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<b>To:</b>	<b>Document Type:</b>	<input checked="" type="checkbox"/>	<b>Document Summary:</b>
All Employees	Policy	<input type="checkbox"/>	Handbook that covers the financial rules and procedures to follow in line with BMKFA financial regulations and policies.  Includes all operational and authorisation aspects of the SAP financial system, banking and cash management, budget setting and monitoring, ordering and receipting of goods and services, security of assets and stocks and stores management, taxation and more.
	Assessment	<input type="checkbox"/>	
	Procedure	<input checked="" type="checkbox"/>	
	Guidance Note	<input type="checkbox"/>	
	Technical Note	<input type="checkbox"/>	
	Information	<input type="checkbox"/>	
	<b>Safety Critical</b>	<input type="checkbox"/>	
<b>Financial Instructions:</b>			
Please note that as Documents are frequently updated, if you print a document, its accuracy cannot be guaranteed, always check for latest version.			

## 1. Document History

- 1.1 Version 4 – previous version approved 8<sup>th</sup> February 2011
- 1.2 Version 4.1 – a number of minor updates, the withdrawal of Imprest accounts and the replacement of credit cards with purchasing cards.

## 2. Introduction and Responsibility

- 2.1 These instructions are part of the financial control framework, which exists both to ensure the proper application and control of public money and to safeguard officers involved in financial processes.
- 2.2 The framework includes the Authority's Standing Orders as to Contracts, Financial Regulations, these Instructions and any manuals of guidance or financial policy statements issued by the Authority.
- 2.3 The Chief Finance Officer, in consultation with the Chief Fire Officer, issues these instructions.
- 2.4 References to "officer" include all employees of the Authority.
- 2.5 All references to Chief Finance Officer include his/her nominated deputy/deputies
- 2.6 All references to "sign" and "signature" include the use of electronic signatures/authorisation unless specifically referenced as "in ink".

<b>Version:</b>	4.1	<b>Status of document:</b>	Draft
<b>Author:</b>	Finance	<b>PIA:</b>	N/A
<b>Issue Date:</b>	April 2015	<b>Review Date:</b>	April 2016
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**INTRODUCTION AND RESPONSIBILITY**

These instructions are part of the financial control framework, which exists both to ensure the proper application and control of public money and to safeguard the officers involved in financial processes. The framework includes the Authority’s Standing Orders as to Contracts, Financial Regulations, these Instructions and any manuals of guidance or financial policy statements issued by the Authority. The Chief Finance Officer, in consultation with the Chief Fire Officer, issues these Instructions.

References to ‘officer’ include all employees of the Authority.

Finance are happy to provide assistance in all areas relating to financial management and financial control. In particular, you must seek advice if you are intending to create a new financial procedure, or amend an existing one.

The Chief Finance Officer welcomes feedback on the operation of Financial Instructions to ensure they remain relevant and effective. The Chief Finance Officer should be contacted if you have comments on the application or operation of particular instructions

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**1. ANNUAL GOVERNANCE STATEMENT**

**Preamble**

The Annual Governance Statement (formerly the Statement on Internal Control) is a statutory requirement and is published with the Annual Statement of Accounts. It is signed by the Chief Fire Officer and the Chairman of the Authority. In order for the Statement to be signed, the Chief Fire Officer and the Chairman of the Authority must first be satisfied that they have enough evidence from the organisation to give them assurance that the statements made reflect the whole internal control environment. The Authority is required to put in place processes which “provide assurance” that its key risks are being managed and that its controls are working effectively by providing appropriate levels of evidence.

**Instructions**

- 1.1 On an annual basis, the Strategic Management Board (SMB) shall approve the mechanisms by which assurance will be gathered to support the Annual Governance Statement. This is likely to involve a self - assessment against set criteria by:
  - Directors and Second Tier Managers
  - Designated Corporate Process Owners
  - Designated Corporate Project Owners
- 1.2 All self - assessments shall be completed in a pre-defined manner and signed by the appropriate owner who is accountable for that return.
- 1.3 Any areas of risk or internal control weakness identified within the self - assessment process must be supported by a risk mitigation action plan. This should be monitored during the year.
- 1.4 Each self - assessment return shall be supported by a file of evidence retained by the owner but available for inspection upon demand.
- 1.5 The Chief Fire Officer may require any relevant owner to attend a meeting or forum to seek assurance that identified risks are being mitigated.
- 1.6 Any related material risks or control weaknesses identified during the year must be reported to the Chief Finance Officer.

Contact: [Chief Finance Officer](#) (ext 182)

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**2. COUNTER-FRAUD AND CORRUPTION, ANTI-MONEY LAUNDERING**

**Preamble**

The Authority expects its members and employees and all individuals and organisations with which it comes into contact to act honestly and with integrity and to adhere to legal requirements, rules, regulations and agreed procedures and practices. The Authority will not tolerate any level of fraud or corruption. It requires members and employees to deal promptly and appropriately with those who defraud or attempt to defraud the Authority or who are corrupt. This Instruction should be read in conjunction with the Authority’s Counter- Fraud and Corruption Policy, Anti-Money Laundering Policy, Whistle Blowing Policy, Code of Conduct for Employees and Code of Conduct for Councillors and Co-opted Members.

**Instructions**

- 2.1 The Chief Finance Officer will develop and maintain an counter-fraud and corruption policy.
- 2.2 The Chief Finance Officer will develop and maintain an anti-money laundering policy.
- 2.3 Directors are responsible for ensuring that all of their employees are aware of and comply with these policies.
- 2.4 SMB are responsible for establishing and implementing effective controls to help prevent and/or detect incidents of fraud or corruption and for creating an environment where employees feel able to raise any concerns they may have (procedures as outlined in the whistle-blowing policy). Prevention work will include ensuring sufficient internal control checks and also ensuring division of duties (i.e. no one person is able to carry out a complete transaction without some form of checking or intervention process being built into the system).
- 2.5 The Director of Legal and Governance is responsible for maintaining the Register of Interests and the Register of Gifts and Hospitality and for ensuring that all employees are aware of the arrangements for registering interests and offers of hospitality and/or gifts.
- 2.6 The Authority’s disciplinary rules for its employees are such that fraud and corruption are considered to be potential gross misconduct - Investigation work is to be swift and firm, Internal Auditors will assist officers to carry out investigations and sanctions will be taken against individuals or organisations to reduce the risk of fraud or corruption occurring including redress in the form of recovering losses and compensation where applicable.

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- 2.7 The Authority has an Anti-Money Laundering policy in place which requires all Members, Officers, employees, contractors and other stakeholders are aware of, and comply with the law against criminal activity through money laundering by reporting suspicions to the Chief Finance Officer (or Director of Legal and Governance in his absence) as Money Laundering Reporting Officer. For HMRC compliance, "an occasional transaction" is 15,000 Euro's or sterling equivalent.
  
- 2.8 The Authority shall establish arrangements for co-operation and joint working with other bodies, including the police, external audit and other local authorities and shall fully participate in multi-agency initiatives aimed at fraud prevention.

Contact: [Chief Finance Officer](#) (ext: 182)

**3. BANKING**

**Preamble**

The Authority's corporate banking activities are controlled by a single contract which aims to provide a wide range of complex and specialist banking activities. A consistent and secure approach to banking activities is essential in order to achieve optimum performance for the Authority's bankers and the best possible value for money.

**Instructions**

- 3.1 All matters connected with the Authority's banking activities shall be undertaken through the banking contract approved by the Executive Committee and under arrangements approved by the Chief Finance Officer. All bank accounts shall bear the Authority's name.
  
- 3.2 No employee other than the Chief Finance Officer shall open a bank account in connection with the Authority's banking activities.
  
- 3.3 The only cheques to be used are standard issue bank cheques for use by the Finance department in exceptional circumstances. All other payments shall be made either by BAC's CHAPS or bank electronic transfer payment arranged by the agreement of the Chief Finance Officer. No direct debit payments may be arranged without the agreement of the Chief Finance Officer.
  
- 3.4 All bank accounts shall be reconciled and signed on at least a monthly basis. Any account which does not reconcile should be reported immediately to the Chief Finance Officer.

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- 3.5 The Chief Finance Officer will ensure that the processes for the following will involve more than one officer, and are configured so that authorisation and access security actively prevent one officer from carrying out the whole process:
- Making a cash, cheque, BACS or CHAPS payment;
  - Making an electronic Bank transfer
  - Receiving income and banking and
  - Reconciling bank accounts
- 3.6 Employees banking Authority monies should use a branch of the Authority’s bankers (currently Lloyds Bank).
- 3.7 In the event of software and/or connection problems, a facility is available through Bottomline software to send BACS files created within SAP for creditors and payroll manually in an emergency. Finance should follow procedure note 235 AP Hands Free.

Contact: [Financial Accountant](#) (ext: 140)

**4. BUDGET MONITORING**

**Preamble**

Effective budget management ensures that resources are used for their intended purposes and are properly accounted for. Budget monitoring is a continuous process, enabling the Authority to review and adjust its budget targets during the financial year. Cost Centre Managers are required to continuously identify and explain variances against budgetary targets throughout the year within SAP.

The Authority itself operates within an annual cash limit, approved when setting the overall budget. To ensure that the Authority in total does not overspend, each department is required to manage its own expenditure within the cash-limited budget allocated to it.

**Instructions**

- 4.1 Cost Centre Managers have delegated authority to manage their approved budget allocation. They have primary responsibility for maintaining budgetary control within their service areas and are expected to exercise their discretion in managing budgets responsibly and prudently.
- 4.2 Cost Centre Managers may delegate budget management responsibilities to other employees; however they retain overall responsibility for the management of the budgets and for all income and expenditure within their cost centres.

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- 4.3 As a general principle budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.
- 4.4 Directors and Second Tier Managers must ensure that:
  - They and their Cost Centre Managers understand their financial responsibilities as outlined by Financial Regulations, Financial Instructions, and other guidance and procedure notes as appropriate;
  - All Cost Centre Managers are appropriately trained to carry out their budgetary control responsibilities. All Cost Centre Managers must attend Financial Training courses for Cost Centre Managers, organised by the Finance Department.
- 4.5 Cost Centre Managers must ensure income and expenditure are properly recorded and accounted for and appropriate documentation is retained.
- 4.6 Cost Centre Managers must follow the laid down rules of Electronic Ordering to ensure that appropriate segregation of duties exist to ensure that the same individual cannot raise orders, confirm receipt of the goods, certify invoices and undertake budget monitoring
- 4.7 Directors and Second Tier Managers should ensure that a monitoring process is in place to review performance level/levels of service in conjunction with the budget, and is operating effectively.
- 4.8 Senior Managers should ensure that spending remains within their service area's overall budget allocation and that individual cost centres are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.
- 4.9 Cost Centre Managers should undertake budget monitoring on a monthly basis within SAP in accordance with the latest Budget Monitoring Forecast Year End Out-turn manual. Variances should be identified on SAP at the earliest opportunity (and within the timescales notified by the Chief Finance Officer) and be supported by an action plan on how this is to be managed by the year end. Such action plans should be continuously monitored.
- 4.10 Cost Centre Managers should discuss the monthly budget monitoring information with Finance and provide any other information required by the Chief Finance Officer to enable a budget monitoring report to be prepared for SMB, and the Executive Committee.

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- 4.11 Budget profiling should be used to facilitate effective budget monitoring. Cost Centre Managers should profile their budgets on a periodic basis. If it is considered appropriate, Cost Centre Managers should request amendments to budget profiles during the year.
- 4.12 Virements may be used to assist with budget management if undertaken in accordance with Financial Instruction 30 (*virements*)
- 4.13 There should be prior approval by the Chief Finance Officer and the Authority, the Executive Committee or SMB (as appropriate) for new proposals, of whatever amount, that:
  - Create financial commitments in future years, as these have not formally been approved
  - Change existing policies, initiate new policies or cease existing policies
  - Materially extend or reduce the Authority’s services

A report on new proposals should explain the full financial implications, following consultation with the Chief Finance Officer. Unless the Executive Committee or Authority has agreed otherwise, officers must plan to contain the financial implications of such proposals within their budget.

- 4.14 The Chief Finance Officer shall establish an appropriate framework of budgetary management and control that ensures that:
  - Budget management is exercised within annual cash limits unless the Authority agrees otherwise
  - Each Senior and Cost Centre Manager has available timely information on expenditure and income on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities, this is currently provided through SAP
- 4.15 The Chief Finance Officer will prepare and submit reports on the Authority’s forecast outturn to SMB and the Executive Committee on a regular basis.
- 4.16 The Chief Finance Officer will ensure that significant variances (positive or negative) from approved budgets are identified and investigated along with intended remedial action to bring back in line with the budget.

Year End

- 4.17 Following the end of the financial year and at a date to be determined by the Chief Finance Officer as detailed in the closing of accounts timetable, each Cost Centre Manager will notify the Finance Department in a format pre-determined by the Chief Finance Officer of

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any outstanding items of expenditure and income due relating to goods received or services rendered in the previous financial year not covered by electronic ordering.

4.18 Any under or overspends at the end of the year will not be carried forward into the new financial year.

Capital

4.19 In addition to the above, the following requirements apply specifically to capital projects:

- Any scheme or allocation which is either forecast to, or actually does, overspend by more than 10% of the agreed allocation must be reported to the Chief Finance Officer, SMB and the Executive Committee setting out the reasons why and remedial action being taken to recover the overspend.
- All disputes and contractor claims in relation to financial accounts for contracts must be identified by the relevant project manager and the Chief Finance Officer must be consulted if a contingent liability may be required. At year end, genuine slippage, bonds and final account payments will be carried forward once approval has been obtained by the Executive and to the extent that the remaining budget allows.
- Apart from retention monies, underspends on completed projects will not be carried forward at year end.

Contact: [Management Accountant](#) (ext: 177)

**5. CAPITAL**

**Preamble**

Capital expenditure is an important element in the development of the Authority's services. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs. All capital investment must be supported by a Project Initiation Document (PID) for capital projects and submitted and approved in accordance with the Medium Term Financial Planning process (MTFP) set down by the Chief Finance Officer.

**Instructions**

5.1 A capital scheme can only go ahead once all the necessary approvals, outlined below, have been obtained.

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- 5.2 Each scheme will have a named project manager who is accountable for the scheme.

Business Case

- 5.3 A statement of Business requirements (SOBR) and a Capital Financial Bid Template must be produced for all schemes. This will include the contribution the scheme will make to the Authority’s strategic aims and objectives and the justification as far as possible for the financing of the project.
- 5.4 The SOBR must be submitted to the relevant Board, Group or SMB for scrutiny and subsequent approval.
- 5.5 When outline approval has been given to the SOBR the project manager must prepare the business case for the scheme (the Project Initiation Document – PID). This will include the estimated capital costs of the scheme analysed by type of expenditure and profiled across financial years. It will also include ongoing revenue costs and savings which will arise from the scheme. The project manager must liaise with the Finance Department to agree the costings to be included in the PID.

Annual Approval Process for Capital Programme

- 5.6 SMB (in conjunction with the relevant Board or Group or Member Challenge Panels) will review and priorities schemes and make proposals to the Executive Committee for schemes to be included in the draft Capital Programme within available resources, as part of the Medium Term Financial Planning (MTFP) process.
- 5.7 The Authority will approve the Capital Programme following consideration of the recommendations of the Executive Committee. Only when a scheme has been approved by the Authority for inclusion in the Capital Programme can any expenditure be incurred.
- 5.8 If a tender process reveals a total capital cost that exceeds the approved business case by 10% or more the tender must not be let and a report setting out reasons for the increase and recommendations for addressing the shortfall must be submitted to the Chief Finance Officer and SMB as appropriate and then to the Executive Committee for approval.

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Monitoring

5.9 Monitoring of capital projects must be undertaken in accordance with procedures outlined in Financial Instruction 4 (*Budget Monitoring*).

Post Project Review

5.10 Where a major project has been monitored by SMB, a Board, Group or Challenge Panel, project managers must complete an End Project Report within 12 months of project completion and submit to their Director for sign-off. This should involve a financial analysis of the outturn cost of the project compared to the estimated costs.

Further details

5.11 Further details on the process, procedures and responsibilities for obtaining approval to capital schemes are contained in the Cost Centre Manager’s Guide to Finance, available from the Finance Department.

Contact: [Management Accountant](#) (ext: 177)

**6. CONSTRUCTION INDUSTRY SCHEME (CIS)**

**Preamble**

This is a scheme set up by Her Majesty’s Revenue and Customs (HMRC). Basically, if a contractor does any construction type work for an organisation it is expected that unless they have credible “company or business” status and fall under a taxation regime somewhere else, the organisation paying for that work must tax the labour element of those costs at source.

HMRC guidance sets out in detail what constitutes “construction” work and what to do if a contractor falls under this category.

**Instructions**

- 6.1 All contracts entered into on the Authority’s behalf will be subject to the Authority’s Standing Orders as to Contracts. Cost Centre Managers entering into contracts for works which fall under CIS must provide as much information as early as possible in the process before engaging the contractors for the first time.
- 6.2 Cost Centre Managers must provide all the required contractor details on a new supplier form to finance to ensure all future payments to the

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contractor are taxed correctly and the necessary returns are completed as required.

- 6.3 Finance will then contact HMRC to find out whether the contractor is registered for CIS and whether they should be paid gross or net of tax, and if net, what % level to deduct. It is not sufficient to rely on the contractor to give this information.
- 6.4 Invoices from contractors must show a breakdown of costs between labour and other costs in order to apply the correct tax deduction.
- 6.5 Finance must ensure all supporting information is held on file to support the end of year reconciliation and return to HMRC.
- 6.6 For guidance on what to do, what information is required from the contractor and contact details for HMRC, see CIS guidance on the *I-drive*.

Contact: [Financial Accountant](#) (ext 140)

## 7. CONTRACTS FOR BUILDING AND CIVIL ENGINEERING WORKS

### Preamble

Contracts must conform with the Authority’s Standing Orders as to Contracts. Contracts for building and civil engineering works often involve substantial payments on account spread over a long period followed eventually by a final settlement on the basis of a detailed final account agreed by both contractor and employer. These instructions are designed to ensure that payments are controlled, that certificates and variation orders are signed by authorised employees and that the detailed account is correct before the final payment is released.

### Instructions

- 7.1 All contracts entered into on the Authority’s behalf will be subject to the Authority’s Standing Orders as to Contracts.
- 7.2 All payments on account to contractors for building or civil engineering contracts shall only be made in accordance with a certificate issued by the appropriate architect or by such other person previously agreed with the Chief Finance Officer. Such certificates shall show:
  - The amount of the contract;
  - Any additional expenditure approved;
  - The total amount of certificates previously paid.
  - Where VAT is payable, the amount of the payment chargeable to tax and the amount of tax payable
  - The amount of the certificate; and

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- The percentage and amount of retention money, if any.
- 7.3 Where private architects, engineers or consultants are engaged to supervise contracts, they shall either sign the certificates or verify the sums due for subsequent authorisation by the appropriate authorised officer who appointed them.
- 7.4 Every extra or variation on a contract for building or civil engineering work shall be authorised in writing by an officer whose name shall be in a list approved by the Chief Finance Officer and reviewed annually, except that, where consultants have been engaged to supervise contracts, written authorisation will be given by the consultants in accordance with the terms of their appointment.
- 7.5 If an extra or variation on a contract results in the estimated costs of the tender or scheme exceeding that approved by the Authority, then the reason for and the amount of the extra or variation shall be reported to the Chief Finance Officer and subsequently to SMB and the Executive Committee for approval.
- 7.6 The final payment certificate of any contract shall not be issued until the appropriate architect, engineer or consultant has submitted to the Chief Finance Officer a detailed statement of account with particulars of additions, deductions, omissions and all relevant documents, as required.
- 7.7 Payment of all invoices must be processed in accordance with Construction Industry Scheme Tax requirements (see Financial Instructions 6 *CIS* and 16 *Invoices and Accounts for payment*).
- 7.8 No contracts may be let, nor any expenditure incurred in connection with any contract, unless the Authority has approved capital and/or revenue estimates in advance to cover such expenditure.
- 7.9 The Chief Finance Officer, or an officer nominated by him/her, shall, to the extent considered necessary, examine final accounts for contracts and shall be entitled to make such enquiries and receive such information and explanations as may be required, in order to establish the accuracy of the accounts. This requirement is in addition to auditor rights of access as outlined in Financial Regulations C.4.

Contact: [Head of Procurement](#) (ext: 136)/  
[Financial Accountant](#) (ext: 140)

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**8. PURCHASING CARDS**

**Preamble**

Purchasing cards are issued to certain officers for the purchase of goods and services included in the Authority’s approved budget. These instructions provide guidance on the use of such cards and should be read in conjunction with the Authority’s Guidance on Purchasing Cards and Financial Instruction 16 (*Invoices and Accounts for payment*).

**Instructions**

- 8.1 The approval of the Chief Finance Officer is required for the issue of a purchasing card to an officer of the Authority.
- 8.2 Designated card holders are responsible for the security and use of the cards issued to them.
- 8.3 The cards should only be used for official business purposes and for expenditure, on goods or services, which is included in the Authority’s approved budget.
- 8.4 Purchase made using the purchasing card must follow the Authority’s processes and procedures for the approval of expenditure as set out in Financial Instruction 16 (*Invoices and Accounts for Payment*).
- 8.5 A receipt for all expenditure and where applicable a proper VAT invoice must be obtained. Each month full details for each item of expenditure should be recorded on a transaction log. This shall include details of the items purchased (including number, price, type etc) names of persons/guests for whom expenditure was incurred e.g. if a meal was purchased, the budget code for each item and any other relevant information. This transaction log should be duly signed and dated by the card holder countersigned by the line manager and forwarded to Finance, no later than the 12<sup>th</sup> day of the month together with all receipts/invoices. The relevant Finance Officer will verify the expenditure against the Authority’s card statements.
- 8.6 Failure to provide a receipt as proof of business usage may result in reimbursement for the costs being taken directly from the officer’s salary.
- 8.7 Purchasing card procurement must not be used to replace or circumvent the requirements of purchase orders and contracts (see Financial Instructions 7 (*Contracts for building and civil engineering works*) and 18 (*Ordering*)).

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8.8 The brigade reserves the right to withdraw purchasing cards where the procedures outlined above are not followed. The submission of false or fraudulent claims is considered gross misconduct; and as such may lead to disciplinary action.

Contact: [Financial Accountant](#) (ext: 140)

**9. DEBT MANAGEMENT**

**Preamble**

Directors, Second Tier Managers and Cost Centre Managers must all ensure that all income due to the Authority is identified and charged correctly in accordance with current charging policy. They must ensure all income due to the Authority is collected, receipted and banked properly **in advance** of providing the service. Unless the provision of the service is of a statutory nature or otherwise stated in the charging policy, costs incurred in providing services should be fully recovered. Agreements should be made at "arms length" and discounts should not be given.

There may be occasions where due to the nature of the arrangement, (for example, secondment of officers where the amount is not known in advance), that a debtor invoice is raised to recover costs, this should be the method used as an exception rather than the norm as debt collection is a costly, time-consuming exercise and the Authority should be safeguarded from loss of income.

All monies invoiced by the Authority must be recovered and to that end outstanding debt must be monitored on a regular basis. Debts should be managed in accordance with these instructions together with the Authority's Financial Regulations D.5 and Financial Instruction 12 (*Income*).

- 9.1 Invoices must be raised on the relevant accounting system clearly showing full details of what the charge is for, the correct billing address and when the payment is due to be paid by as per Financial Instruction 12 (*Income*). The 'relevant accounting system' will be SAP unless the Chief Finance Officer has approved use of an alternative system.
- 9.2 The Chief Finance Officer will obtain a monthly debt report to provide information on outstanding debts.
- 9.3 If debt remains outstanding after the payment due date, the following action will be taken:-

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After

7 days 1<sup>st</sup> reminder

14 days 2<sup>nd</sup> reminder

30 days Final contacts after that refer to legal for collection or another collection agency

9.4 Telephone calls and/or emails to outstanding debtors to chase payment are also acceptable if deemed appropriate. Details of such dialogue will be recorded on the SAP notes section for future reference.

9.5 The Chief Finance Officer reserves the right to charge interest on outstanding debts in accordance with BMKFRS conditions.

9.6 The Chief Finance Officer reserves the right to withhold credit for debtors with outstanding debts, this will be done in consultation with departments. Payment in advance for goods and services should be the standard terms and conditions.

9.7 If after the debt has been chased appropriately and it has not been recovered through the normal channels after 90 days, or following a recommendation for write off from Legal Services, consideration will be given to writing off the debt. The Chief Finance Officer will consult the cost centre manager/second tier manager whose budget will meet the cost of the write off.

9.8 No money due to the Authority shall be written off without the following authorisation:

- For debts up to and including £500 in relation to any individual debtor – the Chief Finance Officer
- For debts over £500 and up to £5,000 in relation to any individual debtor – the Chief Finance Officer and SMB
- For debts over £5,000 in relation to any individual debtor – Executive Committee to approve on recommendation from Chief Finance Officer.

9.9 The Authority reserves the right to recover any debt incurred from an employee dismissed for fraud, theft or corruption.

Contact: [Financial Accountant](#) (ext: 140)

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**10. EXTERNAL FUNDING**

**Preamble**

External funding can potentially be an important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Authority.

**Instructions**

- 10.1 Each area of external funding should have a defined responsible manager within the Authority. This individual should ensure that:
- All claims for funds are made by the due date;
  - All expenditure is properly incurred and recorded in accordance with the agreed funding;
  - Any match funding requirements are considered prior to entering into agreements and that these are reflected in future revenue budgets/medium term financial plans as appropriate
  - All external funding agreements, bids and claims are notified to the Chief Finance Officer prior to sending off to the fund provider

10.2 The Chief Finance Officer is responsible for ensuring that all funding notified by external bodies is received and properly in the Authority's accounts and Grant Register, and that audit requirements are met.

\* See also financial instructions for income, partnership and sponsorship funding.

Contact: [Management Accountant](#) (ext: 177)

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**11. IMPREST ACCOUNTS**

**Preamble**

This section has been removed as all Imprest accounts have now been closed.

**12. INCOME**

**Preamble**

There must be proper processes and procedures in place for the receipt of all income due to the Authority and this instruction should be read in conjunction with Financial Regulations D.5, Financial Instruction 9 (Debt Management), and Anti-Money Laundering Policy, and Charging Policy.

**Instructions**

- 12.1 All systems of income collection and records of monies due to the Authority for payment into the Authority's bank account shall be approved in writing by the Chief Finance Officer. All debtor accounts should be raised and recorded on SAP, whether for income already received or for receipts due at a later date and regardless of the payment method.
- 12.2 Unless the provision of the service is of a statutory nature or otherwise stated in the charging policy, costs incurred in providing services should be fully recovered. Agreements should be made at "arms length" and discounts should not be given. For example, for fire training courses payment should be in advance, unless this is done then there will be no attendance allowed.
- 12.3 There may be occasions where due to the nature of the arrangement, (for example, secondment of officers where the amount is not known in advance), that a debtor invoice is raised to recover costs, this should be the method used as an exception rather than the norm as debt collection is a costly, time-consuming exercise and the Authority should be safeguarded from loss of income.
- 12.4 For exceptional cases where it has not been possible to collect payment in advance of providing the service and the raising of a debtor has received prior approval from the Chief Finance Officer, Cost Centre Managers must ensure the following:
  - that invoices are submitted promptly so that income due to the Authority is maximised. Cost Centre Managers should ensure that

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debtors accounts are raised on SAP within 24hours showing full details of the charge, the correct billing address and the date payment is due.

- For avoidance of doubt, payment due terms for the receipt of income is 14 days.
- The section that has provided the service or goods will be responsible for resolving all disputes and queries about costs of goods or services supplied within one week of supply.
- If a dispute results in a need to raise a credit note the section should contact the Finance Department immediately to request that a credit note is raised on SAP and provide full details of the reason for the credit, which will be recorded on SAP and included on the credit note. **The Finance Department should always be notified at the start and end of any disputes to prevent unnecessary reminders or legal referrals being sent out.**
- Debtor accounts for services provided continuously should be raised on SAP on at least a quarterly basis. This applies also to periodic income and recurring/regular income (e.g. employee secondments and telephone masts).
- Immediately after the end of each financial year, and not later than a date to be determined by the Chief Finance Officer each year, each Cost Centre Manager must notify the Finance Department, in a format determined by the Chief Finance Officer, of all outstanding debtors where work has been completed, goods supplied or services rendered in the previous financial year, to ensure that all monies due to the Authority are allocated to the correct financial year.
- Any outstanding income due from other public bodies or local authorities fall within the scope of the Local Authorities (Goods and Services) Act 1970 and are required to be separately identified.

12.5 For those items where income is due to the Authority but a debtor account is not raised, e.g. employee personal mobile phone calls, all income must be accounted for properly and in a timely manner.

12.6 Employees accepting monies on behalf of the Authority must always issue either an official receipt to the payee in a format approved by the Chief Finance Officer, or in the case of credit card payments the credit card receipt.

12.7 All official receipt forms will be generated by SAP which acknowledges income due to the Authority. For cash payments, two copies are generated one of which is kept at BFRS and one sent out to the cash payer.

12.8 Any employee who receives money on behalf of the Authority shall keep an accurate record of all receipts. All monies should be

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forwarded, with relevant supporting information, direct to the Finance Department as soon as possible and at least within one week of receipt. The relevant Finance Officer will receipt the income on SAP and ensure it is banked in a timely manner and at least within one week of receipt.

- 12.9 Monies received shall not be used to cash personal or any other cheques.
- 12.10 Where departments receive income by credit card these transactions shall be accounted for in compliance with the "Retailer Operating Instructions" supplied by the bank issuing the credit card terminal. We currently hold one in workshops. Should this facility be required in other departments for the future, the Cost Centre Manager must approach the Finance Department and seek approval from the Chief Finance Officer.
- 12.11 The Authority can accept direct debit payments. Cost Centre Managers must have prior approval from the Chief Finance Officer and provide information to the Finance Department to create this facility if appropriate.
- 12.12 All arrangements for the collection of income by electronic means shall be subject to the approval of the Chief Finance Officer.
- 12.13 The Chief Finance Officer is the appointed Money Laundering Reporting Officer (MLRO). Any cash receipt of a significant sum can only be accepted if processed in accordance with the Anti-Money Laundering Policy. In accordance with advice received from HMRC and the Anti-Money Laundering Policy, the Authority will not accept settlement in cash of any transaction above the value 15,000 euros equivalent (approximately £10,000).
- 12.14 Directors, Second Tier Managers and Cost Centre Managers are responsible for notifying the Chief Finance Officer of any grant income due and to ensure it is received and properly recorded in the Authority's accounts. They should also ensure that the funding is spent in accordance with the grant's terms and conditions. See section 10 External Funding.
- 12.15 Contact: [Financial Accountant](#) (ext: 140)

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**13. INFORMATION SYSTEMS**

**Preamble**

Management Information Systems are central to the effective delivery of the Authority’s services and management of resources. They include complex corporate ICT systems, business critical service specific systems and comparatively simple locally developed spreadsheets and databases. Many are in daily use as a basis for making key business decisions. These instructions exist to provide a consistent framework of best practice for the acquisition, implementation, operation and development of these systems.

**Instructions**

- 13.1 The ICT Manager shall liaise with the Chief Finance Officer to ensure that there is a corporate approach to the implementation of the Authority’s financial system, its integration with other Authority systems and also to ensure that available technical expertise is utilised to the fullest extent.
- 13.2 The ICT Manager must obtain the Chief Finance Officers agreement for the proposed acquisition of, development of, or amendment to systems which involve financial operations or produce information which will form the basis of financial decisions.
- 13.3 The ICT Manager shall consult with and obtain the agreement of the Chief Finance Officer on the appropriateness of controls which need to be built into systems to achieve an acceptable level of security should the system interface with the Authority’s financial system.
- 13.4 Any new system or proposed development should comply with the principles of Best Value by offering systems of high quality to deliver agreed outputs at a competitive cost. Post Implementation Reviews should be carried out to establish whether the anticipated benefits were realised.
- 13.5 The ICT Manager is responsible for ensuring proper security, password protection, privacy and back-ups concerning information held in the Authority’s computer installations and for implementation and compliance with prevailing legal requirements.
- 13.6 An audit trail should exist to allow for an item to be traced both forward through the system from the initiation document or entry to the final destination or output, and backwards from the final destination to the initiation document.

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- 13.7 For the purpose of the Data Protection Act 1984, the ICT Manager will liaise with and advise the nominated Data Protection Officer. All employees are responsible for ensuring compliance with any legal statutory, regulatory or contractual obligations, including the requirements of the Data Protection Act.
  
- 13.8 The ICT Manager (ICT) shall be responsible for the safe custody of all computer hardware and software used by the Authority, including compliance with software licence agreements. He/she shall maintain an inventory of all equipment and application software in accordance with the requirements of Financial Instruction 15 (Inventories).
  
- 13.9 The ICT Manager shall, in consultation with the Business Continuity Manager and the Chief Finance Officer, develop and maintain recovery plans to ensure that systems can be restored within an acceptable timescale in the event of a disaster or software/hardware failure. Regular testing should take place to ensure the adequacy and effectiveness of such plans. All systems should be regularly backed up.

Contact: [ICT Manager](#) (ext: 150)

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**14. INSURANCE**

**Preamble**

The insurance of the Authority’s assets and potential legal liabilities arising from its various activities is an essential service that the Authority has agreed to operate centrally. These instructions seek to provide a common process which will ensure that insurable risks are continually reviewed and appropriate cover provided.

**Instructions**

- 14.1 The Chief Finance Officer shall effect all insurance cover and appoint an officer to deal with all claims (the Claims Officer), in consultation with other Officers where necessary.
- 14.2 Directors and Second Tier Managers shall give prompt notifications, confirmed in writing, to the Chief Finance Officer of all new risks, including financial, property, equipment or vehicles, which may require to be insured and of any new activities or changes, including contractual or partnership risks that may impact upon the Authority’s risk profile.
- 14.3 Directors and Second Tier Managers shall immediately notify the Claims Officer in writing of any loss, liability or damage or any event likely to lead to a claim under the Authority’s insurance programme so as not to prejudice the value of the insurance protection available to the Authority. Such notification should be in the format prescribed by the Chief Finance Officer. The Police and Internal Audit will be notified of loss or damage if appropriate.
- 14.4 The Chief Finance Officer shall annually, or at such other period as may be required to meet existing contractual or European competition legislation, review all external insurance arrangements.
- 14.5 Directors and Second Tier Managers shall consult with the Chief Finance Officer and the Director of Legal and Governance concerning the terms of any indemnity that the Authority is requested to give potentially impacting on the Authority’s insurance arrangements.
- 14.6 Directors and Second Tier Managers and other managers shall comply with requirements notified by the Chief Finance Officer for claims handling procedures including response times for information. Any loss arising from non-compliance will be a cost to the department concerned.

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Contact: [Financial Accountant](#) (ext: 140)

**15. INVENTORIES**

**Preamble**

The Authority has a duty to minimise the risk of loss or theft of its physical assets. In addition to making proper security arrangements to safeguard assets, an accurate record (Inventory) should be maintained to enable verification of the existence and location of assets.

These instructions (in addition to Financial Regulation D.8) set out overall requirements and roles and responsibilities for creation, maintenance, control and inspection of inventories, the notification of missing items and the disposal of surplus or damaged assets.

**Instructions**

15.1 Each Director/Second Tier Manager/Cost Centre Manager shall ensure that an inventory is maintained for appropriate physical assets under their control. The basic criteria for inclusion of an item is where the value is over £50 (not furniture and fittings) or the item can be deemed to be portable and desirable in nature.

15.2 Each inventory must be in a form approved by the Chief Finance Officer. This can either be a bound book with numbered pages or a secure computer system. When the Asset Management system is fully operational items may be recorded in that system with the agreement of the Chief Finance Officer. Whichever system is used, a full description of the item must be recorded to include:

- Description / Make / Model;
- Serial number (or identifying mark);
- Date of purchase and cost (exclusive of VAT); and
- Location

Where items are recorded in the Asset Management system, officers should follow the procedures as laid down in the guidance note.

15.3 Each Director/Second Tier Manager/Cost Centre Manager shall arrange for all inventories to be checked at least annually and for the checks to be evidenced on a copy of the inventory by the date and the signature of the officer carrying out the check.

15.4 Where items of a material value (>£1000 per item or per group of items or as required for the Asset Management system) are found to be missing these should be reported immediately to the Chief Finance Officer and the relevant Second Tier Manager and Station Manager. If

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theft is suspected, the Chief Finance Officer will also notify Internal Audit as appropriate.

- 15.5 No article with an estimated current value exceeding £500, or a number of articles with a total estimated current value exceeding £500 shall be written off without the approval of the Chief Finance Officer.
- 15.6 Where an employee ceases to be responsible for the maintenance of an inventory and hands over the responsibility to a new officer, all items on the inventory should be checked and the inventory signed and dated by both outgoing and incoming officers.
- 15.7 No item should be removed from the Authority's premises unless it is in accordance with the ordinary course of the Authority's business and as such must only be used for the Authority's purposes.
- 15.8 Where inventory items are temporarily removed from the Authority's premises under the normal course of an employee's duties (e.g. pool mobile phones), a record should be maintained of the whereabouts of all such items. The officer responsible for the items should sign the record when the item is returned to the officer.
- 15.9 Whenever an officer leaves, hands over or ceases to be responsible for the custody of any property of the Authority which is entered on an inventory, the relevant Manager shall ensure that a check is made of that property and that the outgoing and incoming officers sign a handing-over certificate or an item return and reallocation record within the inventory.

Surplus, obsolete or unserviceable items

- 15.10 A check should be made to determine whether there is a corporate policy for disposal of the item. For Red Fleet vehicles or items originally purchased from Capital where the disposal proceeds exceed £2,500 the Executive Committee must approve the method of disposal.
- 15.11 For items other than those to which the previous paragraph relates, disposal should be by public auction, trade-in, competitive tender or by obtaining three written quotes from suitable contractors/purchasers, or as approved by the Chief Finance Officer. All disposals are subject to obtaining advice from the Chief Finance Officer on the likely market for the items and the relative cost of disposal.

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15.12 Once the decision and approval to dispose of an asset has been taken and before disposal, all livery referencing to Buckinghamshire and Milton Keynes Fire Authority must be removed.

15.13 The officer responsible for the disposal must demonstrate that the Authority is receiving value for money and that the contractor used is reputable. The officer must comply with the Authority's Anti-Money Laundering Policy. Evidence of all of these requirements must be retained by the responsible officer.

Disposal Methods

15.14 Brief points regarding some different methods of disposal are given below.

- **Public Auction**  
 Auctions may be suitable for items for which there is likely to be keen competition from a wide market of potential cash purchasers or for items of an unusual nature but for which there is likely to be a ready market. An auction may quickly conclude competition and identify the successful bidder who will sign a binding contract at the sale. There is, therefore, a degree of immediacy provided by the auction process, which is absent in other methods of sale.
  
- **Formal Tender/Sealed Offers**  
 Formal tenders may be considered appropriate where there is a defined market and a perceived demand for the item to be sold. As there is no flexibility in the post-tendering procedures, it may be felt that the use of this method restricts the market since interested purchasers may need to incur costs before submitting offers (which, if accepted, become legally binding) without any assurance that they will be successful. The sealed offer process is relatively simple and inexpensive both in terms of the Authority's administration and financial commitment.

Contact: [Financial Accountant](#) (ext: 140)

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**16. INVOICES AND ACCOUNTS FOR PAYMENT**

**Preamble**

These instructions seek to provide a consistent framework throughout the Authority for the payment of invoices for goods and services received. There is a need to ensure that there is a segregation of duties involved in the raising and authorising of requisitions, receipting of goods and checking of invoices/credit notes, in order to reduce the risk of fraud. It is the cost centre manager’s responsibility to ensure sufficient employees have the appropriate access rights (bearing in mind segregation of duties above), that they are fully trained and aware of their responsibilities and are available to take the necessary action in SAP for each step of the process.

These instructions support Financial Regulations, in particular Financial Regulations D.4 to D.7. Invoices should be supported by an authorised order unless an exemption applies in Section 19

**Instructions – General**

- 16.1 In essence, the process begins with the entry of a requisition for goods or a service through the SAP system. Once the requisition has been raised, the system will notify the budget holder that it requires approval. If approved, Procurement will then convert the requisition into an official purchase order which will be sent to the supplier, where possible, by email. Once the goods or services have been received, the system will need to be updated with the goods receipt. Invoices will be sent directly from the supplier to the finance section for payment. Payment will only be authorised if the goods/services have been correctly receipted and price, VAT and discount details agree with the original purchase order (and within tolerance limits, currently the greater of 10% or £50).
- 16.2 Invoices must be paid through the SAP system using BACS and not through imprest accounts. Any waiver to this requirement must be authorised in writing by the Chief Finance Officer.
- 16.3 Where suppliers render accounts in non-paper format the Chief Finance Officer must first approve the process for requesting the goods and the payment of such accounts prior to the order being made.

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**Instructions – Ordering Goods and Services**

- 16.4 Financial Instruction 19 Order of Goods, Works and Services should be read and all procedural rules therein must be applied prior to creating any purchase orders in the SAP System.
- 16.5 Only officers authorised by the Cost Centre Manager and agreed by the Chief Finance Officer shall requisition purchase orders for works, goods or services on the SAP system. Manual orders are no longer permitted unless in exceptional circumstances – see financial instructions 19 Order of Goods, Works and Services
- 16.6 The Cost Centre Manager is responsible for ensuring arrangements are in place and substitutes are notified in the event of leave or sickness or when an employee leaves the Authority.
- 16.7 The requisitioner is responsible for ensuring correct procedures are followed as per the guidance for electronic ordering held on the *i-drive* and that the information on the requisition is sufficiently detailed and meaningful to enable good quality management information to be extracted from the SAP system.

**Instructions – Authorisation**

- 16.8 Once the requisition has been saved, workflow will generate an email to prompt the cost centre manager to either authorise, reject or put on hold the requisition.
- 16.9 The cost centre manager or his/her authorised representative shall use the SAP system to ensure:-
  - The supplier and requisition details are correct and reflect sufficiently the nature of the purchase order
  - The expenditure is covered by an approved budget;
  - Appropriate entries have been made in stores records or inventories as required
  - The account has not previously been passed for payment
  - The workflow requests for authorisation are carried out promptly and arrangements are made to ensure substitutes are set up in the system to act in the cost centre managers absence
  - Workflow requests for double checking are carried out fully where tolerance levels are exceeded before re-authorisation.
  - The Cost Centre Manager is responsible for ensuring arrangements are in place and substitutes are notified in the event of leave or sickness.

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16.10 Requisitions approved by the relevant cost centre manager will be turned into a purchase order by the procurement manager.

**Instructions – Goods Receipting**

16.11 Upon delivery or completion of the goods or services or works, the order must be confirmed as received using the appropriate method, e.g. entering a goods receipt transaction onto the SAP system, or completing a goods received form. *Financial Instruction 27 (Stocks and Stores) and Financial Instruction 15 (inventories) may also be applicable.*

16.12 The Cost Centre Manager or his/her authorised representative shall use the SAP system to ensure:

- The goods have been received, examined and approved as to quality and quantity, or services rendered or work done satisfactorily;
- Any specific authorisation that is required, e.g. Quantity Surveyor valuation certificate for construction works invoices, has been obtained;
- The Cost Centre Manager is responsible for ensuring arrangements are in place and substitutes are notified in the event of leave or sickness or when an employee leaves the Authority.

**Instruction - Invoicing**

16.13 The supplier will be asked to quote on the invoice the name of the place where the work was done or goods delivered, together with a reference to the purchase order number and delivery note, if this is applicable.

16.14 Invoices should be sent to the Authority’s Finance section, where a number of checks will be carried out to match the invoice to the authorised purchase order in SAP:-

- The value of the invoice agrees within tolerance levels to the goods received and authorised order;
- The price(s) charged, discounts, tax rates and the arithmetic are correct. Note this is automatically calculated through the validation process in SAP but Finance will also do a random check on a weekly basis;
- Once the invoice is matched, it is given a document number and then scanned into SAP
- Once a week, a report will be run to verify that invoice numbers have not been allocated for the same vendor, to avoid duplication payments.

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16.15 There are automatic system checks in SAP which look at the following items and verify through the workflow system when 10% tolerance levels have been exceeded. If the tolerance level is exceeded the workflow system will generate a further email back to the Cost Centre Manager for investigation:

- The value of the invoice agrees to the goods received and authorised order;
- The relevant VAT classification code is correct.

16.16 Where payment is to be made against a "copy invoice", the invoice must be:

- Clearly marked as a "copy invoice" and signed as a "true copy" by the supplier or representative;
- A check must be carried out as far as possible to ensure there is no record in the SAP system that the invoice had been passed for payment previously;
- Internal controls should exist to ensure that should the original invoice appear at a later date the invoice will not be passed for payment again. Under no circumstances should a different invoice number or an extension to the invoice reference be made to "force" the transaction through.

16.17 Statements sent by suppliers should be checked against the creditors system to see if they have been paid, and if still outstanding, the matter raised by finance to the receiving department. Under no circumstances should payment be authorised against a statement.

16.18 As soon as possible after the end of each financial year, and in any case not later than a date to be determined by the Chief Finance Officer each year, each budget holder should notify the Finance Department, in a format determined by them of all outstanding items of expenditure relating to goods received or services rendered in the previous financial year.

16.19 Employees of the Authority must not make out invoices nor shall an employee of the Authority add any additional items to an invoice rendered by a supplier. Invoices shall not be accepted in which the details are not written in ink, typewritten or electronically printed.

16.20 No amendments shall be made to Value Added Tax (VAT) invoices. All VAT invoices requiring amendment shall be returned to the supplier for any amendment necessary, in accordance with VAT regulations. For non-VAT invoices amendments can only be made with the permission of the supplier. Details of the changes agreed with the supplier,

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together with the name of the supplier’s representative agreeing to the changes, should be recorded on, or attached to, the invoice.

16.21 The Chief Finance Officer may agree in writing whether for some invoices certain of the conditions shown above may be waived.

16.22 Timely processing of invoices must be undertaken in compliance with the statutory requirements regarding prompt payment.

16.23 Where invoices relate to “construction” and fall within the terms of the HMRC Construction Industry Tax Deduction Scheme, the Chief Finance Officer will maintain records of those suppliers who carry out construction operations. If a tax deduction applies to the supplier, the SAP system will only allow input of invoices from the supplier by authorised Finance. The invoice will be checked against the approved purchase order, and a deduction will be taken from the invoice, net of VAT, and forwarded to HM Revenue and Customs. Refer to financial instruction 6 CIS on what to do if engaging a contractor under this scheme for the first time.

16.24 A hierarchy list of requisitioners, authorisers, counter-authorisers limits of authority and substitutes will be kept and maintained within the Finance Section for each cost centre. Cost Centre Managers must notify the Chief Finance Officer promptly in writing of any amendments required to this list e.g. when employees leave the Authority’s employ or are on leave or absent for any period. Cost Centre Managers must also provide confirmation to the Chief Finance Officer that user profiles within the electronic purchasing application are appropriate.

**Instruction – Change of bank details for payment of invoices**

16.25 Bank details provided for the setup/amendment of vendors must have been received from the supplier on Company headed paper if it relates to a company/organisation or in writing if it relates to a named individual. Faxed copies are not acceptable.

16.26 Bank details provided via email are not acceptable evidence for a company/organisation, but are acceptable for a named individual where the email address clearly relates to the named individual. Bank details should never be accepted over the phone.

16.27 The Finance section is responsible for checking the authenticity of the documentation provided and must securely retain it for six years plus current year, which must be made available for inspection upon

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request. Confirmation of the change is automatically sent to the company.

Contact: [Financial Accountant](#) (ext: 140)

**17. LEASES**

**Preamble**

The accounting arrangements and requirements for leases are complex. It is therefore essential when considering how to finance a purchase that Cost Centre Managers seek the advice of the Chief Finance Officer. This applies to both operating and finance leases.

**Instructions**

- 17.1 Cost Centre Managers must seek the advice of the Director of Finance & Assets before agreeing to any lease arrangements for goods or services.
- 17.2 Any lease contract must be reviewed by the Director of Finance & Assets and the Director of Legal and Governance prior to any agreement being signed.
- 17.3 Any proposal for financing expenditure through a lease must be approved by the Chief Finance Officer who will seek assurance that the method demonstrates value for money and is the most appropriate financing method for the circumstances.
- 17.4 The original lease agreement must be sent to the Procurement section for safekeeping and for adding to the contracts register and a copy to the Chief Finance Officer for the evidence required for the Statement of Accounts.

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**18. MEDIUM TERM FINANCIAL PLANNING**

**Preamble**

The Medium Term Financial Plan (MTFP) links the Authority’s strategic aims and objectives as set out in the Public Safety Plan (PSP) with the resources available to the Authority. It is constructed so as to ensure that resource allocation properly reflects the priorities of the Authority. The MTFP is reviewed annually as part of the budget cycle and is expressed as the Authority’s detailed annual budget for the first year and an outline for the following three years.

Note that the outline budgets mentioned above are for financial planning purposes only. These are indicative only and are not approved by the Authority until the detailed budget is set for that particular year.

**Instructions**

- 18.1 SMB, Directors, Second Tier Managers and Cost Centre Managers are responsible for reviewing the MTFP annually, taking account of service plans and priorities, and for submitting updated plans covering the following three years in accordance with guidance and timescales notified by the Chief Finance Officer.
- 18.2 The MTFP for each cost centre should begin with the previous year’s reported MTFP unless otherwise notified by the Chief Finance Officer. Any variations must be fully explained. Where the Chief Finance Officer considers it is appropriate a zero based budgeting approach will be taken.
- 18.3 The Chief Finance Officer will report to the Executive Committee on the indicative budget position for the Authority, taking into account the Government’s Comprehensive Spending Review and any other relevant information.
- 18.4 The Chief Finance Officer will determine the format of the MTFP and detailed annual budget in accordance with any general directions from the Executive Committee and after consultation with SMB.
- 18.5 SMB, Directors, Second Tier Managers and Cost Centre Managers will be provided with a detailed budget timetable and budget guidance notes to enable the annual budget to be completed by the statutory deadline. The guidance will set out the responsibilities for the completion of the plans. Cost centre managers will be required to explain any material variances from prior year planning assumptions and plans.

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18.6 Bid for additional funds (Growth bids) for new initiatives / priorities should be outlined as such and submitted with a supporting business case. Bids for capital funds can only be made if all necessary approvals have been obtained, see Financial Instruction 5 (*Capital*). Bids for reduced funds (Savings bids) should be described on the appropriate forms and signed by the appropriate managers.

18.7 When preparing draft budget requirements Senior Managers and their cost centre managers should have regard to:

- Public Safety Plan (PSP)
- Spending patterns and pressures revealed through the budget monitoring process from current and previous years
- The identification of opportunities to improve economy, efficiency and effectiveness and to achieve savings
- Legal requirements
- Policy requirements in the Authority’s approved policy framework
- Initiatives already underway
- Relevant cash limits
- The Authority’s Invest to Save Policy (OC54/01)

18.8 The Chief Finance Officer will report the overall MTFP, incorporating the draft annual budget for the following year, to the Executive Committee. The report will take into account the rolling capital programme and any other matters the Chief Finance Officer considers relevant to the financial position and the implications for the level of Council Tax to be levied. The Executive Committee is responsible for recommending the MTFP and budget to the Authority, which has responsibility for overall approval of the budget in February each year.

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## 19. ORDERS FOR GOODS, WORKS AND SERVICES

### Preamble

Purchase Orders create contracts and commit the Authority to expenditure. It is therefore vital that the ordering process fully protects the Authority's interest and that the ability to authorise orders electronically is strictly controlled. This Financial Instruction should be read in conjunction with the Authority's Standing Orders as to Contracts, and Financial Regulations (specifically D.4 to D.7).

### Instructions

- 19.1 The Cost Centre Manager shall be responsible for all Purchase orders issued from their cost centre for goods, works or services. The order is raised electronically, and the Cost Centre Manager (or deputy) shall be responsible for authorising the requisition **prior** to the order being raised.
- 19.2 The Authority's payment terms are strictly 30 days, all new contracts entered into should specifically state these payment terms and adhered to. The Chief Finance Officer must authorise prior to the signing of any contract where the supplier has requested earlier or more frequent payment terms.
- 19.3 Only officers authorised by the Cost Centre Manager and agreed by the Chief Finance Officer shall order works, goods, or services and commit expenditure on behalf of the Authority.
- 19.4 A hierarchy list of requisitioners, authorisers, counter-authorisers limits of authority and substitutes will be kept and maintained within the Finance Section for each cost centre. Cost Centre Managers must notify the Chief Finance Officer promptly in writing (usually by email) of any amendments required to this list e.g. when employees leave the Authority's employ or are on leave or absent for any period. Cost Centre Managers must also upon request, provide confirmation to the Chief Finance Officer that user profiles within the electronic purchasing application are appropriate.
- 19.5 In the event of emergency outside normal office hours, an official order book (for manual orders) is held at the control room, Merlin Centre.
- 19.6 The use of official (manual) orders will only permitted in an emergency or where the SAP system is unavailable and the Chief Finance Officer has approved their temporary use. In such cases, the authorised officer shall print in his/her own name and sign the paper order in ink.

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- 19.7 All Purchase orders shall be raised on the SAP system at the same time that a commitment is made with a supplier to obtain goods or services except where paragraph 18e applies. Where, under exceptional circumstances, it is necessary to place telephone or verbal orders a requisition should be raised in SAP and authorised by the appropriate officer immediately.
- 19.8 Requisitions for electronic orders shall be authorised by an approved officer in such a way that the officer can be uniquely identified.
- 19.9 Each order must conform with the Authority’s Standing Orders as to Contracts, Financial Regulations and relevant EU procurement rules and should secure best value for money. Cost Centre Managers and Second Tier Managers are responsible for ensuring that orders are only sent to appropriate approved suppliers who will not present financial or reputational risk to the Authority. Cost Centre Managers are required to seek approval for suppliers from the Procurement section who will perform the necessary checks.
- 19.10 Procedures outlined in Standing Orders as to Contracts must be followed when orders exceed the particular thresholds for obtaining quotes or tendering.
- 19.11 The procurement of work, goods or services must not be broken down into units in order to bring it below the quotation or tendering threshold, thereby circumventing the intention of Standing Orders.
- 19.12 Where corporate contracts exist these must be used. Approved lists of suppliers will be compiled and maintained by the Procurement section.
- 19.13 Orders are not required for business rates and some other automatic payments made outside the purchase order system. The written agreement of the Chief Finance Officer must be obtained for other exceptions.
- 19.14 Before engaging a contractor for the first time for “construction” works which fall under the HMRC definition for the construction industry tax scheme, procedures under Financial Instruction 6 (CIS) must be followed.
- 19.15 Cost Centre Managers must ensure separation of duties so that no one officer is able to carry out all parts of a financial transaction such as the ordering, order authorisation, goods receipting and invoice verification of a single purchase.

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19.16 All Officers of the Authority have a duty to declare any links or personal interests that they may have with suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Authority, in accordance with the Code of Conduct for Employees. Failure to do so may render an individual liable to criminal proceedings under section 117 Local Government Act 1972.

19.17 Official orders must not be used for any personal, private or unofficial purchase nor must personal or private use be made of Authority contracts or similar arrangements.

Contact: [Financial Accountant](#) (ext: 140)

## 20. PARTNERSHIPS

### Preamble

Partnerships can play a key role in delivering PSP objectives and community strategies and in helping to promote and improve the well-being of the area. The main reason for entering into a partnership are to provide new and better ways of delivering services, to find new ways to share risk and/or the ability to access new resources.

### Instructions

20.1 Each partnership should have a defined responsible manager within the Authority. This person is responsible for ensuring that:

- The partnership is appraised for financial viability in both the current and future years;
- The financial risk to the Authority is assessed;
- Appropriate resources are assigned to the governance of the partnership;
- The partnership is supported by an appropriate documented agreement which outlines the financial liabilities and accountabilities of the partners, together with procedures for financial transactions and monitoring, and which has been agreed in writing by all partners; and
- The accounting arrangements are satisfactory.

The Chief Finance Officer must be consulted and their agreement obtained to the acceptability of the details in respect of the above prior to commencement of the Partnership.

20.2 Approval of the Chief Finance Officer is required for any partnership where a pooled fund operates. If the Authority is the lead partner for the pooled fund the partnership agreement or SLA should require that

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each partner complete financial returns for the Authority in a format and timeframe prescribed by the Chief Finance Officer.

20.3 Where a Local Authority Company is to be established (by the Authority or any officer on behalf of the Authority, taking an interest such as membership, share holding or directorship), the approval of the Chief Finance Officer and the Director of Legal and Governance is required.

20.4 The section on sponsorship arrangements should be read in conjunction with this instruction.

Contact: [Management Accountant](#) (ext: 177)

**21. PROJECT MANAGEMENT**

**Preamble**

A project is a unique set of co-ordinated tasks, with definite starting and finishing points, undertaken to meet specific objectives within defined schedule, cost and performance parameters. All projects should be assigned a project sponsor who will report the performance of the project to SMB as and when required.

**Instructions**

21.1 SMB is responsible for the overall monitoring of projects and has the right to refer issues arising from projects reports to the Executive Committee or Overview and Audit Committee.

21.2 The Project Management Handbook should be used as a guideline for the completion of project documentation. The first item is to appoint a project sponsor to provide advice and support for individual projects, project managers and to drive the project through to completion.

21.3 The Statement of Business Requirements (SOBR) translates the project idea or requirement into a simple "proof of concept and identifies the key stakeholders, their interest in the project and ensures they are adequately represented.

21.4 The Project Initiation Project (PID) is the mechanism by which the business case is put forward by the project manager and includes

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sections on project objectives, scope and exclusions, business case and option appraisals, acceptance criteria, stakeholder’s analysis and communications plan, project risk and project plan.

- 21.5 During the project, which may run over many years, a highlight report should be completed at regular intervals to advise Directors and SMB of the project’s progress through the major milestones including budgetary information. The key point is to demonstrate that as one agreed section of the project is complete the next stage can be started. If at any stage of the project there is reason to believe that the project is in or likely to go into exception then an exception report must be completed including the likely financial position especially where projects are likely to exceed the budget by 10% or more and requiring SMB and Executive committee approval.
- 21.6 At the completion of the project an End Stage report must be produced which is in effect a post implementation review, it details the project objectives & subsequent achievements, how well the project has gone, review of resources used including financial budget verses actual final costs, changes to the original plans, post project recommendations and stakeholder analysis of the project as completed. This report should be reviewed by Directors and forwarded to SMB.
- 21.7 Where requests are made for Capital Grants from the DCLG and have followed the prescribed procedure then the completion of the grant forms must be approved by Committee. The approval of the grant applications by the DCLG will be assumed to be an automatic inclusion in the capital programme for the following year and must then follow the financial Regulations & instructions.

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**22. RESERVES – EARMARKED**

**Preamble**

An Authority must decide the level of general reserves it wishes to maintain before it can decide the level of Council Tax. Reserves are maintained as a matter of prudence. They enable the Authority to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained, such as for insurances or for the purchase of capital items. The policy for reserves is set out in the Financial Reserves Policy document (OC54/04).

**Instructions**

- 22.1 For each reserve established, the purpose, usage and basis of transactions should be clearly identified.
- 22.2 Reserves should be managed in accordance with the relevant codes of practice on local authority accounting in the United Kingdom and agreed accounting policies.
- 22.3 The Chief Finance Officer shall advise the Authority on prudent levels of reserves for the Authority, and take account of the advice of the external auditor in this matter.
- 22.4 The Chief Finance Officer shall ensure that there are clear protocols for the establishment and use of reserves. Any movement to or from reserves should be fully documented and include justification for the movement and approval from the Chief Finance Officer.
- 22.5 Resources must only be used for the purpose for which they were intended and usage should comply with protocols and procedures as laid down by the Chief Finance Officer.
- 22.6 The use of reserves must be monitored during the year as part of normal monitoring arrangements and SMB should confirm any continuing need for the reserves to the Chief Finance Officer as part of year end procedures.

Contact: [Chief Finance Officer](#) (ext: 182)

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**23. RISK MANAGEMENT**

**Preamble**

All organisations face risks to people, property and continued operations. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the Authority and to ensure continued financial and organisational well-being.

All employees are responsible for identifying and reporting new risks to their line manager immediately they become aware.

SMB, Directors, Second Tier Managers and Cost Centre Managers are responsible for identifying and managing strategic and operational risks within their service areas. Risks must be managed in accordance with Financial Regulation C.2, these Financial Instructions and the Authority's Corporate Risk Management Policy – OC57. The Executive Committee shall regularly review the Corporate Risk Register.

**Instructions**

- 23.1 Second Tier Managers should review risks in their areas on a regular basis (at least quarterly) and report any new or increased risks to the Corporate Planning Manager, who in turn will report to the SMB.
- 23.2 All financial risks of a material nature must be notified to the Chief Finance Officer.
- 23.3 The Corporate Planning Manager shall review risks reported to him/her and discuss the adequacy of individual risk management plans, recommending proposals to improve these if they are considered insufficient. They should escalate all significant risks to SMB.
- 23.4 The SMB is responsible for monitoring risks reported to it and seeking assurance that risks are effectively mitigated.
- 23.5 All employees should ensure risks are identified and managed in accordance with Financial Regulations C.2 and OC57 – Corporate Risk Management Policy.

Contact: [Corporate Planning Manager](#) (ext: 135)

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**24. SALARIES, WAGES, ALLOWANCES AND PENSIONS**

**Preamble**

The cost of salaries and wages is a significant element of the Authority’s budget. It is essential that proper controls and authorisations are in place and that an adequate segregation of duties is maintained.

**Instructions**

- 24.1 The payment of all salaries, wages, allowances, pensions compensation and other emoluments to all officers or former officers of the Authority shall be made under arrangements approved by the Chief Finance Officer using the SAP system.
- 24.2 The design and method of acquisition and issue of stationery in connection with the payment of salaries, wages and allowances shall be agreed by the Chief Finance Officer and/or Director of People & Organisational Development. All timesheets or other payment documents, whether in paper or electronic format, will be in a form or system prescribed or approved by the Chief Finance Officer and/or Director of People & Organisational Development.
- 24.3 An application to recruit form must be completed by each Cost Centre Manager who wishes to recruit an employee, on either a permanent, temporary or secondment basis, including temporary promotions and additional responsibility allowances. It is the responsibility of the Cost Centre Manager to check with finance that there is sufficient authorised budget available for current and future years employment commitments and confirming this has been done, including documentary evidence of financial costings and endorse as such by printing his/her name and signing.
- 24.4 The Director of People & Organisational Development must ensure that all matters affecting the payment of salaries, wages and allowances use the appropriate documentation and in particular:-
  - Appointments, resignations, dismissals, suspensions, secondments and transfers;
  - Changes in remuneration, allowances and pay awards and agreements of general application, including salary sacrifice agreement
- 24.5 Such information as the Director of People & Organisational Development may require for the payment of salaries, wages and allowances shall be certified as correct for payment by the relevant Cost Centre Manager and/or the Director of People & Organisational

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Development or officers appropriately authorised by them, who shall sign their own name(s) or approve electronically on a system approved by the Chief Finance Officer..

- 24.6 Monthly Attendance and Overtime Records (Form FB22) or electronic equivalent shall be completed each month by each cost centre manager and submitted to the People & Organisational Development department. The forms shall be certified by two relevant authorised officers who shall sign their own names or approve electronically on the system. One signatory/approver should be the relevant Cost Centre Manager or his/her Line Manager or relevant Station/Group Commander.
- 24.7 Where timesheets or other payment documents are in electronic form, individuals must use the relevant system (e.g. Gartan Payroll) to submit claims. For claims not supported by the system(s), the claim must be authorised by email or other electronic signature as appropriate. On receipt of the electronic form, the data will be entered and locked on the system to prevent subsequent amendment.
- 24.8 A list of names and specimen signatures of employees who may certify payroll information as correct for payment shall be prepared annually, at the beginning of each financial year, by each Cost Centre Manager in a format prescribed by the Chief Finance Officer. The list shall be personally certified by the Cost Centre Manager or his/her manager as appropriate. The list should also shows limits of authority and permitted areas of expenditure for each individual. The list must be forwarded to the Chief Finance Officer who will maintain a composite list of authorised signatories for the Authority. Cost Centre Managers must notify the Chief Finance Officer promptly in writing of any amendments required to this list e.g. when employees leave or transfer.
- 24.9 All appointments or variations to contract will be made in accordance with the appropriate terms and conditions of service and decisions of the Authority and the approved establishments, grades and rates of pay.
- 24.10 The Chief Finance Officer will maintain an appropriate segregation of duties so that no one individual can process a payment instruction in full. The demarcation of these duties will separate data input of payment instructions into SAP from payment processing via BACS, CHAPS or electronic transfer/payments. The Chief Finance Officer will also ensure that the process for making BACS, CHAPS or electronic transfer/payment involves more than one officer, and is configured so

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that authorisation and access security actively prevent one officer from carrying out the whole process.

24.11 All Payments must be processed in accordance with the PAYE and NIC rules contained in the Income Tax and Social Security Acts in place at the time.

24.12 The Chief Finance Officer will ensure that a monthly reconciliation of total PAYE, National Insurance Contributions, recoverable Statutory Leave payments, and Student Loan deductions is completed and the appropriate remittance made to Her Majesty’s Revenue & Customs (HMRC) within required timescales. Further reconciliations and payments will also be made for court orders, pension contributions, net pay, and other third party payments.

24.13 The Chief Finance Officer will ensure that all in year documentation and statutory annual returns required by HMRC are completed by either paper report or in electronic format as appropriate and submitted to HMRC within relevant deadlines.

24.14 All stakeholders (including the employee) have a responsibility to report an overpayment of salary at the earliest opportunity to both the Employee Services and Payroll Manager and Cost Centre Manager. The Cost Centre Manager in consultation with the HR Services Manager shall arrange immediate repayment. Variations to this requirement require the Chief Finance Officers approval and should only be granted in exceptional circumstances.

**Pensions**

24.15 Pensions Services for the Firefighters’ Pension Scheme and the Local Government Pension Scheme are provided through Service Level Agreements (SLAs) with Buckinghamshire County Council. The Chief Finance Officer and the Director of People & Organisational Development will ensure that their respective responsibilities under the SLA are undertaken within the agreed timescales.

Contact: [Financial Accountant](#) (ext: 140)

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**25. SECURITY OF ASSETS**

**Preamble**

The Authority holds valuable assets in the form of property, vehicles, equipment, furniture, ICT and other items. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. The instruction should be read in conjunction with Financial Instruction 15 (*Inventories*).

**Instructions**

- 25.1 Directors or their nominated employees maintain asset registers which will comply with the appropriate Accounting Codes of Practice and statutory requirements in consultation with the Chief Finance Officer.
- 25.2 The Procurement department shall have the custody of all title deeds under secure arrangements.
- 25.3 Directors should ensure that all employees are aware of their responsibilities with regard to safeguarding the Authority’s assets and information, including the requirements of the data protection, licensing and copyright legislation.
- 25.4 Directors should ensure that all employees are aware of their responsibilities with regard to safeguarding of the Authority’s computer systems, including maintaining restricted access to the information held on them and compliance with the Authority’s computer and internet security policies.

Contact: [Financial Accountant](#) (ext 140)

**26. SPONSORSHIP AND ADVERTISING**

**Preamble**

Commercial or other sponsorship for collaborative partnerships can have a number of benefits for the Authority. The Fire Authority has its own brand which we may wish to promote in return for financial gain or to gain financial or operational efficiencies. An important part of any joint working will be a transparent approach to any proposed sponsorship to the Authority or to independent contractors and their staff and for this reason, any arrangements should be considered at a corporate rather than individual level.

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For advertising, there are rules set by HMRC for the recovery of VAT. If the advertising is in the form of promoting statutory duties for Fire and Rescue Services then there are no VAT implications. However, if the arrangement can be construed as commercial and in competition with other businesses in the private sector then we will be unable to recover the VAT on those transactions. This would effectively be an additional cost to the Authority and holds penalty risks if not dealt with correctly through the VAT return process. Advice from the Chief Finance Officer should be sought before entering into arrangements which advertise or promote services of the Authority.

For partnership arrangements, please go to chapter 20 (*Partnerships*).

**Instructions**

26.1 Prior to entering into any sponsorship arrangements, formal approval should be sought from SMB members who in turn have sought advice from the Chief Finance Officer and/or the Director of Legal and Governance. This advice should be sought for services in-kind arrangements where no or little money changes hands. This is important as there may be VAT implications even when no money changes hands.

26.2 Sponsorship is defined as including funding or goods/assets or services in kind from any internal source, contributing to all or part of the costs of:

- a Member of the Authority
- an employee;
- research;
- employee training
- equipment;
- vehicles (and/or fuel, maintenance etc)
- meeting rooms and associated costs (such as meals and hospitality;
- gifts
- hotel and transport costs
- provision of free services;
- building or premises
- services or initiatives such as the fire dog

See also:  
 The code of conduct for employees; and  
 The code of conduct for Members.

Contact: [Management Accountant](#) (ext: 177)

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**27. STOCKS AND STORES**

**Preamble**

Second Tier Managers shall be responsible for the safeguarding and accounting for stocks and stores. Appropriate arrangements should be made for checking, security and record keeping commensurate with the value and attractiveness of the stores items.

These instructions should be considered in addition to Financial Regulations D.8.

**Instructions**

- 27.1 All goods received must be checked for quantity and quality, and the supplier immediately notified of any discrepancy. The appropriate goods received record must be made using the SAP system.
- 27.2 Every issue of stores must be supported by a requisition note stating the quantity of goods required and signed by an officer authorised to do so by the Area Manager, except where the Chief Finance Officer has agreed otherwise. The person receiving the goods must receipt such requisition notes.
- 27.3 Every officer responsible for the receipt and issue of stocks and stores shall keep such records of their transactions as the Chief Finance Officer may determine in order to maintain efficient control of the receipts and issues of such stores. All such records shall be in a form approved by the Chief Finance Officer.
- 27.4 Second Tier Managers shall hold stocks only to the level determined for operational needs. Stock levels should be reviewed regularly. Where additional stocks are required (e.g. uniforms, equipment) a stock rotation procedure should be in place to ensure that oldest stocks are used up first. This is necessary to avoid wasteful obsolescence though holding out of date stocks.
- 27.5 The method of stocktaking shall be approved by the Chief Finance Officer. Where continuous stocktaking is applied, all stores shall be checked at least once in each financial year. Stock sheets must be prepared at every stocktaking showing actual stocks in hand, balances shown in the stores accounts and any surpluses or deficiencies.
- 27.6 Stocktaking shall be supervised by a responsible person (wherever practicable someone other than the storekeeper or person in charge)

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acting on behalf of the Brigade Manager and both the person taking the stock and the person supervising shall certify the stock sheets.

- 27.7 Each storekeeper shall supply to the Chief Finance Officer annually, not later than a date to be notified by the Chief Finance Officer each year, a certificate;
- Stating that stocktaking has been carried out in accordance with the agreed procedure in all areas under his/her control; and
  - Summarising the value of stocks and stores held at each of these locations/establishments at 31 March.
- 27.8 Brigade Managers shall provide such information as the Chief Finance Officer requires in relation to stores for the accounting, costing and financial records. The Chief Finance Officer shall submit a summary of the value of stocks and stores held at the end of the financial year to the Executive Committee.
- 27.9 Obsolete or unserviceable stores should be disposed of in accordance with the disposal provisions in Financial Instruction 15 (*Inventories*).
- 27.10 Any material variation (over £500) identified between actual and expected stock holding, either at any stocktaking or otherwise, shall be reported to the Chief Finance Officer. Such report shall state the quantities and current values in question, together with any other relevant information. No individual discrepancy or group of discrepancies with a total value exceeding £500 shall be written off without the approval of the Chief Finance Officer.
- 27.11 A reference shall be given in the stores record to the authority under which any deficiency is written off or any surplus brought into store records as new stock.
- 27.12 Whenever a storekeeper or person in charge of stores hands over, leaves or ceases to have custody of stores, the appropriate Manager shall ensure that a check is made of the stores concerned and the stock sheets shall be certified in accordance with paragraph 27.6
- 27.13 Keys to safes, storerooms and secure areas etc are to be kept in the possession of nominated responsible persons at all times. Directors should keep records of key-holders.

Contact: [Financial Accountant](#) (ext: 140)

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**28. TRAVEL AND SUBSISTENCE AND OTHER EXPENSES**

**Preamble**

These instructions seek to provide a consistent framework for claims, certifications and payments of the correct amount due, using approved administrative systems.

**Instructions**

- 28.1 All certified claims for payment of car allowances, subsistence allowances, business travel and incidental expenses shall be submitted to the Employee Services and Payroll Manager at the end of each month in accordance with the timescales notified by the Chief Finance Officer. All claims must be in a form approved by the Chief Finance Officer.
- 28.2 Where an officer has a leased car, he/she will be charged for all the fuel used during the month and business mileage must be reclaimed promptly. The Fleet section will provide relevant information to the Employee Services and Payroll Manager for fuel used during the month for payroll deduction.
- 28.3 VAT receipts (where applicable) for expenses should be attached to the claim form unless otherwise agreed by the Chief Finance Officer.
- 28.4 The authoriser will verify the claim against receipts where relevant. The certification for payment by an authorised officer shall mean that the journeys were authorised, the expenses have been properly and necessarily incurred on Authority business and that the allowances are properly payable by the Authority.
- 28.5 It is an Audit requirement that a list of names and specimen signatures of employees who may certify expenses claims as correct for payment shall be prepared annually, at the beginning of each financial year, by each Cost Centre Manager in a format prescribed by the Chief Finance Officer in conjunction with the Director of People and Organisational Development. The list shall be personally certified by the Cost Centre Manager or their line manager as appropriate. The list should also show limits of authority for each individual. The list must be forwarded to the Employee Services and Payroll Manager who will maintain a composite list of authorised signatories for the Authority. Cost Centre Managers must notify the Employee Services and Payroll Manager promptly in writing of any amendments required to this list e.g. when employees leave or transfer.

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- 28.6 Officers' claims submitted more than three months after the expenses were incurred will be paid only with the express approval of the Chief Finance Officer.
- 28.7 Elected Members who are entitled to claim travelling or other allowances should complete the prescribed form and submit to the Executive and Member Support Officer. They will forward these completed forms to the People & Organisational Development department for payment. All claims for a financial year are to be submitted in accordance with timescales as notified by the Chief Finance Officer.

Contact: [Financial Accountant](#) (ext: 140)

**29. VAT**

**Preamble**

Generally the Authority is able to recover Value Added Tax (VAT) it incurs in excess of that it receives. However it is important that the correct accounting treatment is applied to VAT in order to avoid penalties being imposed by Her Majesty's Revenue and Customs (HMRC).

**Instructions**

- 29.1 Cost Centre Managers are responsible for correctly accounting for VAT in respect of income and expenditure.
- 29.2 The Chief Finance Officer shall issue guidance to Cost Centre Managers and Line Managers to assist them in correctly accounting for VAT. Managers shall seek advice from the Chief Finance Officer where the correct VAT treatment is in doubt and should use the VAT Guidance manual as a reference.
- 29.3 Any misdeclaration or other penalty imposed by HMRC shall be the responsibility of the Cost Centre Manager and shall be charged to the relevant budget unless it results from incorrect advice given by the Chief Finance Officer.
- 29.4 The Chief Finance Officer is responsible for ensuring that the monthly VAT Return to HMRC is completed correctly and submitted to HMRC on-line. There shall be separation of duties in that one employee shall

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calculate the amount due and a second employee shall verify that accordingly, before submitting the return electronically. The person submitting the return shall also sign and date the control sheet.

- 29.5 The Chief Finance Officer shall ensure that financial control systems bring all VAT liabilities to account and that VAT is recovered to the fullest possible extent as early as possible.
- 29.6 The Chief Finance Officer is responsible for ensuring that voluntary disclosures are made to HMRC for VAT errors identified. Consequently all VAT errors identified by managers must be notified to the Chief Finance Officer irrespective of value.
- 29.7 In accordance with the Value Added Tax Act 1994 records shall be retained for at least six years (plus current year). The records must be in sufficient detail to allow calculation of the correct VAT and allow HMRC to readily check figures submitted on the VAT Return.

Contact: [Financial Accountant](#) (ext: 140)

**30. VIREMENT**

**Preamble**

Virement is a transfer of budget provision either within or between budget headings in the year. It is intended to enable the Executive Committee, SMB and cost centre managers to manage budgets with a degree of flexibility within the overall policy framework and cash limit agreed by the Authority, and therefore to optimise the use of resources. These Instructions set out the authorisations required for virement to take place.

**Instructions**

- 30.1 No virement is allowed from or to any of the following budgets without prior approval of the Chief Finance Officer:
  - Salaries – these are set in accordance with the authority’s approved establishment.
  - Capital Charges
  - Recharges
  - Insurances
  - Contingency Budgets
  - Certain Indirect employee costs (e.g. corporate training)

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30.2 SMB and Committee approval with advice from the Chief Finance Officer will be required for proposals which transfer funds for the creation of new posts and/or exceed the authorised establishment budget for the year.

30.3 For all other budget codes, Virements can be exercised within the limits shown below subject to the provisions in the subsequent paragraphs:

Limits	Virement to be approved by:			
	Cost Centre Manager(s) and Directors	Chief Finance Officer	SMB	Executive Committee
Up to £50,000	Y	Y		
£50,000 to £150,000	Y	Y	Y	
Over £150,000	Y	Y	Y	Y

30.4 The approval of the Executive Committee is also required to a virement if:

- It involves resources not being used for the purposes approved by the Authority (a change in policy)
- It results in an addition to commitments in future years
- It involves a transfer of resources from revenue to capital in excess of £10,000 (transfers from capital to revenue are not permitted); or
- The Chief Finance Officer requires it.

30.5 Proposed changes to the budget which increase the Authority’s total expenditure and require either the use of the Authority’s reserves or increased borrowing must be approved by the Executive Committee which may choose to recommend approval by the Authority.

30.6 No virement relating to a specific financial year should be made after 31 March in that year.

30.7 All requests for virement must initially be made by forwarding a completed and signed Virement Request Form to the Finance Department. (available on N:/Common/Std Forms/Finance Forms/Template Virement request (Excel spreadsheet))

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30.8 Any virement where the sole purpose is to correct errors with the original budget upload, or to achieve a purely presentational change (e.g. disaggregation of budget lines within one cost centre) is not subject to the limits detailed in section 30.3, and may be approved by the Chief Finance Officer.

Contact: [Management Accountant](#) (ext: 177)

**RESPONSIBLE OFFICERS GLOSSARY AND CONTACTS LIST**

**SMB and Directors**

- Chief Fire Officer/Chief Executive
- Chief Operating Officer/Deputy Chief Fire Officer
- 
- Director Legal and Governance
- Director of People and Organisational Development
- Director of Finance and Assets

**Contacts**

- Head of Service Delivery
- Head of Service Development Extn 251
- Head of Projects and Transformation Management Accountant & Deputy Director of Finance Extn 175
- Resources Manager Extn 182
- Head of Human Resources Extn 221
- Employee Services and Payroll Manager – Extn 185
- Chief Finance Officer - Extn 182 (Director of Finance and Assets)
- Financial Accountant – Extn 140
- Management Accountant – Extn 177
- Head of Procurement – Extn 136
- ICT Manager – Extn 150
- Corporate Planning Manager – Extn 135
- Business Continuity – Extn 165

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**Second Tier Managers** – for contextual purposes only, any manager who reports to a Director and/or has line management responsibilities for cost centre managers and employees handling cash and assets.

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