedures relate to the write-off of debts having followed the recovery procedures in Financial Procedure Rule 8.6 for sundry charge accounts. A schedule of debts written-off should be maintained and used as an information source should a debtor ever re-approach the ALMO for services or facilities.

- 1 Individual & cumulative debts for a single debtor up to £5000.

Where recovery has failed, the Chief Executive may write off the debt and should maintain a record of all such write-offs showing what recovery action was taken and the justification for non-recovery.

- 2 Individual & cumulative debts for a single debtor over £5000.

Any write-off amounts above this value must be approved by the ALMO Board.

**FINANCIAL PROCEDURE RULE NO 13**

**FOUND AND DEPOSITED PROPERTY PROCEDURES**

**1 FOUND PROPERTY**

This standard procedure applies unless specific arrangements have been made between the Chief Executive and the Director of Resources.

1.1 The law regarding property found on buildings or premises owned or managed by local authorities is outlined in the Local Government (Miscellaneous Provisions) Act 1982, under which the following principles apply.

1.2 Once the finder hands the property over to the ALMO any right to possession of the property which he/she may have had by virtue of having found it is extinguished.

1.3 If, on the day when the property is handed in by the finder, it appears that it will not be possible to trace the owner, the property will vest in the ALMO one month after it is handed in.

- i. If it appears that it may be possible to trace the owner then reasonable enquires should be made to do so, and
- ii. If after such reasonable enquiries it appears that it may not be possible to trace the owner, the property will vest in the ALMO six months after it was handed in.

1.4 The Chief Executive must designate an employee to be responsible for receiving found property, for recording details of it in a Found Register and, ultimately, arranging for its disposal.

1.5 All cash items should be clearly and separately entered in the 'Found Register'.

1.6 Each designated employee must ensure that the staff of the location(s) for which he/she is responsible is aware of the found/deposited property procedures.

1.7 Found Property procedures to be followed by designated employees:

1.8 A found property receipt must be given to the finder. The duplicate receipt must remain in the book to form the Register.

1.9 Cash shall be paid into the ALMO's bank account with a reference number quoting the receipt number. Other property shall be suitably marked with the

receipt number and all found property shall be kept securely until reclaimed or disposed of.

1.10 Where there is any information as to the ownership of any found property, the apparent owner will be informed in writing, quoting the receipt number and advising him/her of the finding of the property and where it may be claimed. Any cash may be repaid from Petty Cash to a maximum of £50. Any sums in excess of £50 must be repaid by cheque. Cheque requisitions must bear the number of the found property receipt. The apparent owner should be given a specified date by which the property must be collected (not less than one month from the date of the notice), they should be informed that failure to do so will result in the ownership of the property transferring to the ALMO on that date.

1.11 If appropriate, the Police will be informed of details of property found (including cash).

An owner who claims property before it vests in the ALMO will be required to:-

- i. Substantiate his/her claim and sign an indemnity.
- ii. Enter his/her name and address on the space provided in the Register.
- iii. Pay any costs incurred by the ALMO in making enquiries, serving notices or looking after the property; and
- iv. Sign the register.

1.12 The designated employee should then countersign and date the entry.

1.13 After entering details in the Register, the designated employee may dispose of any hazardous or dangerous property immediately and may dispose of any perishable property after a reasonable period, endorsing the Register accordingly. The ALMO may also dispose of property which would incur unreasonable expense or inconvenience to look after it.

1.14 Where the owner is traced, but items are not reclaimed after a period of one month, the objects should be forwarded to the designated employee who will arrange for them to be disposed of in accordance with Financial Procedure Rule 8.5.

1.15 Any disposal of found property must be supported by an indemnity form signed by the recipient of the items. The indemnity should clearly state that: -

- i. The ALMO accepts no further responsibility for the item(s)

- ii. The recipient indemnifies the ALMO against any claims, demands or actions by the original owner of the property for restitution or compensation.

1.16 Any proceeds from the sale of found or deposited property shall be paid into the ALMO's bank account.

1.17 The ALMO does have discretion to give all or part of the found property to the finder. Where found property has been disposed of, a payment not exceeding the sale value may also be made to the finder. Chief Executive approval must be obtained, prior to this course of action being taken (excluding the disposal of perishable or hazardous items).

## **2. DEPOSITED PROPERTY**

2.1 The law relating to property which has been deposited with a local authority and not collected in accordance with the terms under which it was deposited is also to be found in the Local Government (Miscellaneous Provisions) Act 1982.

2.2 The following procedures should be followed in respect of such property.

2.3 The depositor will be notified in writing that the property has not been collected in accordance with the terms of the deposit. The notification should state:-

- ii. That the depositor is required to collect the property and that it must be collected by a specified date (which must not be less than one month from the date of the notice), and
- iii. That if they do not do so, the property will vest in the ALMO on that date

2.4 If after reasonable enquiry, it is clear that the depositor cannot be traced, the property will vest in the ALMO six months after the date when the ALMO accepted custody of it or the date when the period for which it was deposited with the ALMO expires, whichever is the later.

2.5 A depositor who claims property before it vests in the ALMO under the provisions of the 1982 Act will be required to: -

- a) Substantiate his/her claim and
- b) Pay any costs incurred by the ALMO in making enquiries, serving notices or looking after property.

**FINANCIAL PROCEDURE RULE 14**

**CUSTODY & SECURITY OF ASSETS - PROCEDURE GUIDELINES**

**1. INTRODUCTION**

1.1 The Chief Executive is responsible for ensuring that there are secure arrangements for the safe custody of all assets under their control, including that owned by third parties.

1.2 Financial Procedure Rule 14.1 requires that an inventory be prepared, kept up to date and checked for every establishment of the ALMO in a manner approved by the Director of Resources.

Inventories are an essential means of adequately safeguarding the ALMO's assets and should always be able to provide necessary descriptions and other details in the event of loss by fire, theft etc.

1.3 The Chief Executive is also responsible for arranging the safe custody of keys for all safes and for keeping a record of all key holders. This should, of course, be an essential feature of other security arrangements e.g. stores, garages and other secure premises; and other equipment e.g. cash receipting machines, petrol pumps etc.

1.4 These guidelines, therefore, aim to define the minimum requirements for a sound system of control whilst recognising that certain areas may have special needs. It is left to each Chief Executive to determine any additional requirements above this minimum.

**2. FORMAT OF INVENTORY**

2.1 The inventory must provide the following information for each article:

- a) Inventory reference number
- b) Description of the article (and ownership, if other than the ALMO, for example, leased vehicle and equipment).
- c) Model number/Serial number (where applicable)
- d) Quantity
- e) In the case of new acquisitions, the order number.
- f) Details of the Chief Executive authority for disposal.

2.2 A specimen standard inventory sheet is attached (page 59) and departures from this format must be subject to the prior approval of the Chief Executive.

### **3. ITEMS TO BE INCLUDED**

3.1 The criteria for including an item on the inventory should be considered in terms of the likely risk of loss through whatever cause.

3.2 All items (other than permanent fixtures and office furniture) with a replacement cost of £100 or more, and valuable or portable items should be included. The cost of recording and checking particular items should not exceed the potential loss which would be incurred.

3.3 Individual items of value such as antiques (including furniture) and paintings.

3.4 Vehicles and moveable plant.

3.5 Items not owned by, but in the custody of the ALMO, must be included in inventory and a note made of the ownership and reason for custody in the remarks columns.

3.6 Records must be maintained where inventory items are removed from the inventory location (e.g. Laptop computers and presentational equipment). These items must be signed for, and a signature obtained to evidence the date of return of the item(s). A designated employee should be charged with the responsibility for the security of the equipment when not in use, and ensuring items are returned on the due date.

### **4. ACQUISITIONS**

4.1 An employee certifying an order should ensure that all inventory items have been marked as such on the copies of the order.

4.2 When inventory items are received the order number, quantity and new balance must be entered on the inventory.

### **5. DISPOSALS**

5.1

- a) Requests for the disposal of inventory items, indicating the proposed method of disposal, should be submitted to the Chief Executive for consideration,
- b) Leased assets remain the property of the lessor; therefore the Director of Resources is to be informed of the loss or intended disposal of such assets.

5.2 After approval one copy of the authorised request should be forwarded to the employee responsible for the master inventory and this will act as his/her authority to amend the master inventory.

5.3 On production of the authorised request the employee responsible for the location inventory may release the article to be disposed of and amend the inventory accordingly.

5.4 Where items are sold Financial Procedure Rule 8.5 must be complied with.

## **6. TRANSFERS**

6.1 Where items are transferred to a new location, details must be entered in inventories for both locations and cross-referenced.

## **7. INSPECTION**

7.1 At least once a year an independent physical inspection of inventory items should be carried out. Details of the inspections shall be recorded on the Inventory.

7.2 Where there are changes in the employees responsible for maintaining Location Inventories a physical inspection should be carried out at the time of the changeover. Both employees should witness the check by completing the inspection sections on the Location Inventory. In the event of an employee having left the organisation, the new employee should carry out a check at the time he/she takes over.

## **8. DEFICIENCIES**

8.1 Deficiencies must be reported immediately to the Chief Executive and Director of Resources.

8.2 Adjustments in respect of such discrepancies should only be made with the written approval of the Chief Executive.

## **MARKING MOVEABLE ASSETS**

There are several methods of marking the ALMO's moveable assets as indicated below:-

- a) Vehicles - painted with the LCC/ALMO emblem together with the fleet numbers. Hire vehicles should have a stiff card or sticker with the LCC/ALMO emblem together with an allocated number positioned in the front window of the vehicle.
- b) Moveable plant and machinery, and computer and office equipment - bright coloured paint sprayed on utilising a stencil 'LEEDS CC' or 'ALMO NAME'.

- c) Furniture and equipment - 'LEEDS CC' or 'ALMO NAME' stencilled on.

## **10. OTHER RECORDS**

### 10.1

- a) It is advisable to have photographs (either prints or slides) of valuable objects as evidence for insurance or identification purposes.
- b) Where records of property are numerous, copies of the records should be microfiched or stored electronically and placed in a secure place as a safeguard against the destruction or loss of the original records.

## **11. LEGAL DOCUMENTS (INCLUDING CONTRACTS)**

11.1 Legal documents and contracts relating to transactions are kept in the safe custody of the Company's Legal Adviser in accordance with Contract Procedure Rules and Appendix A. Where, however, this function (for lower value contracts) is delegated to the Chief Executive or his/her authorised nominee, it is important that there is a record of the document's existence and that the original contract documents are kept in a secure place under lock and key.

## **12. SECURITY ARRANGEMENTS**

12.1 Secure arrangements for cash and other property will necessitate the safe custody of keys for all safes and access to stores and buildings, and for keeping a record of all key holders. Duplicate keys should be kept under lock and key by authorised employees. Stores containing valuable equipment, provisions etc should always be kept locked, and access to keys therefore should be strictly limited to authorised persons only.

12.2 All buildings either owned or leased should be properly protected and made secure against break-ins, vandalism, and other forms of damage e.g. fire and flooding. This is particularly important in areas where the premises are isolated and/or empty.

12.3 In certain cases, it may be necessary to have burglar alarms installed, arrangement for security patrols to visit the premises or even provide 24 hours security depending upon the element of risks involved. The Chief Executive should keep the situation under review.

12.4 When it is known that the premises are to be vacated immediate steps should be taken to arrange for the keys to be handed over, services to be cut off, and a decision made as to whether the premises should be boarded up.

12.5 Any occurrences of serious damage and loss should be immediately reported to the Chief Executive and Director of Resources. In some cases the

police will need to be informed. This will facilitate the prompt investigation into the loss or damage, and any damage or loss being made good.

12.6 Any temporary buildings that are being vacated and situated in areas where there is a high risk of damage or vandalism should be moved to a more secure location.

### **13. FOUND PROPERTY**

13.1 The custody and recording of found property shall be in accordance with procedures approved by the Director of Resources and in compliance with legal requirements. See Financial Procedure Rule 12 and Appendix F to Financial Procedure Rules.

### **14. GENERAL**

14.1 Vehicles and equipment belonging to the ALMO must not be used for private purposes and employees entrusted with any asset should be made aware that unauthorised use could result in disciplinary action.

Ref. No.	Description of Articles	Date Received	Model No./ Serial No.	Order No./ Previous Ref. No.	ACQUISITIONS OR DISPOSALS				Remarks
					Order No./Memo	Qty	Bal.	Order No./Memo	
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
	Date checked								
	Initials								

**ALMO INVENTORY**

**ALMO:**

SHEET REFERENCE NUMBER.

**FINANCIAL PROCEDURE RULE 14.5**

**RECOVERY/RESTITUTION RELATING TO MISAPPROPRIATION OR THEFT OF CASH AND/OR PROPERTY BY EMPLOYEES**

**1. INTRODUCTION**

1.1 Whilst compliance with Financial Procedure Rule 6.3. (Reporting of irregularities) in every case is necessary to enable independent investigatory action. It is equally important that once a loss and its extent has been confirmed immediate steps are taken to protect the ALMO's position in relation to recovery. Subsequent action can then either run in parallel with or be independent of any police prosecution and/or disciplinary action.

**2. INITIAL ACTION**

2.1 Simultaneously with the prompt notification of irregularity required by Financial Procedure Rule 6.3, action should be taken in the following areas to initiate the first stage in recovery procedures.

- a) If the employee has been suspended (or dismissed), notify Payroll section in writing and indicate if the case is under investigation by Internal Audit. Immediate notification is essential in dismissal cases to ensure any final payment is no more than is due to the employee.
- b) Make enquiries and arrange for an immediate stop on any other payments that may be due to the employee, such as:-
  - ii. Car allowance, travel and other expense claims
  - iii. Any refunds or rebates relating to Community Charge, Council Tax, Rents and Sundry Charges, etc. (but note that deductions may not be made from any Housing Benefit payable).
- c) Any offer from the employee, by way of deductions from pay must be in writing. Acceptance must also be in writing, making it clear that -
  - ii. Acceptance is without prejudice to any other action the ALMO (or the police) may decide to take and;
  - iii. Acceptance is only in respect of losses identified to date and that the ALMO reserves the right to seek recovery of any further losses that may come to light in the future.

2.2 At the same time a preliminary notification should be sent to the ALMO's Insurance Officer giving details of the case, indicating that recovery is to be attempted in the first instance and whether or not the case is under investigation by Internal Audit.

2.3 As soon as the full extent of the loss, etc. has been established a Sundry Charge account should be raised to ensure that:

- a) The recovery attempt is not overlooked;
- b) All sums withheld or subsequently received by way of recovery/restitution are credited to one account, and
- c) Any balance of loss outstanding is dealt with through existing procedures, i.e. insurance claim or write-off as appropriate.

2.4 At this point the second stage alternatives below should be considered.

### **3. RECOVERY ALTERNATIVES**

3.1 The alternative courses of action outlined below are put forward after consultation with the Company's Legal Adviser and represent practical, legitimate ways of recovering losses from the employee responsible. Any one or all of them should be followed, as appropriate.

#### **3.2 Restitution by employee**

Where an employee is unable to make good the loss in full the employee should be invited to make a reasonable offer to pay by instalments.

Administrative inconvenience and collection costs should be borne in mind when considering the repayment period to be applied under such an agreement which, to be enforceable, must be -

- a) In writing;
- b) Specify the instalment amounts, number of instalments and repayment period, and
- c) State the consequences of failing to comply.

All such arrangements should also be subject to the provisions outlined above in paragraph 2.1 (c).

#### **3.3 Restitution through the Courts**

Should there be a police prosecution arising from any investigation, arrangements should be made, wherever possible, for an application to be submitted to the Magistrates (or Crown) Court for a Restitution Order, to be made, subject to conviction.

The Insurance Officer should be consulted in these cases to ensure that enquiries/applications are directed to the right quarter.

Once awarded, and provided the Order is for the full amount to be recovered, no further action need be taken as the Court receives the amounts due and remits directly to the ALMO. Should an order be for a lesser sum, the other recovery alternatives should be reconsidered.

### 3.4 Recovery via the L.G. Superannuation Fund

Should an employee in pensionable employment be dismissed, resign or otherwise cease to be employed in consequence of an offence of a fraudulent character or grave misconduct, the ALMO may recover from the employee the amount of the direct financial loss from accrued superannuation benefits. The concept of “direct financial loss” is critical in such instances as it will not be possible to recover amounts owing that are not as a consequence of the act resulting in the employee leaving the ALMO’s employment. An example of an amount that cannot be recovered in such a way is an outstanding car loan, assuming the act resulting in the employee leaving the ALMO’s employment did not concern the car loan. However, deductions of amounts owing that are not as a consequence of the act resulting in the employee leaving the ALMO’s employment might still be possible if the employee gives written consent. The advice of the Company’s Legal Adviser should be sought in such instances.

Applications for recovery should be referred to the Company’s Legal Adviser.

The Local Government Pension Scheme Regulations 1997 do not define offence or the degree of proof required but there have now been cases decided in other local authorities where internal disciplinary action has been deemed sufficient to warrant recovery from superannuation benefits. The Regulations provide for the employee to be given formal notice and full details of the amount(s) and must be approved by the Chief Executive. There is also a right of appeal. Advice on individual cases should be sought from the Senior Pension Assistant in EAS before embarking on recovery action via this method.

## **4. INSURANCE CLAIMS**

4.1 Claims under the ALMO’s insurance arrangements in the above type of case should be regarded as a ‘last resort’. Only when all the recovery/restitution possibilities have been explored without success (complete or otherwise) should the Insurance Officer be further informed. Unless there are exceptional circumstances, this should occur within 7 working days.

4.2 This second notification to the Insurance Officer should give full details of the latest position, especially where there has been a part recovery of the loss this should briefly outline the recovery alternatives actually pursued. It should also quote the Sundry Charges account number and indicate whether or not the police were involved in the case.