

CAMBRIDGESHIRE HORIZONS LIMITED

FINANCIAL REGULATIONS

FINANCIAL REGULATIONS

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FINANCIAL REGULATIONS.

1.0 GENERAL CONTEXT

1.1 These Financial regulations are required by the Members Agreement, paragraph 3.3, which states that : -

“3.1 The Member Organisations shall use all reasonable endeavours to procure that within 4 months of Completion the Company adopts: The contract and financial rules, regulations and policies (including in relation to procurement) to which the Company will be subject “.

1.2 Financial regulations provide the framework for managing the Company’s financial affairs. They apply to every Member and Officer of the Company and anyone acting on its behalf.

1.3 These regulations should be read in conjunction with the Devolved Authorities that are in place for the company, which describe its Delegated Expenditure Authorisation levels.

1.4 The ***Business Support Manager*** is the designated Chief Finance Officer for the Company and is responsible for the proper administration of the company’s financial affairs. The Business Support Manager is also responsible for reporting any instance of unlawful expenditure to the company’s Members and Directors and the external auditors and is bound by the Code of Conduct for Members and Officers.

1.5 The status of financial regulations: the financial regulations identify the financial responsibilities of the Officers and Directors of the Company. A written record should be maintained of where decision-making has been delegated to members of staff, and the Main Board should confirm the delegated expenditure authorities.

2.0 FINANCIAL CONTROL – GENERAL

2.1 Each Director must inform the Business Support Manager of any matters arising, decision or course of action or proposed decision, proposed course of action or entry of an item of account relating to his/her area of responsibility which may give rise to a report under paragraph 1.4, above.

2.2 The Statement of Financial Responsibilities (Appendix A) details the responsibilities and reporting to be discharged by the Officers of the Company.

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- 2.3 Each Director shall ensure that all the documents that comprise the overall Scheme of Financial Management are observed.
- 2.4 No Budget Holder shall:
- (a) cause or allow expenditure, whether capital or revenue, to exceed its financial allocation (Budget);
 - (b) divert financial provision from one heading to another in the revenue estimates, or from one project to another in the capital estimates, except with the prior approval of either one of the Directors or the Chief Executive.
- 2.5 Financial and management responsibilities must be aligned, so that managers are responsible for the financial consequences of their decisions. A single Budget Holder must be assigned to each budget.
- 2.6 The Business Support Manager is responsible for the company's systems of Internal Controls, for its financial procedures and the relations with External Audit.

3.0 FINANCIAL SYSTEMS - RECORDS

- 3.1 The Business Support manager is responsible for the operation of the company's accounting system, the form of accounts and the supporting financial records.
- 3.2 The company has chosen to use an accounting package from EPACCSYS called Greentree Business Systems (GBS) as its prime accounting system. GBS will be the basis on which final assessments of financial performance shall be made, statutory accounts prepared, grant claims made and annual Budgets reported.
- 3.3 All documents, invoices, purchase orders, expenses relating to transactions must be retained in accordance with the requirements set out in Appendix B (Retention of Financial Records).

4.0 BANKING & CASH MANAGEMENT

- 4.1 The Business Support Manager and the Business Development Manager have delegated responsibilities for the Treasury Management function (management of debt and the borrowing and investment of money) and arranging and operating the Company's banking facilities. This means that no other officers are empowered to open any kind of bank account, to invest or borrow any money, or to enter into any credit arrangement.

- 4.2 The day-to-day management of cash balances, receipts and payments are the responsibility of the Business Support Manager. In the absence of the Business Support Manager, the Business Development Manager will deputise.

5.0 APPRAISAL OF NEW SCHEMES AND PROJECTS

- 5.1 Any new Capital or Revenue Scheme costing more than £30,000 shall be appraised as to its financial return, human resource requirements, economic consequences and funding source. The appraisal should cover the following :-
- (a) ongoing revenue impact over the life of the project;
 - (b) net present value;
 - (c) sensitivity to changes in key assumptions;
 - (d) analysis of risks and impacts;
 - (e) a statement of how the project will be managed and reviewed;
 - (f) statement that the project is affordable and that funding or budget is available;

The appraisal to be approved by the appropriate Director and the Chief Executive.

- 5.2 Project justifications for Capital schemes will be prioritised according to whether they are in the Capital Budget programme or are a new requirement. For items not in the budget, see paragraph 6, below.

6.0 FINANCIAL CONTROL – CAPITAL

- 6.1 The inclusion of an item in the approved Annual Capital Budget shall confer authority on the relevant Director to incur that expenditure provided that:
- (a) the scheme has been appraised and approved
 - (b) where the scheme is to be financed from earmarked funds from partners, approval to spend the capital expenditure has been obtained from the partner;
 - (c) the method of financing has been considered or determined;
 - (d) budget provision exists to meet any revenue consequences;
 - (e) property transactions do not exceed the values set out in the Authority Levels agreed by the Board of Directors.
- 6.2 There is no power to commit or to borrow funds over the threshold of £75,000 to finance Capital projects without the prior approval of the Main Board.

7.0 FINANCIAL CONTROL-REVENUE

- 7.1 The inclusion of an item of expenditure in the revenue budget of a Budget Holder, for the financial year shall confer authority to incur that expenditure.
- 7.2 No expenditure may be incurred that cannot be met from the amount provided under the relevant cost heading of the approved budget, or by an approved “virement”, without the approval of the Director for Development or the Director for Sustainable Communities or the Chief Executive.
- 7.3 Departures from Estimates (“Supplementary Estimates”) or quotes, that are greater than 10% of the original value of the quote/estimate, require the formal approval of Director for Development or the Director for Sustainable Communities, or the Chief Executive. Such departures will be charged to the Budget of the Budget Holder.

Virement

During the year it may be necessary to vire (move) budgets from one code to another. This may be due to budgets over- or under-spending and there are many acceptable reasons why in-year expenditure and income may vary from planned and budgeted expenditure and income:

- changes in services being delivered;
- different purchasing mechanism used;
- efficiencies in service delivery
- more / less services being delivered
- inflation being more than envisaged
- efficiencies or increases in “back office” or support costs.

However, It is appreciated that there may be good reasons why a particular budget code is not fully utilised and there may equally be valid reasons as to why the change in definition of the type of expense has taken place – a change in supplier or a change in the contractual arrangements which requires a different expense heading to be more appropriate for the cost, than the original one, used in the budget building exercise. In these circumstances, it is confirmed that the budget for the expense may be moved from one expense heading to another Where there has been such a change, the authority required to change the expense heading is that of the Budget Holder, or in his/her absence a Director.

- 7.4 BUDGETS: each year a resource plan will be prepared for the next financial year. This budget will specify the level of resources, the income and the costs that are expected to be incurred during the budget year. The annual budget and a forecast for the following year (The Plan Year) will be prepared, discussed with the Management team and presented to the Main Board for formal approval. The Budget will be incorporated into

the accounting system to enable management information to be produced on a monthly basis for the Management team and for quarterly information for the Main Board, on a basis to be decided by the Board. The monthly management reporting will include Income and costs for the month and cumulative and a comparison to Budget on a month and cumulative basis. The timing of the reporting to be agreed with the Management team.

8.0 RELATIONSHIPS WITH PARTNERS

- 8.1 The company has a clear management objective that the maximum decision making responsibility is devolved to its budget managers. Such delegation leads to a more efficient, flexible and responsive approach to budget management.
- 8.2 The company works with a number of partner organisations that share a community of interests and have representation on the main Board, as either full members or as co-opted members of the Board. All full members who are founder members, which are the six Cambridgeshire Local Authorities, would be expected to contribute financially alongside the funding coming through Growth Area Delivery Grants from ODPM. The first intention of the funding from local authority partners was that the funds be used for setting up the company. The second intention is to support the Business Plan strategy and subsequent annual plans and budgets.
- 8.3 The funding from the six local authorities is subject to (their) Member agreement and is renewed annually; the GADG funding is specifically for items of a revenue or capital nature that are approved by ODPM as being grant claim based, and is advised as an annual allocation.
- 8.4 The relationship with the funding partners is managed by the Business Development Manager and the Business Support Manager, who will process claims, establish budgets, check and monitor the criteria for grant applications and monitor expenditure allocation to ensure it falls within the appropriate funding category and is promptly claimed.

9.0 FEES AND CHARGES

- 9.1 Financial and Contract procedure rules require that all scales and levels of charges must be reviewed annually.
- 9.2 If partners decide that they require the provision of services from Cambridgeshire Horizons Limited, the company will set its consultancy charging rates to its partners (and to any other external bodies) in respect of the recovery of costs in relation to the delivery of consultancy services, or other services, in relation to its costs incurred. In addition, it will charge a reasonable level of recovery as a contribution towards its

general overhead costs. The level of costs and the rates to be charged will be agreed by the operational Directors and the Chief Executive and the basis will be made available to any partner or organisation that requests such information.

10.0 **DEBT MANAGEMENT**

10.1 The Income received by the company will generally be received from the six local authority partners, the GADG grants from ODPM and some specific funding from other organisations – EEDA funding for specific projects. However, in future, there may be a number of external customers (Debtors) who are not the existing partners or members of the Board. In this case the company will need to have a pro-active debt escalation procedure in place that defines how to follow up on the non-payment of “due” amounts. The company’s normal terms of trade are that a debt is due - **when invoiced** - within 30 calendar days. This does not apply to the claims or grants, but **ONLY** to invoiced charges. The proposed follow up for non-payment of due debts is in Appendix C.

11.0 **AUDIT**

11.1 As a Private Limited Company, Limited by Guarantee, Cambridgeshire Horizons Limited has appointed external auditors to review and to audit its annual accounts.

11.2 The Business Support Manager will act as the point of liaison with the external auditors and will provide support to enable completion of the annual and statutory accounts within the timeframes specified in the Business Plan.

11.3 The Business Support Manager will maintain an adequate and effective internal review of the company’s operations and provide external auditors with background information, organisation charts and business updates to ensure that standards of internal control and managerial controls are effectively in place.

12.0 **RISK MANAGEMENT AND INSURANCE**

12.1 The Business Support Manager has delegated powers to establish and maintain a systematic strategy, framework and processes for managing risk. Part of the strategy is to identify the risks facing the organisation and analyse what types of protection are required to manage the adverse risks.

12.2 Effecting insurance is one element of that strategy for the limited range of risks, including damage to assets and potential civil liability, Directors and Officers Liability and employee related risks – which can be underwritten by insurance policies and give a measure of financial protection.

- 12.3 This strategy does not obviate the need for each Director and budget manager to manage all forms of business and operational risk in connection with the running of their services and activities.
- 12.4 **Insurance Programme**
The Business Support Manager, in consultation with the Chief Executive and the management team, has delegated powers to effect and manage insurance cover for specific risks and to decide what is the most appropriate package of external insurance.
- 12.5 The Business Support Manager shall make contractual arrangements with specialist advisers in respect of all insurance matters.
- 12.6 The Business Support Manager will keep a register of all insurance policies held and what risks are covered.
- 12.7 A brief statement of the main policies are as follows: -
1. Fire and associated risks for all property (leased) and contents which the company owns, or for which it has accepted legal responsibility by way of a lease or licence.
 2. All public and employers' liabilities, including libel and slander, professional indemnity, officials' indemnity and any land charges.
 3. Personal accident cover for risk of assault on employees of the company and for injury.
 4. Loss of money, cheques and cash.
 5. Directors and officers liability
- 12.8 Enquiries about insurance matters must be raised with the Business Support Manager, who can provide or obtain all of the necessary advice, guidance and costs.
- 12.9 **Notification of Changes of Risk**
Each Budget Holder shall give prompt notification to the Business Support Manager of all new risks and assets or contractual obligations which require to be insured and any alterations that may affect existing insured risks or assets (disposal of assets, purchase of land, lease changes).
- 12.10 Where any contracts or partnership agreements are under negotiation with external bodies for services to be provided, Budget Holders must ensure that the potential risk exposure is analysed and suitable clauses included to apportion risk appropriately between the contracting parties involved. Advice must be sought on the appropriate levels of indemnity and type of risks to be insured. The advice of the Business Support

Manager or the Business Development Manager should be sought to ensure that these issues have been addressed correctly before any contract is signed.

- 12.11 The provision of indemnities, which may assume legal liability for the actions of another party, must not be accepted without full consultation with the Business Support Manager or the company's legal advisers.
- 12.12 Budget holders must make a written report of any event, loss, liability or damage, which may result in an insurance claim and give full and timely assistance with the conduct of any investigation, which may follow.
- 12.13 All staff using their own private vehicles on behalf of the company shall maintain appropriate insurance cover for business use.

13.0 **PURCHASING OF GOODS, WORKS & SERVICES**

- 13.1 The company is a purchaser of goods, works and services. It is at the point of ordering that the company is "committing" expenditure. Therefore the relevant Budget Holder must ensure that:-
 - (a) all orders are completed properly and appropriately authorised
 - (b) the extent of the commitment is known
 - (c) budgets are not exceeded without appropriate authority
 - (d) only goods, works and services ordered and received are receipted on the accounting system (GBS)
 - (e) purchases are lawful (within the devolved powers of the signatory)
 - (f) purchases are only made for the company
 - (g) value for money is obtained, with Contract regulations being strictly adhered to by the ordering party

An overview of the Business Rules underlying the use of GBS

- 13.2 The Greentree Business System (GBS) allows for the electronic processing and authorisation of transactions relating to the purchase of goods, works and services.
- 13.3 GBS also enables a set of control rules to enforce the segregation of duties in the purchasing of goods, works and services.
- 13.4 For the purchase of goods, works or services three roles are required: -

- (a) Requisitioner (Raises the Purchase Order)
 - (b) Approver – normally the Budget Holder
 - (c) Goods Receipter – where there is a physical receipt.
- 13.5 The above roles are set up in GBS through the configuration of user profiles and responsibilities, linked to personal identification (ID). To provide the minimum of separation of duties, the profiles and responsibilities are set such that the Approver cannot also be the Requisitioner or the Goods Receipter. A Requisitioner cannot approve Purchase Orders unless they are also a designated Approver, but they cannot approve an order that they have raised or receipted.
- 13.6 To ensure the appropriate authorisation of goods, works or services and that any separation of duties is maintained, staff must not in ANY circumstances share the GBS password, nor give other users of the system the opportunity to log on, gain access or effect transactions under their ID.
- 13.7 GBS operates so that if the goods, works or services recorded as received agree to those ordered (On the Purchase Ordering System) and the subsequent invoice matches the details already recorded on GBS, the invoice will be processed for payment, without further pre-payment check and authorisation by the Budget Holder. Payment authorisation is a separate process with different authorisation levels.
- 13.8 Budget Holders must ensure that a GBS Purchase Order for services is completed and authorised for all budgeted expenditure. Purchase Orders are not required for Utilities invoices and minor costs (taxis, working lunches etc., which are of an ad-hoc nature, rather than a formal contract.
- 13.9 Once a Purchase Order has been approved on GBS, the order is printed from the system, signed by an authorised signatory and sent to the supplier.

Raising Orders for Goods, Work & Services

- 13.10 The Company's approved suppliers must be used for all purchases. Where there is no approved supplier, the Budget Holder should request the creation of an approved supplier, by the Business Support Manager, before the goods or service are ordered. The Business Support Manager will make the necessary checks and arrangements to create a new, approved supplier, which will be loaded onto GBS, once the supplier's details and terms have been agreed.
- 13.11 The Company follows the Cambridgeshire County Council's "Contract Regulations" in respect of Purchases. All contracts that are placed must

be done so in writing and signed by an authorised signatory. See the list of devolved authorities (Appendix E).

- 13.12 Oral or telephone orders for goods or services, orders made over the Internet must only be made with the prior knowledge and approval of the Budget Holder. The Purchase Order must be confirmed immediately by raising a GBS (official) Purchase Order, clearly annotated "Confirmatory Order".
- 13.13 The Budget Holder must authorise all Purchase Orders raised.

Receipting of Good, Works and Services

- 13.14 When Goods, Works or Services are received, and for which a Purchase Order has been placed, the Goods Received Note (GRN) or receipt must be duly certified as such on GBS.
- 13.15 Wherever possible, the officer recording the receipt should be the person who actually verified them.
- 13.16 However, in all cases the officer recorded in the system as having receipted the goods, works or services is responsible for ensuring that they are receipted on GBS, where they have been physically received or completed and examined as to quality and quantity as ordered.

Variations between Orders and Goods, Works or Services Received

- 13.17 Where the ordered goods, works or services received vary to that originally ordered, and this exceeds the agreed tolerance (10% of the original Purchase Order value), the Budget Holder must authorise the additional amount (Departure From Estimate – DFE) before the invoice can be paid.

Payment of Accounts

- 13.18 The company is liable for the payment of interest where invoices are not paid within **30 days of receipt** or per the supplier's payment terms.
- 13.19 To reduce the delays in processing and payment of invoices, all invoices will be date-stamped on receipt.
- 13.20 Where the invoiced amount does not match the Purchase Order or Goods Receipt Note, the requisitioner will be notified, and the Budget Holder must approve the variation.

14.0 CONTRACTS FOR GOODS AND SERVICES

14.1 All relevant Contracts must be subject to competition. As follows:

Up to £2,000:	One oral quote (Confirmed in writing)
£2000.01-£15,000:	Three written quotes
£15,000.01-£75,000:	Formal Invitation to Tender, including a specification, contract conditions and at least four tenderers. No need to advertise or select from an Approved List. Selection to be approved by a Director.
£75,000.01-EC Threshold	Formal Invitation to Tender to 4 tenderers. Selection of Tenderers from Approved List
Above EC Threshold	EC Procedure

Current EC Thresholds

Supplies	154,014	Euros	£99,695
Works	154,014	Euros	£99,695
Services	5,923,624	Euros	£3,834,429

Example - Rate of 1.5448 euros / £

Contracts for Capital Expenditure are subject to the same limits as for Revenue expenditure, with the additional requirement that all Capital Contracts for amounts over £75,000 require prior Main Board approval, before commencement. In cases of urgency, a referral to the Chairman and a decision based on an approach to a minimum of 4 main Board Directors, will be taken as interim approval.

15.0 PERSONAL EMPLOYEE EXPENSES

15.1 The company has a legal responsibility to provide the Inland Revenue with details of all benefits in kind provided or expenses reimbursed to its employees, and must ensure that National Insurance contributions are collected on all qualifying expenditure (Class 1A NICs are due from Employers, for their employees if the latter have a benefit chargeable to Income Tax).

15.2 **ALL** employee expense claims must be approved by the claimant's line manager and approved by the Budget Holder (if different) as being arithmetically correct and in accordance with the requirements of the company. These can be summarised as – reimbursement is subject to using the current rates, using the current expense forms, with supporting receipts. Staff must not authorise their own claims.

16.0 PAYROLL

- 16.1 It is the legal duty of the directors to make proper arrangements for the operation of PAYE and National Insurance for all employees.
- 16.2 The Company's preferred payroll provider is responsible for making the payment of all salaries, wages and other emoluments as well as for paying over the authorised deductions from payroll – Income Tax, NICs and pensions, for example.
- 16.3 Amendments to the payroll – pay awards, increments, tax code changes, must all be authorised by the Business Support Manager or the Business Development Manager, before being sent to the payroll provider for action. In the case of the Business Development manager, amendments to pay must be authorised by a Director.
- 16.4 The payroll provider will provide a list of monthly dates by which any payroll changes need to be advised to them. It is the responsibility of the Business Support Manager to ensure that they are duly authorised and transmitted on time, or in his absence the Business Development Manager.
- 16.5 The Payroll Contract and Service Level Agreement will run for a period of three years, renewable by re-tendering in the last quarter of the contract period.

17.0 **INCOME**

- 17.1 It is the Business Support Manager's responsibility to ensure that procedures for the invoicing and collection of Income are operating, so that:
 - (a) All income due is identified and accounted for properly
 - (b) Invoices for income due (or Credit Notes) are raised as soon as the services are provided or the income is "due".
 - (c) All monies received are brought into account promptly, correctly, accurately and completely.
 - (d) All Income collected is held securely, banked promptly and intact.
 - (e) VAT is accounted for in the appropriate period.
- 17.2 For remittances received where receipts are not always issued, (e.g. grants) – an accounting record must be made on receipt.
- 17.3 To ensure adequate separation of duties within the cash collection and banking process, different people should undertake the two activities.

18.0 **CASH SECURITY**

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- 18.1 All staff involved in cash (including petty cash) handling have a duty to ensure that they safeguard the cash holding in their possession, but not at any risk to their own person.

19.0 IMPREST ACCOUNTS & CASH EXPENSES

- 19.1 The opening of Imprest Accounts must be authorised by a Director – as the Budget Holder responsible.
- 19.2 Imprest accounts are used for items of expenditure for which it is not practical or cost effective to pay through the normal bank payments system. Generally such payments will be small in value, or one-off purchases. The company requires that Imprest Accounts should be held at an absolute minimum.
- 19.3 Company credit cards must be used where regular purchases of a low value nature (Under £50) are made.
- 19.4 Budget Holders are required to ensure that expenditure incurred through Imprest Accounts is lawful and in accordance with the company's requirements for expenditure authorisation.
- 19.5 Cash Expenses: claims for the reimbursement of cash expenses must be made on an approved expenses claim form. The claim must be certified by the line manager of the claimant, or by a Director. Claims by the Chief Executive must be authorised by the Chairman or one of the Main Board Directors.
- 19.6 Claims for reimbursement must be supported by adequate documentation to support the expenditure incurred. The documentation should include:
- (a) The reason for the expenditure
 - (b) The date expenditure was incurred
 - (c) The amount of the expenditure, split between net amount, VAT and gross amount incurred. In all cases where VAT is chargeable, a VAT receipt should be obtained to enable VAT to be reclaimed.
 - (d) The signature of the person incurring the expenditure

20 COMPANY CREDIT CARDS

- 20.1 Company Credit Cards are to be used for items of expenditure for which it is not practical or cost effective to pay through the normal payments system (GBS). Examples include books, conference fees, overnight

accommodation, travel expenses and subscriptions.

- 20.2 Each Company Credit Card is assigned to an individual cardholder, who has PERSONAL responsibility for the proper operation of the card.
- 20.3 The Budget Holder is responsible for ensuring that all staff allocated a company credit card are operating the card properly, are safeguarding it from theft and misuse and that the expenditure is within their budget and any limits set.
- 20.4 Each month the credit card company (HSBC Bank plc) will send a statement of expenditure incurred to the cardholder. The cardholder will claim – on a company expense claim – for the costs of all items on the statement, splitting the costs between Net, VAT and Gross Cost. The claim will be authorised by the line manager of the claimant and forwarded to the Business Support Manager or the Business Development Manager for processing into the company's accounts. The company will be direct debited by the credit card company and the Business Support Manager will ensure that all claims are processed and each monthly credit card statement is cleared by the expense claims made by cardholders.
- 20.5 In all cases where VAT is chargeable, a VAT receipt should be obtained to enable VAT to be reclaimed.

21 STOCKS & STORES

- 21.3 The company holds a small stock of stationery and minor office supplies – photocopying paper, printer cartridges and letter headed paper.
- 21.4 The Corporate cost centre Budget Holder, or his deputy, are responsible for ensuring adequate controls are in place to re-order and to stock minor office supplies.

22.0 SECURITY OF ASSETS

- 22.1 This Financial Regulation applies to all assets owned or leased by the company.
- 22.2 Budget Holders are responsible for ensuring that: -
 - (a) Proper security is maintained at all times for all furniture, equipment, minor stationery stores, PC's, Laptops and printers.
 - (b) A register of key holders is maintained.

23.0 INFORMATION SYSTEMS SECURITY

23.1 The Company's Information Systems will be supplied by the DIT Department of Cambridgeshire County Council, under an annual Service Level Agreement with the company. DIT will resource, maintain, upgrade and support the company's IT systems, its PC's and laptops, printers and network connectivity. The GBS system supplier will be responsible for maintaining and supporting the accounting system, but not the network connectivity.

24.0 **FRAUD AND CORRUPTION**

24.1 The company is committed to the elimination of fraud and corruption and is determined to protect itself from such unlawful activities, whether they are attempted from within the company or by an outside individual, group or organisation.

25.0 **EXTERNAL AUDIT AND REPORTING PROTOCOL**

25.1 The company has an annual audit of its accounts undertaken by a firm of External Auditors.

25.2 The External Auditors are responsible for forming a "true and fair view" of the company's trading position during the financial year.

25.3 Once a year after the end of the financial year, the External Auditors will arrange an audit visit to verify the income and expenditure of the company and to produce the following:

- (a) A summary of the salient features of the audit conducted, making recommendations as to any improvements in procedures or practices.
- (b) An audited set of annual accounts, for signing by the Chief Executive and by the partner of the Audit practice and for submission to Companies House.
- (c) A calculation of the amount of Corporation tax that may be due to the Inland Revenue in respect of the financial year, for any surplus funds that may be recognised at the year end.
- (d) A report to the Directors that outlines any significant weaknesses of procedures or policies.

25.4 During the year, the External Auditors will arrange a visit(s) to the company by way of an update, to maintain communications, to understand any significant business changes and to plan for the year-end audit.

25.5 Where any significant weaknesses are identified, a follow up audit will be arranged to review the status of any new procedures, policies or

practices and to make clear to the Directors that the weaknesses have been overcome.

Appendix A

Statement of Financial Responsibilities

1. Chief Executive

The Chief Executive is responsible for:

- understanding the nature of reporting required and the delegation arrangements in place to ensure proper performance.
- establish an effective monitoring and reporting framework to enable him to properly hold Directors accountable for the discharge of their responsibilities.
- positively promote a culture of probity and sound financial discipline and control as requirements of the organisation.

2. Director of Development

The Director of Development will be responsible for:

- understanding the nature of reporting required and the delegation arrangements in place to ensure proper performance.
- receiving reports from the Business Support Manager and the partner responsible for External Audit
- raising significant issues of underperformance with staff.
- positively promote a culture of probity and sound financial discipline and control as requirements of the organisation.

3. Director of Sustainable Communities

The Director of Sustainable Communities will be responsible for:

- understanding the nature of reporting required and the delegation arrangements in place to ensure proper performance.
- receiving reports from the Business Support Manager and the partner responsible for External Audit
- raising significant issues of underperformance with staff.
- positively promote a culture of probity and sound financial discipline and control as requirements of the organisation.

4. Business Development Manager

- positively promote a culture of probity and sound financial discipline and control as requirements of the organisation.

5. Business Support Manager

The Business Support Manager is the Chief Financial Officer for the Company and is responsible for:

- ensuring that a Capital and Revenue budget is prepared on an annual basis, on the advice and guidance of the Chief Executive. The budgets should include allocation to different cost centres, to Projects and the allocation of income to different to funding streams.
- setting adequate standards, protocol and procedures for budgeting, accounting, systems and reporting and for establishing

a framework of monitoring (“The Scheme of Financial Management”) to ensure these requirements are met.

- positively promote a culture of probity and sound financial discipline and control as requirements of the organisation.
- advising Directors and Officers of the company on the issues and circumstances in which reporting is needed.
- accept reports from Directors on an exception basis.
- the maintenance of a structured scheme of financial reporting.
- reporting on an exception basis to the Chief Executive
- ensuring all staff have seen and understood the Scheme of Financial Management
- the introduction and maintenance of adequate and cost effective systems of internal control
- providing reliable financial and other management information and reporting.
- provide advice on the nature of internal controls, the potential consequences of poor controls and the control options available to reduce or limit risk.

6. Budget Holders

Budget holders are responsible for:

- positively promote a culture of probity and sound financial discipline and control as requirements of the organisation.
- understanding and ensuring compliance with the Scheme of Financial Management
- timely implementation of External Audit recommendations on performance, procedures and practices
- the introduction and maintenance of adequate and cost effective systems of internal control within their areas of responsibility.
- initiating exception reports where necessary for the Directors or Chief Executive.

- reporting any potential overspending or underspending to their line manager
- training and developing themselves and their staff in relation to financial competencies, with the assistance of the Business Support Manager.

Appendix B

RETENTION OF FINANCIAL RECORDS

It is important that records (computerised or manual) are carefully retained and systematically filed as they are required for inspection by a number of agencies such as Internal Audit, External Audit, Contributions Agency, Inland Revenue, Customs and Excise officials etc.

The required MINIMUM period for the retention of financial records is CURRENT FINANCIAL YEAR PLUS THE THREE PREVIOUS FINANCIAL YEARS. This applies to Receipts, Invoices, Copy Purchase Orders, Audit Trails, Financial reports (Year-End) and Credit/Purchase Card Transactions.

The advised periods for the retention of other financial records are detailed below:

Accounts etc

Period of Retention

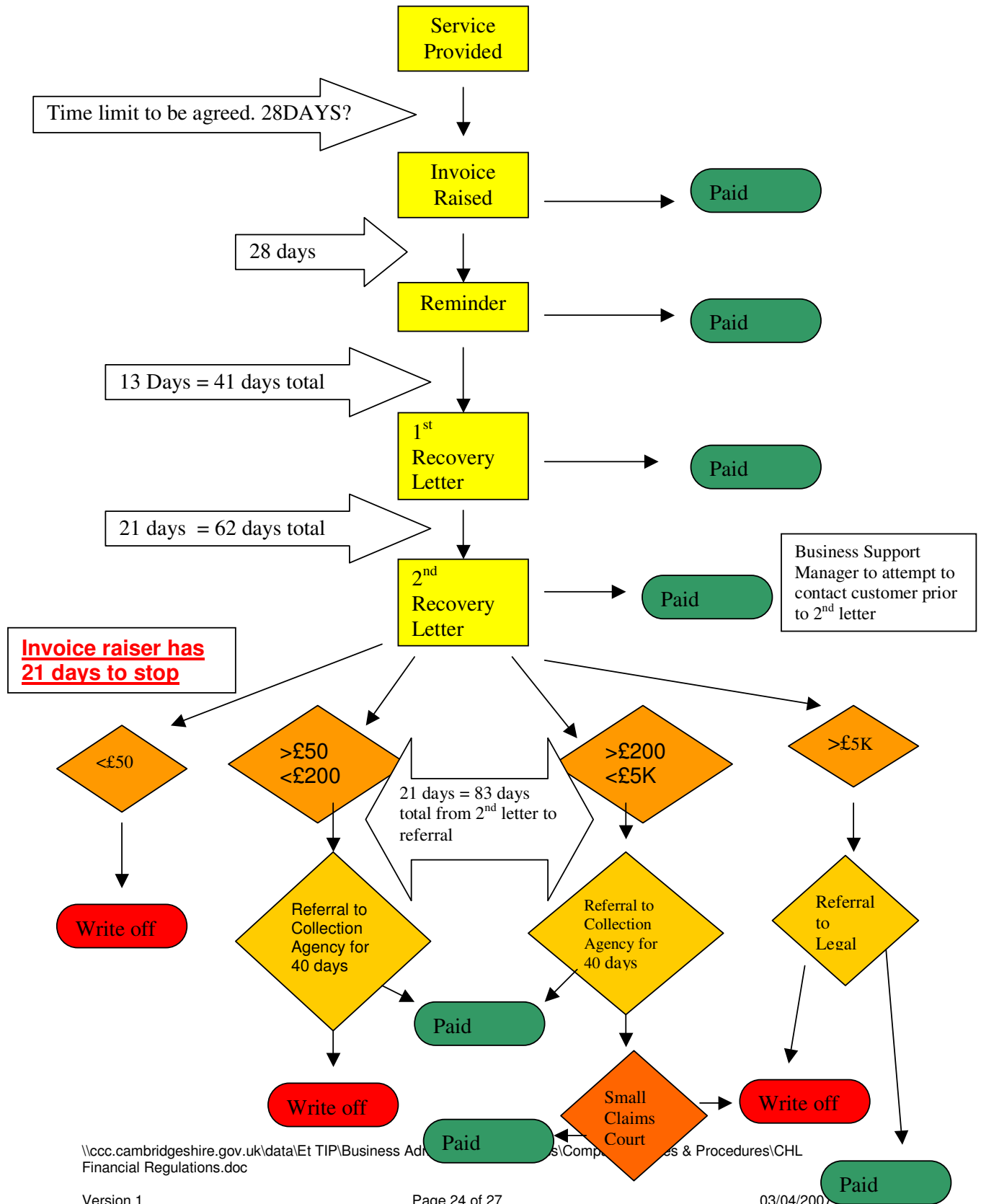
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Sales Contracts	6 years after agreement ends
Purchasing Contracts	6 years after agreement ends
Stock Inventories	10 years
Published Accounts	Permanently
Taxation Returns	Permanently
External Audit Reports	Permanently
Cheques	6 years
Bank Statements	6 years
Cash Statements	6 years
Deeds of Covenant	12 years after final payment
Primary Salaries & Wages Records	7 years
Expense Accounts	7 years
Pension Scheme Records	Permanently

Insurance

Insurance Policies (Excluding Liability)	6 years after lapse
Liability Insurance Policies	Permanently / Indefinitely
Insurance Claims	6 years after settlement
Insurance Schedules	10 years

DEBT MANAGEMENT ESCALATION PROTOCOL



Appendix E

DEVOLVED AUTHORITY LEVELS.

Two Sigs (L1/L2)	Level 1	Level 2	Level 3	Level 4
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1 FINANCE

1.1 Bank

Cheques (See bank mandate)
 Standing Orders
 Direct Debits
 CHAPS/One-Off Payments
 BACs - Total payment Run (See Bank Mandate)
 Credit Card (Application Forms)
 FAX mandate (For Urgent Payments)
 Business Internet Banking - payments

Y	Y	Y	SH (£2K)	
N/A	Y	Y		
N/A	Y	Y		
Y	Y	Y	SH (£2K)	
Y	Y	Y	SH (£2K)	
N/A	Y	Y		
Y	Y	Y		
Y	Y	Y	SH (£2K)	

1.2 Invoices

Authorisation (Budget Holder - L1 + L2)

Y	Y	Y	
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Payments
 Cheques (See bank mandate)
 BACs
 CHAPS/One-Off Payments
 Credit Card (Debits)
 BIBs

Y	Y		
Y	Y		
Y	Y		
Y	Y		
Y	Y		

1.3 Expenditure

Salaries
 Supplier Invoices

Y	Y		
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With PO
 Without PO
 Staff Expenses
 Travel & Subsistence
 Credit Card Expenses (Authorised by Manager)
 Capital Expenditure (Prior Board approval over £75,000)

Y	Y		
Y	Y		
Y	Y	Y	
Y	Y	Y	
Y	Y	Y	
Y	Y		

1.4 Sales Invoices/Grant Claims

Invoice/Claim

Y	Y		
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2 PURCHASING

2.1 Raising PO Request

Authorisation of PO (NOT own 2.2 PO Requests)

2.3 Contracts

Y	Y	Y	Y
Y	Y		
Y	Y		

3 HR

Employment Contracts (Offers)
 Recruitment

Y	Y		
Y	Y		

4 IT

Network changes
 Software Purchases
 Hardware purchases

Y	Y		
Y	Y		
Y	Y		

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Capital Expenditure

Y	Y		
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