

Financial Regulations

INTRODUCTION

As a limited company, the Achieving for Children Community Interest Company (referred to in this document as AfC) will be subject to company law, company tax regulations and will be expected to meet best practice standards for company governance. Specifically, AfC will be governed by the Companies Act 2006 and the Companies (Audit, Investigations and Community Enterprise) Act 2004 and regulations made under these acts.

In relation to tax, AfC is subject to Corporation Tax on any surpluses/profits and for VAT, for which the relevant VAT rules are applied in a different way than to local authorities

As a company wholly owned and financed by the two Councils (LB Richmond upon Thames and RB Kingston upon Thames), AfC will need to uphold standards that maintain public and stakeholder confidence in its financial management arrangements that need to be compatible with the use of public funds. It is the duty of everyone in the company to uphold the highest standards of probity and to achieve value for money in carrying out their duties.

The Board of Directors has responsibility for all decisions made by the company unless the owners have retained specific responsibilities or the Board have specifically delegated responsibility to officers of the company. Decisions that are retained by the owners are set out in Annex 1.

The Board have approved a Scheme of Delegation that includes a section on Finance which is set out in Annex 1. Under this, the Board have delegated responsibility for the proper administration of AfC's financial affairs (including the interpretation of, and compliance with Financial Regulations) to the Director of Finance and Resources. Any reference to the Director of Finance and Resources in these regulations and the supporting instructions includes any member of staff authorised to act on his / her behalf.

These regulations apply to the Board of Directors and all employees of the company and it is their duty to comply with them and any supporting instructions. Failure to comply may result in disciplinary action for employees.

These Financial Regulations will be reviewed on a regular and timely basis to keep them up to date but where they are unclear, ambiguous, inappropriate or otherwise do not refer to a specific financial issue, the Director of Finance and Resources may issue specific advice/instructions which will be deemed as amendments to these regulations. General revisions of these Regulations will be approved by AfC's Audit and Risk Committee.

FINANCIAL REGULATION 1 – FINANCIAL PLANNING

- 1.1. This section of the *AfC Financial Regulations* deals with
 - The Medium Term Financial Plan
 - the preparation of the budget
 - the Financial Implications section of reports to the AfC Board
- 1.2. The Medium Term Financial Plan (MTFP) is a financial planning document that sets out the company's projected revenues and costs over the medium term. The Director of Finance and Resources is responsible for preparing the MTFP and keeping it updated for significant changes. The MTFP will be considered and approved by the Board at least once a year.

Preparation of the Budget

- 1.3. The Director of Finance and Resources shall issue detailed instructions on the preparation of AfC's annual budget. These will apply to all staff involved in the budget preparation process.
- 1.4. The Director of Finance and Resources shall collate the budget and present it to the AfC Board and AfC Joint Committee for approval.

Financial Implications of Reports to the AfC Board and Senior Leadership Team (SLT)

- 1.5. Authors of any report to be presented to the AfC Board or SLT must include a section on the financial implications arising from the report. As appropriate, the section must show
 - The annual (gross) costs, income and net costs of any proposal and how this is met from existing budgets
 - Any 'one off' costs, income or saving must be identified separately
 - If income or expenditure is not permanent the estimated period must be indicated (e.g. a government grant that has a finite life-span), and the service implications at the end of the period explained
 - The staffing implications of any proposal, measured in FTEs (full time equivalent staff) and numbers of staff (headcount), with indicative grades
 - If the proposal is a 'project' in nature, the full cost, income and savings over the lifespan of the project and detailed funding proposals
- 1.6 The Director of Finance and Resources must be consulted and approve the financial content of all reports to the AfC Board.

FINANCIAL REGULATION 2 – FINANCIAL MANAGEMENT

2.1. This section of the *AfC Financial Regulations* deals with

- financial monitoring (general requirements)
- financial control of the budget
- virement (change in the use of a budget)
- budget adjustment
- contract price changes

Financial Monitoring (general requirements for budgets)

- 2.2. Every budget shall be administered by a named Budget Manager or their named deputy. It is the responsibility of Service Directors, Associate Service Directors and Service Managers to ensure that all budgets are allocated to named individuals, that a list showing the allocations and names is supplied to the Director of Finance and Resources and that the he / she is immediately notified of any alterations to the list. Where AfC has in place an arrangement to pay a composite invoice to a supplier e.g. agency staff contract, stationery contract etc. with expenditure being subsequently charged to individual budgets, the Director of Finance and Resources will agree who is authorised to sign off on the composite invoices on the understanding that individual budget holders remain responsible for checking the individual charges to their budgets.
- 2.3. Only named Budget Managers can incur expenditure on budgets for which they are responsible. Under no circumstances should any member of staff sign off expenditure on a budget for which they are not responsible.
- 2.4. Any named Budget Manager should be satisfied that an item of expenditure is being properly incurred prior to signing it off. If there is any doubt, further enquiries should be made. Any named Budget Manager should also be satisfied that any other charges to their budgets are appropriate and make further enquiries as necessary. A summary of the main tasks for which Budget Managers are responsible is provided in [Annex 2](#).
- 2.5. Service Directors, Associate Service Directors, Service and Budget Managers shall ensure that levels of expenditure and associated performance for their services are properly monitored and controlled throughout each financial year. In particular they shall ensure that all practicable and necessary steps are taken to avoid an overspend of an expenditure budget or under achievement of income budget, that value for money is secured in all financial transactions and that they and their staff comply with the *AfC Financial Regulations* and any associated guidance.
- 2.6. Service Directors, Associate Service Directors, Service and Budget Managers shall provide accurate and timely projections of expenditure and income in accordance with the reporting rules and timetable set out by the Director of

Finance and Resources. In the event that a projection is significantly inaccurate, the Director of Finance and Resources may require a full explanation of the circumstances.

Financial Control of the Budget

- 2.7. The AfC Board's approval to the budget constitutes authority for a Service Director, Associate Service Director, Service and Budget Manager to incur expenditure, subject to compliance with the approved policies of the AfC Board and *AfC Financial Regulations*, and any direction issued by the Director of Finance and Resources or any other limitation that may be imposed.
- 2.8. Service Directors, Associate Service Directors, Service and Budget Managers are responsible for managing their services within approved budgets.
- 2.9. Service Directors, Associate Service Directors, Service and Budget Managers are empowered to incur expenditure only where approved budget provision exists. If there is **no budget, no spend** should be incurred until appropriate authority is granted and funding identified.
- 2.10. Service Directors, Associate Service Directors, Service and Budget Managers are accountable for all items of income and expenditure for the budgets under their control.
- 2.11. The Director of Finance and Resources will provide a monthly report to the AfC Senior Leadership Team and quarterly reports to the AfC Board on the overall financial position of the company that will include performance on its budget.

Virement

- 2.12. Virement is the transfer of budget provision from one purpose to another and is an important tool for Service Directors, Associate Service Directors, Service and Budget Managers.
- 2.13. Service Directors, Associate Service Directors, Service and Budget Managers may approve virement up to the levels set out in the table in paragraph 2.14. It is the responsibility of the service which has current approval to spend the budget to get all appropriate approvals and signed documentation and to request the Director of Finance and Resources to process the virement. All documentation and approvals may be subject to scrutiny by internal audit upon request.
- 2.14. The table below sets out the values up to which virement may be approved by managers. Any virement in excess of £50,000 must be approved by the Director of Finance and Resources, virement in excess of £100,000 must be approved by the Chief Executive and any virement in excess of £250,000 must be approved by the AfC Board prior to being actioned.

Value	Report to AfC Board Required?	Director of Finance & Resources Notification?	Approval Required from:
Up to £5,000	No	Yes	Budget Manager
£5,000 - £20,000	No	Yes	Service Manager
£20,001 - £50,000	No	Yes	Service Director, Associate Service Director
£50,001 - £100,000	No	Yes	Director of Finance and Resources, Associate Director, Finance
£100,000 -£250,000	No	Yes	Chief Executive
Over £250,000	Yes	Yes	AfC Board

Budget Adjustment

2.15. A budget adjustment is made when a budget is being transferred from one location to another on AfC's finance system with no changes to the purpose of the use of the budget. Such changes can occur following an administrative re-structure where officers or sections with budget responsibilities change their line management responsibilities and to retain the budget hierarchy the location of budgets in the financial system need to be changed. Other examples of budget adjustments are where the coding structure of the financial ledger needs to be changed and budgets have to be re-aligned to the new structure.

2.16. Budget adjustments have to be approved by the Head of Management Accounts.

Contract Price Adjustment

2.17. The contract price for the provision of children's services to both Councils can be varied for the following of reasons:

- a) Annual review of the contract price as part of the budget setting process
- b) Change control – adjustments to the price during a financial year arising changes to service levels or cost pressures.
- c) Changes in grant funding
- d) Administrative changes

2.18. Changes to the contract price are agreed by the AfC Board and by both Councils. Agreement by the Board obviates the need for a subsequent virement and the Director of Finance and Resources, Associate Director of Finance or Head of Management Accounts can authorise changes to budgets to reflect contract price changes after these have been agreed by the Board.

2.19. To retain effective budgetary control and other accounting requirements, it may

be necessary for authorisation to budget changes to be made in advance of Board approval, for example at year-end when budget changes need to be made quickly to allow outturn reports and closing processes (including the agreement of balances with both Councils' finance teams).

FINANCIAL REGULATION 3 – RISK MANAGEMENT & AUDIT

3.1. This section of the *AfC Financial Regulations* deals with

- Overall financial risk management
- Treasury management
- insurance
- internal controls
- audit requirements – internal and external
- preventing fraud and corruption

Overall Financial Risk Management

3.2. The Director of Finance and Resources shall develop and review arrangements to manage Financial Risk Management. Most of these arrangements will be dealt with as part of other Financial Regulations or under the scheme of delegations (see Annex 1) but where appropriate these will be presented to AfC Board for approval.

3.3. Irrespective of any specific requirements in financial regulations or other instructions/guidance, all staff in AfC have a duty to be vigilant to:

- Potential fraud
- Loss or misuse of the company's assets, including cash
- Incorrect or false accounting, including authorisation for payments etc.
- Waste or excessive costs or other misuse of resources leading to poor value for money.

Staff must report any concerns regarding these matters to their line manager or Associate/Director of their service area.

Treasury Management

3.4. Treasury management is a high risk area because of the value of transactions, the simplicity of operation to commit transfer of funds and the prevalence of attempted fraud on internet transactions. Specific regulations are in place to mitigate risks associated with treasury management and operation of bank accounts and imprest accounts. These are set out in the following section (Regulation 4 – Control of Resources, and Annex 4 – Petty Cash/Imprest Accounts).

Insurance

3.5. The Director of Finance and Resources shall be responsible for all insurance matters including the review of the approach to associated risk management, determining the nature and level of insurance cover to be arranged and the

processing and settlement of all claims.

- 3.6. Service Directors, Associate Service Directors, Service and Budget Managers shall notify the Director of Finance and Resources of:
- any new risk, property, equipment, or vehicle which may require to be insured;
 - any alterations to services or other arrangements which may affect insurance arrangements;
 - any loss, damage actual or potential claim.
- 3.7. The Director of Finance and Resources, using the information provided, will be responsible for ensuring that an accurate list of AfC's insurable assets is prepared and reviewed annually.

Internal Control

- 3.8. Each member of the Senior Leadership Team (SLT) is required to carry out a review of the effectiveness of internal control for their service areas at least annually. The SLT review the findings of these individual reviews to assess the extent of any gaps or weaknesses in internal control across the company, and to identify any significant risks to internal control that could arise in the short term.
- 3.9. The results of this review are reported to the Audit and Risk Committee annually as part of a wider review of governance and internal control arrangements. This is reported to the Board and the Directors of the company include an assurance statement in the Director's Report section of the company's Annual Report.
- 3.10. Service Directors, Associate Service Directors, Service and Budget Managers shall ensure that internal controls within their service areas are adequate and operating as intended and advise the Director of Finance and Resources of any material weaknesses in, or any significant breaches of internal control as soon as they are identified.

Audit Requirements

Internal Audit

- 3.11. The Director of Finance and Resources shall be responsible for ensuring there is an internal audit, through an external provider or otherwise, of AfC's systems and processes and, for this purpose, shall have access to all documents and records within AfC. Service Directors, Associate Service Directors, Service and Budget Managers and members of their staff shall provide whatever information or explanation is deemed necessary to complete the internal audit.
- 3.12. Service Directors, Associate Service Directors, Service and Budget Managers shall ensure that the Director of Finance and Resources is immediately notified of any suspected irregularity relating to both private and public funds, including cash, procurement cards, any relevant financial system (electronic or manual), stores/inventories or other property, any financial transaction or arrangement,

or of any material weakness which has been identified in any system or control. Where appropriate, and in all cases involving an employee, the appropriate human resources contact shall also be informed.

(Note: 'private funds' refers to those funds held in an official capacity such as school funds, trust funds, etc.)

External Audit

- 3.13. The Director of Finance and Resources shall review the service provided by the company's appointed independent auditor and make any report to the Audit and Risk Committee or Board in respect of this service if appropriate.
- 3.14. The appointment of the company's independent auditor is a reserved matter to be decided by the Councils. The Director of Finance and Resources will assist the Board and the Councils in reviewing the independent audit appointment.
- 3.15. The Director of Finance and Resources shall ensure that the statutory requirements for external audit are complied with and, in order that the external auditor is able to scrutinise AfC's records effectively, Service Directors, Associate Service Directors, Service and Budget Managers and their staff shall ensure that the appointed auditors have reasonable access to AfC's premises and records relevant to the audit.

Preventing Fraud and Corruption

- 3.16. AfC has an Anti-Fraud Framework in place and this is published on AfC's intranet. This framework includes the following documents in addition the overall Framework:

- Framework for probity and standards
- Prevention of Fraud procedure
- Whistleblowing policy and procedure
- Anti-bribery policy and procedure
- Anti-money laundering policy and procedure

All staff must acquaint themselves with this Framework and service managers must include reference to this Framework as part of staff induction for all new members of staff.

- 3.17. Service Directors, Associate Service Directors, Service and Budget Managers and members of their staff are required to foster a culture of honesty and opposition to fraud and corruption within AfC.

Where financial impropriety is discovered, and sufficient evidence exists to believe that a criminal offence has been committed, the Director of Finance and Resources will decide whether to pursue police or other legal action in accordance with the *AfC Prosecution Policy* which is provided at [Annex 16](#).

FINANCIAL REGULATION 4 – CONTROL OF RESOURCES

4.1 This section of the *AfC Financial Regulations* deals with

- the security of assets
- treasury management and banking (including borrowing and investments)
- staffing
- money laundering
- gifts and hospitality

Security of Assets

3.18. Service Directors, Associate Service Directors, Service and Budget Managers shall ensure that any cash and securities are safeguarded in accordance with instructions issued by the Director of Finance and Resources and that a proper inventory record of AfC equipment is maintained.

3.19. Service Directors, Associate Service Directors, Service and Budget Managers may declare equipment and materials surplus to requirements in accordance with procedures issued by the Director of Finance and Resources.

3.20. The Director of Finance and Resources shall issue procedural guidelines to be followed when disposing of assets of low value.

Treasury Management and Banking

Treasury Management

3.21. The Director of Finance and Resources is responsible for preparing a Financial Plan (in effect AfC's treasury plan) at least annually for approval by the AfC Board and both Councils. The approval of this Financial Plan is a 'reserved matter' (see Annex 1) and provides the Councils with assurance that AfC's cash and investments are being managed effectively and risks are minimised.

3.22. The Director of Finance and Resources shall monitor the Financial Plan and take appropriate action to inform the Councils of the need to make any amendments. These may be agreed at officer level between AfC and the Councils prior to ratification by the Board and Councils.

3.23. The Director of Finance and Resources has prepared a Treasury Management Operational Manual that has been agreed by AfC's Audit and Risk Committee. This identifies key risk controls and a set of procedures for finance staff involved in treasury functions. The Director of Finance and Resources is responsible for maintaining these procedures and controls and reporting any changes to the Audit and Risk Committee. All staff involved in treasury functions must receive individual training before they start work on any treasury tasks.

- 3.24. AfC is bound by the terms of the Revolving Credit Facility under which it borrows from the Councils and is not allowed to borrow or raise any credit facility without the permission of the Councils. AfC is also not allowed to make any investment (including making bank deposits) without the Councils' permission.
- 3.25. The Director of Finance and Resources shall ensure that all treasury management activity is undertaken in compliance with the Financial Plan, the Revolving Credit Facility and any other instructions or legal requirement that may be in force. The Director of Finance and Resources shall report to the Audit and Risk Committee on the operation of the treasury management function at least annually.

Banking

- 3.26. The Director of Finance and Resources shall be responsible for overseeing the management and operation of all AfC's bank accounts and procurement card schemes.
- 3.27. Service Directors, Associate Service Directors, Service and Budget Managers shall not maintain, or allow to be maintained, any bank account or procurement card scheme without the express authority of the Director of Finance and Resources.
- 3.28. Service Directors, Associate Service Directors, Service and Budget Managers shall ensure that no bank account under their control is allowed to become overdrawn and that reconciliations are undertaken in accordance with instructions issued by the Director of Finance and Resources.
- 3.29. Further banking guidance is available at [Annex 3](#).
- 3.30. Service Directors, Associate Service Directors, Service and Budget Managers shall ensure that all procurement card transactions are properly authorised in accordance with instructions from the Director of Finance and Resources.
- 3.31. Any improper use of an AfC procurement card will result in the immediate removal of this facility from the individual member of staff and disciplinary action.
- 3.32. Further procurement card guidance is available at [Annex 6](#).

Staffing

- 3.33. Service Directors, Associate Service Directors, Service and Budget Managers are responsible for ensuring that staff numbers and costs do not exceed those agreed in the staff budget.
- 3.34. Service Directors, Associate Service Directors, Service and Budget Managers are responsible for ensuring that they have paid due regard to any vacancy control process that may be in operation prior to the recruitment of staff.

Money Laundering

- 3.35. AfC has adopted an Anti-Money Laundering Policy – details are published on AfC’s Intranet. This policy sets out procedures, responsibilities and actions that are designed to ensure that the company has taken all reasonable steps to prevent the company and its staff being exposed to money laundering; identify the potential areas where it may occur, and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases.
- 3.36. The Director of Finance and Resources is the Money Laundering Reporting Officer (MLRO) for the company. All staff should report any knowledge or suspicion of any activity that could indicate money laundering (e.g. large payments made in cash) to the MLRO using the appropriate form available on the intranet.

Received Gift(s) and/or Hospitality

- 3.37. AfC has published its policy and guidance on gifts, benefits and hospitality on its intranet – all staff should be aware of this policy. In summary:
- a) Employees may, in certain circumstances and subject to strict rules, accept offers of gifts, benefits and hospitality; however, they must at all times, be and be seen to be, fair, impartial and unbiased.
 - b) The receipt of gifts, benefits and hospitality can create conflicts of interest and may give rise to an adverse inference as to the integrity of either the donor or the staff member. At the same time, Achieving for Children recognises that a refusal may cause embarrassment or offence, so the policy ensures that the staff member is able to be very clear with the donor about what is and what is not acceptable.
 - c) Employees receiving offers of gifts or hospitality should at all times be aware of the wider situation in which the offer is made. For example, they should consider whether the donor is in, or may be seeking to enter into, a business relationship with Achieving for Children or may be seeking to tender for a service from Achieving for Children.
 - d) Staff members who are employed to provide face-to-face services, such as in social care or early help, may encounter difficulties in refusing gifts particularly where there is a sentimental attachment and where a service has been carried out over a period of time. In the event of any such gifts, details of any items received must be recorded and acceptance is conditional on approval by the appropriate Director or Associate Director.
 - e) Employees must also consider whether acceptance conforms to the requirements of the law as set out in the Bribery Policy and the Code of Conduct for employees.

- f) Members of staff must not accept gifts, benefits or hospitality that might in any circumstances be thought to influence their judgement or where to do so could bring discredit upon Achieving for Children.
- g) Before accepting any offers of gifts, benefits and hospitality of £25 or over in value staff members should whenever possible seek the approval of their Director. If approval is given, the receipt of the gift, benefit or hospitality must be registered on the Gifts and Hospitality Register and advised to the Monitoring Officer within 28 days of the date of receipt.
- h) Directors should whenever possible seek the approval of the Chief Executive before accepting any gifts, benefits and hospitality and declarations made by them should be signed by the Chief Executive before being forwarded to the Monitoring Officer.
- i) The Chief Executive should whenever possible seek the approval of the Chair of the Board of Directors when considering acceptance of gifts, benefits and hospitality and declarations should be signed by the Chair before being passed to the Monitoring Officer.

3.38. For gifts of **£25** or over in value, employees must declare the following to the Monitoring Officer within 28 days of receipt, using the form set out in the guidance, specifying:

- the precise details of the gift or benefit;
- the estimated value;
- the date the gift/benefit was made;
- details of the person making the gift/benefit;
- details of the recipient of the gift/benefit; and
- the reason(s) for acceptance.

FINANCIAL REGULATION 5 – FINANCIAL SYSTEMS AND PROCEDURES

4.1. This section of the *AfC Financial Regulations* deals with

- the control of income
- the control of expenditure
- taxation
- financial accounting and processing
- the retention of documents
- compliance

Control of Income

4.2. The Director of Finance and Resources shall issue instructions to Service Directors, Associate Service Directors, Service and Budget Managers in relation to the collection of income. Current guidance is provided at [Annex 11](#).

4.3. The Director of Finance and Resources shall maintain a *Contracts Register* for all contracts that the company enters into for the provision of services and advice etc. The register shall include such information as necessary to ensure that contracts are reviewed on an appropriate timescale and variations to the contract price are agreed and implemented in a timely manner.

4.4. Service Directors, Associate Service Directors, Service and Budget Managers must ensure that before entering into any contract, all necessary approvals have been obtained in accordance with the limits set out in the Scheme of Delegation.

4.5. Where services and advice etc. are provided on a demand basis and there is no contract, Service Directors, Associate Service Directors, Service and Budget Managers will undertake an annual review of charges and in accordance with any relevant policy.

4.6. The Director of Finance and Resources will report to Board annually alongside the approval of the Budget for the company, and at such other times as necessary, on all contract prices, income etc. and charges for services provided on demand.

4.7. Service Directors, Associate Service Directors, Service and Budget Managers will ensure that effective recovery processes are in place for all income streams.

4.8. Additional guidance on debtors and debt recovery is provided at [Annex 12](#).

4.9. Any proposals to write off debt that is considered to be uncollectable must comply with the Debt Write Off procedure as issued by the Director of Finance and Resources and the current version of which is provided at [Annex 13](#).

Control of Expenditure

4.10. The Director of Finance and Resources shall issue financial instructions to Service Directors, Associate Service Directors, Service and Budget Managers, with which there must be compliance, in respect of:

- the payment of salaries and other employee costs;
- the use of imprest accounts ([Annex 4](#));
- the payment of out of pocket staff expenses ([Annex 5](#));
- the use of procurement cards ([Annex 6](#));
- the ordering, certifying and payment for all works, goods and services ([Annex 7](#))

Taxation VAT

4.11. The Director of Finance and Resources shall maintain and circulate up to date instructions on the proper treatment and accounting for VAT and shall ensure that net VAT payments are fully and promptly recovered from HM Revenue and Customs.

4.12. Service Directors, Associate Service Directors, Service and Budget Managers and members of their staff shall ensure that VAT is properly accounted for in all transactions in accordance with the instructions issued by the Director of Finance and Resources.

4.13. Service Directors, Associate Service Directors, Service and Budget Managers and members of their staff shall ensure that the VAT implications of any proposed income or expenditure are properly considered prior to the transaction taking place.

4.14. Further guidance on VAT is available at [Annex 14](#).

Corporation and Other Tax

4.15. The Director of Finance and Resources shall obtain appropriate advice on corporation tax and any other tax that the company may be liable for in order to provide the Board, Directors, Service and Budget Managers with advice on the potential impact of any tax.

4.16. The Director of Finance and Resources shall prepare and circulate advice and instructions to the Board, Directors, Service and Budget Managers and staff, as appropriate, on procedures to ensure that all tax is managed and accounted for correctly, including all assessments, returns and payments that are required.

Financial Accounting and Processing

The Director of Finance and Resources may issue financial instructions to Service Directors, Associate Service Directors, Service and Budget Managers and members of their staff which must be complied with in relation to:

- the maintenance and integrity of AfC's accounts insofar as they relate to service income and expenditure and the submission of detailed information for consolidation into AfC's accounts and annual report;
- the maintenance of accounting standards and the adoption of new accounting policies and practices;
- such other matters of a financial nature as are considered necessary

4.17. Service Directors, Associate Service Directors, Service and Budget Managers may issue such additional procedures and control directives as necessary to achieve proper financial administration within their management responsibilities, subject to the approval of the Director of Finance and Resources.

4.18. The Director of Finance and Resources shall prepare AfC's financial accounts and any other financial statements that are appropriate for publication and audit. In order for this to be achieved within the statutory deadline, Service Directors, Associate Service Directors, Service and Budget Managers shall meet the deadlines required by the Director of Finance and Resources.

Retention of Documents

4.19. Service Directors, Associate Service Directors, Service and Budget Managers and members of their staff must retain documents in accordance with guidelines published on the company's intranet – 'Records Management Information Lifecycle Policy'.

4.20. Financial records must be retained for minimum periods depending on the document. Guidelines are set out in Annex 17

Compliance

4.21. The Director of Finance and Resources will monitor compliance with these Financial Regulations and any other instructions issued by the AfC Board relating to its financial affairs. Service Directors, Associate Service Directors, Service and Budget Managers and members of their staff are required to provide whatever information or explanation is deemed necessary.

4.22. The purpose of monitoring is to improve the quality of financial management and administration within AfC and to act as a deterrent to prevent theft, fraud and corruption.

FINANCIAL REGULATION 6 – EXTERNAL ARRANGEMENTS

5.1. This section of the *AfC Financial Regulations* deals with

- external funding and income
- working with other entities

External Funding

5.2. The Director of Finance and Resources shall ensure that all funding due from external entities is received and properly recorded in AfC's financial system.

5.3. Where funding and income is time limited, Service Directors, Associate Service Directors, Service and Budget Managers must ensure that:

- the funding is spent in advance of the end date;
- no financial commitments remain, unless previously agreed by the Chief Executive, after the external funding or grant ceases

Providing Goods and Services to Other Entities – Background

Teckal and reserved matters

5.4. There are two distinct categories of contracts for the provision of goods and services to third parties:

- a) Selling services that AfC already provides as part of its contract with the Councils and
- b) Seeking additional business from third parties in the open market as either consultancy-type work (essentially charging for staff time and expertise that is provided to other entities) or the provision of services to other entities.

5.5. Under the contract with the Councils there is both explicit and implicit reference to services provided to third parties for which AfC makes charges. Examples are:

- Support services to schools
- Duke of Edinburgh Scheme

The provision of this kind of service is treated as a continuation of the services provided by the Councils.

5.6. All other income is not a continuation of services provided by the Councils and the value of such contracts (or services if they are of an ad-hoc nature) is likely to count against a legal limit called the Teckal exemption. This is a fairly complex area of EU law but AfC has a limit to how much external business it can achieve outside of the contract with the Councils. Under the 'function test' in the Teckal exemption, at least 80% of AfC's total income must be from the Councils. If this is exceeded the whole contract with the Councils could be challenged.

- 5.7. The current financial limit is around £12 million. Although current income that counts against Teckal is significantly below this level, the value of external income is a significant risk over the medium term.
- 5.8. The Councils retain the power to make a number of company decisions themselves – ‘reserved matters’. This includes contracts made by AfC with third parties under which AfC supplies goods or services. This control is largely as a result of the Teckal limit and also because of the financial risk to the Councils in effectively guaranteeing any loss on these contracts.

Current rules around providing goods and services

- 5.9. In view of the risks around the Teckal exemption, the Councils and AfC have agreed a Trading Opportunity Evaluation Process under which various tests have to be undertaken before a contract for supply of goods or services can be agreed. This applies to all potential contracts where the total income (over the life of the contract) is £500k or above.
- 5.10. Staff should inform the Partnerships and Business Development team as soon as there is any prospect of new or additional external business with a total income of £100k or an annual income of £25k.

FINANCIAL REGULATION 7 – CONTRACT PROCUREMENT

7.1. This section of the *AfC Financial Regulations* deals with:

- procurement of goods and services
- contract authorisation levels
- roles and responsibilities
- waiver of *AfC Financial Regulations*
- variations and extensions
- framework arrangements
- government catalogues

Introduction

7.2. In addition to this section in the Financial Regulations, AfC has published a *Commissioning Framework* that provides clear guidance to AfC staff about their role in the commissioning process, and also published a *Procurement Code of Practice* that helps officers make and manage purchases effectively, correctly and with confidence. The rules set out in the procurement code of practice apply to all contracts entered into by AfC except contracts of employment, construction and, in some circumstances, where a waiver of contract standing orders has been granted.

7.3. AfC is concerned to ensure that high quality goods, works and services are provided. Efficient use of resources in order to achieve best value is therefore an imperative. The two Councils' reputations are equally important and should be safeguarded from any imputation of dishonesty or corruption.

7.4. For these reasons, it is a disciplinary offence to fail to comply with these Financial Regulations or the *AfC Procurement Code of Practice* when letting contracts. Service Directors, Associate Service Directors, Service and Budget Managers and their staff have a duty to report breaches to the Director of Finance and Resources.

7.5. Reference should be made to the *AfC Procurement Code of Practice* for more detailed procurement procedures.

7.6. If any member of staff is in any doubt about the appropriate action required, he/she should consult their senior manager (who may be required to speak to Legal) in the first instance before proceeding in order to ensure compliance.

Statement of Principles

7.7. These contract regulations provide the framework rules for AfC's procurement of works, goods and services and shall apply to all procurements irrespective of value. Following them will ensure value for money, propriety and the proper spending of public money.

- 7.8. The *AfC Procurement Code of Practice* provides more detail and shall govern AfC tendering and contract procedures. The Director of Finance and Resources shall maintain and issue the *AfC Procurement Code of Practice*. Any procurement activity shall proceed in accordance with these Financial Regulations and the *AfC Procurement Code of Practice*.
- 7.9. The purpose of procurement activity shall be to achieve best value for local people in accordance with the AfC's approved objectives. This could include an innovative approach to building partnerships with the private and not-for-profit sectors within a robust contractual framework, or the development of a shared service with other public sector organisations. Staff with responsibility for procurement shall ensure that they are able to demonstrate achievement of best value by having regard to a combination of economy, efficiency and effectiveness by ensuring that a full options analysis is conducted before proceeding with any procurement.
- 7.10. Every contract or official order for works, goods or services made by AfC shall be for the purpose of achieving the AfC's approved objectives and shall conform to all relevant English and European Union legislation.
- 7.11. It is the responsibility of the relevant Manager to ensure that all contracts must be placed in AfC's *Contract Register*. This is a key contract management tool and is essential for ensuring overall budgetary control and to ensuring that appropriate time is set aside for the re-tendering of contracts that are coming to an end.
- 7.12. Contracts must not be artificially split to avoid the application of the key thresholds contained within these Financial Regulations. For the purposes of the thresholds within these Financial Regulations, the value of a contract must be calculated as per the definition of Contract Value stated in these Regulations which is over the entire length of a contract, and not the annual value including any extensions or variations. The value must be calculated in pounds sterling exclusive of Value Added Tax
- 7.13. Service Directors, Associate Service Directors, Service and Budget Managers and their staff dealing with procurement for standard or repetitive goods and services should actively consider the use of Framework Agreements.
- 7.14. Service Directors, Associate Service Directors, Service and Budget Managers and their staff must seek to avoid, where practicable, using products, substances and services that are known to be, or where there is strong evidence to believe they could be, harmful to the environment or a danger to health (employees, contractors and members of the public). Wherever possible and economically practicable, only materials from sustainable sources must be used.
- 7.15. All Contracts must have provisions setting out a designated contract manager, their reporting duties and clear KPIs for the Contract as set out in the *AfC Procurement Code of Practice*.

Contract Authorisation Levels

- 7.16. For non-construction contracts, Service Directors, Associate Service Directors, Service and Budget Managers may only be authorised to enter into contracts if they have the budget, and in accordance with the parameters set out in the following paragraphs.
- 7.17. PURCHASES UPTO £999 - for small value purchases, Service Directors, Associate Service Directors, Service and Budget Managers and their staff must ensure that their activity reflects value for money for AfC. Where frameworks currently exist, these must be used whenever possible. If in doubt, Service Directors, Associate Service Directors, Service and Budget Managers or their staff should consult with AfC's procurement advisers in the first instance.
- 7.18. Where contracts are entered into for these values, the original copy must be provided to the Director of Finance and Resources.
- 7.19. PURCHASES BETWEEN £1,000 and £49,999 - for medium value purchases, Service Directors, Associate Service Directors, Service and Budget Managers or their staff should utilise an available framework where possible. If a framework is not obviously identifiable, the officer should consult AfC's procurement advisers responsible for the goods or service which they wish to procure. If no such framework exists, then three written quotations must be sought in conjunction with AfC's procurement advisers.
- 7.20. Where contracts are entered into for these values, the original copy must be provided to the Director of Finance and Resources.
- 7.21. PURCHASES OF £50,000 OR ABOVE - procurements over £50,000 should be recorded and be scheduled activity. Procurement activity will need to go through a series of Tollgates which will act as checkpoints, and require sign off as per the thresholds detailed in paragraph 7.22. Procurement activity cannot proceed through to the next Tollgate without receiving the appropriate authority.
- 7.22. PURCHASES OF £100,000 OR ABOVE - procurements over £100,000 should be recorded and be scheduled activity. Procurement activity will need to go through a series of Tollgates which will act as checkpoints, and require sign off as per the thresholds detailed in the table below.

Annual Value	Total Contract Value	Authorisation
<£100,000	<£1,000,000	Service Director/Associate Service Director in agreement with the Director of Finance and Resources
>£100,000	>£1,000,000	Service Director/Associate Service Director in agreement with the Director of Finance and Resources
>£500,000	>£2,000,000	Formal tendering process for managing procurements. Approval by the AfC Board
>£1,000,000	>£3,000,000	AfC Board approval once Director of Finance and Resources has reviewed proposal through Tollgate Process
£2,000,000	>£5,000,000	AfC Board approval once Director of Finance and Resources has reviewed proposal through Tollgate process

Roles and Responsibilities of Service Directors

7.23. Service Directors and Associate Service Directors have a responsibility for all contracts tendered and let by his/her staff. He/she is accountable to the AfC Board for the performance of his/her duties in relation to contract letting and management, which are:

- to ensure compliance with English and EU legislation and AfC Policy;
- to ensure value for money in all procurement matters;
- to ensure compliance with *AfC Financial Regulations* and the *AfC Procurement Code of Practice*;
- to ensure that all staff are aware of the AfC's *Code of Conduct*, in particular the sections 'Purchase of goods and services' and 'Protecting AfC's Competitive Position during Tendering and Purchasing' and also with regard generally to conflicts of interest, financial interest, the undertaking of private works, canvassing and acceptance of gifts, inducements or rewards;
- to declare to AfC any pecuniary interest they personally have in any contract(s) to be let - any such declaration must include any direct or indirect interest, or any personal connection whatsoever, that they may have with, or in, any organisation with which they are dealing on behalf of AfC;
- to ensure that all relevant staff are familiar with the provisions of these Financial Regulations and the *AfC Procurement Code of Practice*;
- to ensure compliance with any guidelines issued in respect of these

Financial Regulations;

- to take immediate action, which must include informing the Director of Finance and Resources, in the event of a breach of these financial Regulations or the *AfC Procurement Code of Practice* within his or her area - for further detail of action to take in the event of a breach, please refer to the *AfC Procurement Code of Practice*;
- to keep records of waivers of any provision of these Financial Regulations;
- to ensure no formal contract is entered into by AfC without the prior approval of the Director of Finance and Resources and AfC's legal advisers;
- to ensure Contracts are signed before work commences

Waiver of Financial Regulations

7.24. A waiver must be approved by the AfC Board if they are satisfied after considering a written report by the appropriate officer that the waiver is justified because:

- the nature of the market for the works to be carried out or the goods or services to be provided has been investigated and is demonstrated to be such that a departure from the requirements of the *AfC Financial Regulations* is justifiable; or
- the contract is for works, goods or services that are required in circumstances of extreme urgency that could not reasonably have been foreseen; or
- the circumstances of the proposed contract are covered by legislative exemptions (whether under EU or English law); or
- it is in the AfC's overall interest; or
- there are other circumstances which are genuinely exceptional

7.25. Where such circumstances arise, an emergency convening of the AfC Senior Leadership Team, as relevant, may be required.

7.26. A record of the decision approving the recommendation for a waiver by the Chief Executive, and the reasons for it, must be recorded in the minutes of the meeting of the Board and kept for future reference.

Variations and Extensions

7.27. A Variation is defined as any change to an existing Contract, Framework or other form of agreement that requires pricing and acceptance by the external provider where there is not an explicit provision in the Contract, Framework or other form of agreement.

7.28. Subject to any statutory restrictions and compliance with the *AfC Financial Regulations* as set out in 7.15, a relevant member of staff must seek the approval of the Director of Finance and Resources and any procurement adviser

as he / she may require in respect of any Variations or Contract Extensions for a particular period that are provided for within the terms of the Contract. However, this must be subject to satisfactory outcomes of contract monitoring, such information having been provided to the AfC Board.

- 7.29. Where a contract does not have any provision for an extension, the AfC Board may approve a single extension of the contract by up to six months, or half the contract term (whichever is less); and any other variation, and if relevant a consequent change in price, determined in accordance with the contract terms in compliance with the Public Contract Regulations.
- 7.30. All Contract Extensions and Variations must be executed in consultation with AfC's legal advisers where necessary.
- 7.31. A record of the decision approving a variation or extension and the reasons for it must be kept and an entry made in the AfC Board Waiver, Variation and Extension register.

Framework Arrangements

- 7.32. Before promoting the procurement of a new or joining a pre-existing framework or consortium arrangement, the relevant Manager must consult with AfC's legal advisers and be satisfied that such an approach represents the most economically advantageous solution for a service work, supply or utility provision and with regard to the relevant EU Rules on the use of such arrangements.
- 7.33. Before procuring or entering into a framework or consortium arrangement, the relevant Manager shall be satisfied that:
- the term of the arrangement shall be or is for a period of no longer than four years duration;
 - the terms and conditions of the arrangement do not compromise the Council's contractual requirements;
 - the parties to the arrangement are recognised public bodies or providers from the private sector as approved by the AfC Board;
 - full, open and proper competition in respect of the creation of the framework or consortium arrangement has taken or will take place in accordance with the relevant EU Rules and/or relevant Financial Regulations

SCHEME OF FINANCIAL DELEGATION

1. AfC's overall Scheme of Delegation covers all aspects of the company's operations. The purpose of the Scheme is to indicate the level at which decisions can be taken. It indicates that certain decisions cannot be taken below this level, and this is the level at which decisions of this kind can normally be taken. It does not imply however, that decisions are taken in isolation and without consultation. Staff at all levels are expected to consult and take advice as appropriate. In some instances a certain level of consultation is prescribed. In addition, the monitoring of decision making to ensure standards are met remains the responsibility of the line managers.
2. The aim of this Annex to the *AfC Financial Regulations* is to set out which members of staff within AfC have delegated authority to act on behalf of the Director of Finance and Resources in carrying out the activities referred to in the main body of the *AfC Financial Regulations*. The document falls within the overall umbrella of AfC's *Scheme of Delegation*. It sets out rules about which staff can receive delegated authority from Budget Managers. This document is intended to provide more detailed guidance on finance specific functions.
3. The Financial Regulations make reference to the following members of staff and their responsibilities:
 - Director of Finance and Resources;
 - Service Directors, Associate Service Directors, Service Managers;
 - Budget Managers;
 - Other specific members of staff.
4. In the exercise of their duties, these staff must comply with the provisions laid out in the *AfC Financial Regulations*. In some circumstances, the responsibilities of these staff may be delegated to other members of staff of an appropriate level. Any member of staff receiving delegated responsibility must comply with the *AfC Financial Regulations*. The delegating officer must ensure that the members of staff have access to and guidance on their interpretation if needed. This document outlines the duties that can be delegated and the members of staff to whom this applies.

Interim Staff

5. Where a post detailed in this document is being undertaken by an interim consultant or agency member of staff this member of staff must sign to confirm that they have received a copy of the *AfC Financial Regulations* and agree to comply with them.
6. Budget Managers may not delegate the financial management of their budget or the ability to incur expenditure to an agency member of staff or

consultant.

7. Where delegations are passed to non-permanent members of staff prior approval must be gained from the Director of Finance and Resources.

Director of Finance and Resources

8. The Director of Finance and Resources is responsible for ensuring the stewardship of public funds. The *AfC Financial Regulations* set out certain processes to ensure the Director of Finance and Resources meets this obligation. This document (as set out in Annex 1) outlines those members of staff to whom delegated authority is given to carry out finance functions. Any proposed variations to this list must be confirmed with the Director of Finance and Resources in advance of arrangements being put in place.

Decision to be Delegated	Members of staff to whom delegation applies
1. General	
To ensure compliance with <i>AfC Financial Regulations</i>	Director of Finance and Resources
To interpret <i>AfC Financial Regulations</i>	Director of Finance and Resources
To issue financial procedures within the scope of and to supplement AfC's agreed Financial Regulations	Director of Finance and Resources
To exercise all the functions of AfC's Chief Financial Officer, including proper administration of AfC's financial affairs under all relevant Acts	Director of Finance and Resources
To authorise certain write-offs in accordance with <i>AfC Financial Regulations</i>	Director of Finance and Resources
To commit and authorise expenditure in line with all internal guidance, including guidance issued by the Director of Finance and Resources (<i>AfC Financial Regulations</i> and other supplementary guidance etc.) and other guidance issued.	Nominated Budget Managers for each cost centre / general ledger code /
To authorise and commit expenditure within agreed budgets.	Service Directors, Associate Service Directors, Service Managers, Budget Managers
To vire budgets up to the limits set out in the scheme of virement	Director of Finance and Resources
To receive or write reports on the financial issues within AfC and ensure that all reports are correct and consistent with AfC policies	Director of Finance and Resources
To review and recommend changes in the fees and charges for services	Director of Finance and Resources and Service Directors if under £10k
To acquire fixed assets in accordance with <i>AfC Financial Regulations</i>	Director of Finance and Resources

To provide advice on vires issues, maladministration, financial impropriety, probity, policy framework and budget issues to all members of the AfC Board	Director of Finance and Resources
To discharge AfC's responsibilities relating to the administration of the cashing and miscellaneous income functions, including debt write off, enforcement action and the authorisation of legal proceedings	Director of Finance and Resources
To approve and control all banking arrangements of AfC	Director of Finance and Resources
To administer and control all balances and provisions of AfC and report on such to the AfC Board and Achieving for Children Joint Committee	Director of Finance and Resources
To implement AfC's <i>Financial Plan (Treasury Management Policies)</i> and administer treasury management activities in accordance with the policy and strategy that has been approved by the AfC Board.	Director of Finance and Resources
To carry out or make arrangements for the carrying out of financial vetting of contractors and other similar organisations	Director of Finance and Resources
To arrange insurance cover and the settlement of claims	Director of Finance and Resources
To make arrangements for the keeping and production of the accounts of AfC in accordance with statutory requirements	Director of Finance and Resources
To prepare revenue strategies and the Medium Term Financial Plan for AfC for submission to the AfC Board and Joint Committee	Director of Finance and Resources
To manage and operate the financial support, reporting and advice services provided to Council schools, education and children's establishments	Director of Finance and Resources
To discharge all related responsibilities, including PAYE, National Insurance (NI), VAT, Corporation Tax	Director of Finance and Resources
To authorise financial decisions (other than those that are the responsibility of the AfC Board or other staff under the Constitution and <i>AfC Financial Regulations</i>), subject to the requirements and restrictions of the budget framework	Director of Finance and Resources
To approve Human Resources financial transactions,	Director of Finance and Resources

Budget Managers

- The Director of Finance and Resources shall nominate a responsible Budget Manager for each cost centre. [Annex 2](#) of the *AfC Financial Regulations* sets out the responsibilities of Budget Managers in relation to their cost centres / capital schemes. All these activities must be carried out in compliance with the *AfC Financial Regulations*. Budget Managers cannot delegate their budget management responsibility but may delegate certain budget management tasks. The delegating officer must ensure that the nominated member of staff has access to and fully understands their duty to comply with the *AfC Financial*

Regulations.

Function	Members of staff to whom delegation
2. Budget Managers	
The authorisation of Accounts Payable invoices for	Nominated staff member
The raising of Accounts Receivable invoices	Nominated staff member
Monitoring activities	Nominated staff member
Debt write off recommendations	Nominated staff member

AfC Board of Directors

10. The following powers are reserved for the AfC Board of Directors (which also includes any Committees of the Board).

Function	Members of staff to whom delegation
3. AfC Board of Directors	
To approve the Budget for the year	AfC Board of Directors
To receive the external auditor report	AfC Board of Directors
To agree the programme for the internal auditor	AfC Board of Directors
To receive regular financial management accounts	AfC Board of Directors
To approve the Company's Annual Report and	AfC Board of Directors

AfC Joint Committee

11. The following matters are 'reserved matters' that the two Councils (RB Kingston and LB Richmond) have retained responsibility for. Decisions on these matters can only be decided by the Councils acting as owners of the company in a general meeting. In practice these matters are agreed through the commissioning process (Operational Commissioning Group and the Children's Commissioning Board) and formal decisions are made by the AfC Joint Committee (that includes Leading Members of both Councils) and actioned by the Chief Executives of the Councils in a general meeting.

Reserved Matters
4. AfC Joint Committee and decisions by the Councils in General Meeting
Permit the registration of any New Member of the company.
Vary, in any respect, the Articles or the rights attaching to any of the shares in the Company.
Enter into any arrangement, contract or transaction resulting in expenditure either with a capital value greater than £10,000 or revenue value greater than £10 million. Any expenditure of such revenue by the Company being less than £10 million shall be subject to the Company's own Financial Regulations and shall be subject to prior approval within the Business Plan and operating revenue budget, which shall be approved by the members in accordance with the Reserved Matters.
Enter into any arrangement, contract or transaction where the company is providing services to third parties without following the Trading Opportunity Evaluation Process as produced by the members. Such arrangements, contracts or transactions shall also be subject to prior approval within the Business Plan, which shall be approved by the members in accordance with the Reserved Matters.
Enter into any borrowing, credit facility or investment arrangement (other than trade credit in the ordinary course of business) that has not been approved by the members under the Financial Plan.
Deal with any surpluses of the Company.
Appoint or remove any Company Directors.
Agree any terms for any Directors (for the avoidance of doubt this does not include the terms and conditions of employment of Executive Directors as defined in the Articles of Association of the Company).
Appoint or remove any auditor of the Company.
Adopt or amend the Business Plan in respect of each financial year, which for the avoidance of doubt shall include the adoption and amendment of an operating revenue budget for the financial year to which it relates.
Adopt or amend the Financial Plan
Agree any change in employment terms and conditions which would be inconsistent with the National Joint Council National Agreement on Pay and Conditions of Service and any changes to the pay and grading structure of the chief executive post of the Company
Form any subsidiary of the Company or acquire shares in any other company or participate in any partnership or joint venture with a view to providing services to third parties without being subject to the Trading Opportunity Evaluation Process as prescribed by the Members.
Amalgamate or merge with any other company or business undertaking.
Sell or dispose in any way whatsoever, any part of the business of the Company.
Enter into any arrangement, contract or transaction within, ancillary or incidental to the ordinary course of the Company's business or is otherwise than on arm's length terms.
Pass any resolution for the winding up of the Company or present any petition for the administration of the Company, other than where the Company is insolvent.

BUDGET MANAGER RESPONSIBILITIES

Purpose of Financial Regulations

1. AfC is faced with a number of overriding objectives in the management of its financial affairs. These are:
 - to secure the best value for money in all financial transactions;
 - to prevent fraud and other financial irregularity;
 - to ensure propriety in all business dealings through a policy of openness and transparency
2. Compliance with the *AfC Financial Regulations* will help to meet these aims and safeguard those members of staff entrusted with public money.
3. All Budget Managers and Budget Signatories must sign a *Budget Signatory Authorisation Form* ([see Appendix 2](#)) providing a specimen signature to be used when authorising official documents and must agree to adhere to the responsibilities set out in paragraph 5 below. The form must be countersigned by their line manager and returned to the AfC Finance Team.
4. The Director of Finance and Resources will maintain a list of authorised Budget Managers and Budget Signatories. Service Directors, Associate Service Directors, Service and Budget Managers must advise the Director of Finance and Resources or the AfC Finance Team immediately of any staff changes affecting the approval of invoices or other payments.

General Responsibilities

5. Budget Managers **must**:
 - not overspend a budget or commit expenditure where no budget provision has been agreed;
 - ensure that standards and performance targets associated with budgets are achieved;
 - provide accurate, realistic and timely spending projections to the Director of Finance and Resources and the AfC Finance Team;
 - code expenditure and income correctly and in a timely manner;
 - follow prescribed processes to meet the requirements of internal and external audit, public accountability and the Director of Finance and Resource's compliance regime;
 - keep appropriate records to meet the requirements of internal and external audit, public accountability and the Director of Finance and Resource's compliance regime;
 - ensure that value for money is achieved in all purchasing activities;
 - ensure that all invoices are paid promptly in accordance with the relevant terms of trade;

- ensure that all income due to AfC is promptly collected;
- prevent fraud and other financial impropriety;
- report any suspicions of fraud or other financial impropriety to their Service Director and Internal Audit

BANKING ARRANGEMENTS AND CHEQUES

Overview

1. AfC may operate a number of bank accounts for the collection and payment of monies. Receipts and payments are made through these accounts by both manual (cash, cheques) and electronic (BACS, CHAPS) means. All payments / receipts should come through AfC's centrally held main account - only in exceptional circumstances will separate accounts with cheque books / paying in facilities be issued.

Key Banking Controls

2. All arrangements with AfC's bankers concerning its bank accounts will be made through the Director of Finance and Resources. Only the Director of Finance and Resources is authorised to open bank accounts relating to AfC's business.
3. All bank accounts shall bear an official title and in no circumstances shall an account be opened in the name of an individual. All stocks of cheques must be held securely and stock records maintained to identify both issued and spoilt cheques.
4. Bank accounts shall be reconciled with cash books at least once in each month and any discrepancies identified and appropriate action undertaken.
5. Service Directors, Associate Service Directors, Service and Budget Managers, shall arrange such safeguards as necessary and practicable in relation to bank accounts, including the separation of staff duties, so that as far as possible the following are the responsibility of at least two separate members of staff:
 - checking of creditors accounts;
 - control of cheque forms;
 - preparation of cheques;
 - signature of cheques;
 - despatch of cheques;
 - entry of the cash accounts;
 - reconciliation of bank balances

PETTY CASH / IMPREST ACCOUNTS

Overview

1. The Director of Finance and Resources shall make such advances as deemed appropriate either to service management or direct to particular members of staff for the defraying of authorised expenses of AfC. Such advances shall be maintained on an imprest basis.

Key Petty Cash Controls

2. A request should be made in writing, through the Director of Finance and Resources, in order to open / close a petty cash account / imprest account or an account with AfC's Bankers for use by an imprest holder.
3. Imprest accounts shall not be permitted to be overdrawn.
4. Adequate security arrangements with regard to any cash balances held should be exercised at all times in accordance with any requirements of AfC's Insurers.
5. Each imprest holder shall annually, and at other times when requested, provide a certificate to the Director of Finance and Resources of the amount held and a reconciliation covering all expenditure incurred.
6. On leaving AfC's employment, or otherwise ceasing to be responsible for an imprest, any appropriate member of staff shall account to the Director of Finance and Resources for the amount advanced. It is the responsibility of the relevant employee's line manager to ensure that this happens.
7. Payments shall be limited to minor items of expenditure not exceeding £100 unless prior approval is given by the Director of Finance and Resources, Associate Director Finance, Head of Management Accounts or Head of Financial Control for exceptional payments in excess of this figure.
8. Receipts for all disbursements shall be obtained and the imprest holder shall obtain a signature for all reimbursements. A VAT invoice must be obtained for all purchases, and care taken to isolate the VAT element in any payment made from the imprest account.
9. The imprest holder shall be responsible for the control and operation of the imprest account in accordance with any instructions issued by the Director of Finance and Resources. Expenditure which should form part of the payroll system e.g. car allowances, subsistence and payment to casual staff shall not be processed through imprest accounts.

10. No income other than the original advance and reimbursement shall be credited to an imprest account.

Operation of Bank Account

11. The Director of Finance and Resources is responsible for setting up all bank accounts.
12. The Director of Finance and Resources will agree the imprest level with the spending section. This amount will be kept to the minimum level possible.
13. All bank accounts shall bear the official title and in no circumstances shall an account be opened in the name of an individual.
14. In no circumstances shall an account become overdrawn, nor loans to and from other funds be made.
15. The balance of the account should be reconciled to the bank statement at least once a month.
16. Accounts should be paid by cheque where possible and the level of cash be kept to a minimum.
17. All payments by cash and cheque should be supported by relevant documentation.
18. Income received (other than official reimbursements) must not be paid into any imprest account.
19. A signature should be obtained from any claimants indicating the amount actually received for all expenses payments.
20. Payments should only be made through an imprest system when purchase through the official order system is impractical.
21. Two signatures are required on all cheques issued from imprest accounts.

Limitations of Use

22. The following must not be paid from an imprest account:
 - car mileage claims;
 - fees and expense claims in respect of post entry training, conferences, courses and seminars;
 - subsistence allowances for early morning or evening activities in lieu of overtime;
 - removal expenses;
 - telephone rental / charges reimbursement;
 - payments to casual staff, individuals or contractors for services provided to the company.

Reimbursements

23. Claims may be made at any time, however a period of two weeks should be allowed for clearance.
24. The cash book should be totalled, balanced and fully reconciled to the bank statement at the year end. At the 31st March each year, a signed certificate for production to the Director of Finance and Resources will be required from the imprest holder.
25. VAT vouchers should be retained for six years, other vouchers for at least three years.

Increases / Decreases in Imprest Levels and Changes to Bank Account Signatories.

26. Any increases in the level of imprest, whether permanent or temporary, must be made through the Director of Finance and Resources. He / she will arrange for payment to the appropriate bank.
27. Recovery of temporary increases will be achieved by a reduction from the next reimbursement claim by the spending section.
28. If a change to the authorised signatories is required, the spending service will arrange for a new bank mandate to be drawn up and the Director of Finance and Resources will inform the relevant bank of the changes.

Other

29. Loss or Theft – Should any loss occur full details must be reported **immediately** to the Director of Finance and Resources and Internal Audit as should any suspected misadministration.
30. VAT – details which are required on VAT invoices are:
 - name, address and VAT registration number;
 - date of supply;
 - description of goods / service to enable identification;
 - amount payable (inclusive of VAT);
 - division of costs between net cost and VAT;
 - rate of VAT
31. Determination of net cost and hence VAT from total cost, for a tax of 20%
Net cost = $\frac{\text{Total cost}}{1.20}$ VAT cost = Net cost x 1.20
32. If a supplier is not registered for VAT, the receipt / invoice should have this stated on it.
33. Payments in Advance – Payments in advance must only be made in

exceptional circumstances.

34. Where authorised staff either fail to provide a properly supported certificate of the balance held at 31st March (within the deadlines set by the Director of Finance and Resources), or is shown through an internal audit (or similar) investigation to be persistently failing to control and reconcile expenditure on a regular basis, the Director of Finance and Resources may suspend or withdraw the facility.

PAYMENT OF STAFF EXPENSES

1. The guidance below explains how claims for staff expenses should be made. This method is for AfC paid staff only. Agency staff should claim their expenses through the Adecco Beeline on-line system, or other employment agency.
2. All payments of expenses must be made through the iTrent payroll system and in accordance with the instructions provided by iTrent.
3. All claims must be submitted within three months of incurring the expenditure.
4. A scanned image of the claim evidence must be attached for the Budget Manager to view before any claim can be authorised. This evidence may also be needed for audit or VAT inspections at a later date.

PROCUREMENT CARDS

Overview

1. This guidance note is intended to be in addition to the guidance on ordering, certifying and paying for goods and services (see [Annex 7](#)). It is an instruction on use of a procurement card to purchase goods or services.
2. There is a general trend in the market place to move away from more traditional methods of payment (payments by cheque and BACS on submission of an invoice). Some market sectors (such as online purchasing of goods and services) will only accept payment by procurement card and it is acknowledged that payment by procurement card in certain areas can drive efficiencies and reduce the overall cost of procurement.
3. AfC operates a Procurement Card Scheme through the Royal Bank of Scotland using the RBS online software to record and approve expenditure.

General Use

4. Procurement cards are to be used where other traditional methods of payment are not available (such as some online services) or, where the use of more traditional payment methods would be impractical or, where a better purchase price can be secured by using them (e.g. discounts) or, where use of a procurement card would introduce a significant efficiency into the purchasing process.
5. AfC procurement cards are not to be used for personal purchases or to secure a deposit on a personal transaction. To do so may result in disciplinary action being taken.
6. AfC procurement cards are issued to named members of staff and must only be used by those staff. Cards must not be used by any person other than the member of staff named on the card. The only exception is if the procurement card is an “embedded” card lodged with one of AfC’s suppliers.
7. Card PIN numbers must not be kept with the cards and cards must be kept secure at all times.
8. The card holder should not divulge the card PIN number to anybody.
9. Card holders must confirm all their transactions within a reasonable time and regularly check their card transactions to ensure no unauthorised transactions have occurred.
10. Segregation of duties - all payments should be checked by the card holder (reviewed) and verified (approved) by another appropriate member of staff,

usually a line manager.

11. Suitable documentation should be kept for all card expenditure.

12. Where VAT is charged, a VAT invoice/receipt must be obtained in order that AfC can recover this element of the expenditure. VAT must be recorded against the transaction and where different rates are charged to different elements of the purchase these should also be recorded separately.

Issuing Procurement Cards

13. A business case must be made to support a request for a procurement card to be issued to a member of staff.

Security

14. Card holders are responsible for ensuring that their card is kept secure at all times and that their PIN number is also secure.
15. A card holder is responsible for identifying fraudulent use on their card's account. Card holders are also responsible for reporting any fraudulent use to both the issuing bank and to the Director of Finance and Resources as soon as practically possible.

ORDERING AND PAYING FOR WORK, GOODS AND SERVICES

Overview

1. Public money should be spent with demonstrable probity and in accordance with both Councils' policies. AfC's procedures should help to ensure that services can receive value for money in their purchasing arrangements. These procedures should be read in conjunction with [AfC Financial Regulation 7](#) (Contract Procurement) and AfC's *Procurement Handbook*.
2. Every Service Director, Associate Service Director, Service and Budget Manager and member of staff has a responsibility to declare any links or personal interest which they may have with purchasers or suppliers and / or contractors if they are engaged in contractual or purchasing decisions on behalf of AfC or either Council. In addition they must comply with the appropriate Codes of Conduct.

Key Payment Controls

3. The ordering and purchasing of all goods and services must comply with AfC Financial Regulation 7 (Contract Procurement) and AfC's *Procurement Handbook*. For those purchases of goods and services that fall below the thresholds set out in AfC Financial Regulation 7 (Contract Procurement), the key controls for ordering and paying for work, goods and services are set out below.
4. All purchases of goods and services must be backed up by appropriate documentation that provides an audit trail for the transaction. Such documentation might be a contract, specialist records relating to specific service provision, record of an on line order, a non- AfC order form or an official order. The records must show the goods and services being procured, an estimated price and the name of the authorising member of staff. The Director of Finance and Resources may, from time to time, specify exceptions to this requirement. The current exceptions are utility bills, rent payments and purchases of minor items through petty cash or procurement cards.
5. All goods and services must only be ordered by authorised members of staff and must be recorded.
6. Goods and services must be checked to ensure they are in accordance with the order.
7. Payments must only be authorised by authorised members of staff who can certify that goods have been received in terms of price, quantity and quality and no payment has already been made in respect of these goods / services.
8. All payments must be made to the correct person / persons, for the correct amount and shall be properly recorded regardless of the payment method.

9. No payment shall be made to any organisation in advance of goods or services being rendered to AfC except in instances of subscriptions, memberships, training courses, etc. Formal consent of the Director of Finance and Resources must be obtained in other instances.
10. All appropriate payment documents must be retained and stored for at least the defined period in accordance with AfC's *Retention Periods for Finance Documents* – Annex SSSS.
11. Managers and other members of staff certifying accounts for payment shall ensure that they are dealt with promptly, ensuring that any discounts available can be obtained and that any performance indicator for payment timescales is met.
12. All expenditure, including VAT, must be accurately recorded against the correct budget.
13. In addition, the effect of e-business / e-commerce and electronic purchasing requires that processes are put in place to maintain the security and integrity of data for transacting business electronically.
14. Official orders must be in a form approved by the Director of Finance and Resources.
15. Each order must conform to the directions of AfC on central purchasing and the standardisation of supplies and materials. AfC's standard terms and conditions must not be varied without the prior approval of the Director of Finance and Resources.
16. Apart from petty cash, other payments from imprest / advance accounts (see [Annex 4](#)) or payments made by procurement card (see [Annex 6](#)), the normal method of payment shall be by cheque or BACS drawn on AfC's bank account by the Director of Finance and Resources. Payments made through petty cash, imprest account or procurement card must comply with the relevant guidance issued in respect of that payment method.
17. The use of direct debit or standing order shall require the prior approval of the Director of Finance and Resources.
18. Official orders must not be raised for any personal or private purchases, nor should personal or private use be made of AfC contracts.
19. Commonly used goods, materials and services are to be contracted for and purchased from the named suppliers. This provision may be waived in the event of a genuine emergency where agreement has been given by the Director of Finance and Resources.

Any purchase of IT software or hardware (except for consumables and purchases for clients of the leaving care teams or similar) must be through AfC's IT Provider.

SUPPLIERS AND MAKING AN ORDER

1. A vendor is the term given to suppliers and contractors selling goods or services to the AfC. Where at all possible, orders should be made with vendors who have already been set up on AfC's finance system (AGRESSO). Using a new vendor may mean considerable delays in making the first payment to the supplier/contractor and you will be asked you to provide extra information about the company or individual.
2. A list of the current commercial vendors set up and ready to be used is available from the AfC central Finance Team.
3. If the company/person is not an existing vendor you must send them the *Trading with AfC* form (see [Appendix 10](#)) before any goods/services are ordered or supplied.
4. You should not engage any vendor until the form has been completed and they have been set up on AGRESSO. You should ensure that the '*This form must be returned to:*' section at the top of page 1 is completed before issuing the form. You should indicate the Engaging Officer's name, address and description of the supply requested.
5. The order should be sent direct to the company, unless requested by telephone, at which time the order number must be given and a "confirmation official order" sent the same day. Orders should only be written on official order pads which can only be obtained from the AfC Finance Team.
6. AfC works on strictly 30 day payment terms. This means the money will be paid into the vendor's bank account on the 30th day after the date of the invoice. The vendor MUST be made aware of and agree to these terms before signing the *Trading with AfC* form ([Appendix 10](#)) and any services or goods have been requested. Under the *AfC Financial Regulations*, payments should not be made in advance for any goods and services, except in instances of subscriptions, memberships, training courses, etc.
7. Once the form has been forwarded to the company and the completed version has been returned, you must check that the vendor has entered details in each relevant section, making sure the form has been signed by the vendor's representative in Part 3. This cannot be a typed name or written in block capitals, but must be a manuscript signature.
8. In Part 1 (Section 8) please make sure they have entered their own account name, not the banks name (a common error).
9. The completed form should be signed by the budget holder on page three of the

form.

10. Please note that any form not signed by either the company or the budget holder will be returned and will cause delay to the vendor being set up.
11. All completed forms should be sent to the AGRESSO Control Team, Accountancy Section, Ground Floor, Civic Centre for checking.
12. Once the form has been cleared by AGRESSO Control it will then be passed to the Processing team for the vendor to be created.
13. The Engaging Officer and/or budget holder will receive an email confirming the vendor number, which should be written on the white invoice certification labels when authorising the invoice.
14. Orders must be raised for all requests for goods and/or services with the exception of recurring subscriptions and periodical payments e.g. rental agreements and utility supplies.
15. The order should state that invoices should be sent to AfC, name of person ordering the goods/service, department and full address.

Payments to Clients

16. Certain teams/Budget Holders are in possession of vendor accounts to be able to make one-off payments of grants or benefits to clients (individuals), which are made via an AfC *Pro-Forma Invoice* (see [Appendix 4](#)).
17. Where multiple payments are required for the following types of client:
 - direct payments
 - leaving care allowance
 - residence orders
 - special guardianship
 - home improvements
 - short term lease landlord
 - Individuals providing bed & breakfast
 - foster carers
 - adoptive parents
 - medical doctors

on immediate payment terms, a AGRESSO vendor account should be created.

18. These clients (vendors) are exempt from the Employee Status Questionnaire process. The *Request for Client Details* form (see [Appendix 11](#)) is to be used by the Engaging Officer to collect the client's address and bank details for payment by BACS transfer. The form must be signed by the client, approved by the Budget Holder and sent to the Processing Team.

PAYING INVOICES

Invoice Template

1. Invoices come in a variety of formats. [Appendix 1](#) provides a sample provider invoice detailing all required information that should be included on an invoice from a vendor supplying goods and services to AfC. This can be sent out as an example of good practice to ensure all required details are covered.

Invoice Checks

2. When an invoice from a supplier, requesting the payment for the goods or services that they have supplied, is received, Service Directors, Associate Service Directors, Service and Budget Managers and their staff must ensure that:
 - the goods / services have been received and are to the required specification;
 - the invoice is addressed to Achieving for Children;
 - the full name and address of the payee/supplier is printed on the invoice;
 - a unique invoice reference number is printed on the invoice (Maximum of 16 characters);
 - an invoice date is printed on the invoice (dd/mm/yyyy);
 - VAT amount is correct and clearly identified (if applicable);
 - the net amount and VAT amount add up to the total amount of the invoice;
 - invoices are forwarded to the engaging budget holder or nominated deputy for approval
3. Invoices cannot be manually amended and will require the budget holder to request the vendor to re-submit a corrected replacement invoice.

Authorising an Invoice

4. When authorising invoices, Service Directors, Associate Service Directors, Service and Budget Managers and their staff must ensure that:
 - the finance authorisation label is used - sheets of labels can be collected / requested from the AfC Finance Team;
 - the white labels are not placed over any information needed to process the invoice, i.e. the invoice totals, invoice no., invoice date, etc.;
 - where possible, the white labels are placed on the front of the invoices, not on the reverse of the invoice or the accompanying statement or documentation;
 - when the invoice is received in the post, the invoice is stamped with the date; this date should then be written on the white label where it asks for 'Inv rec'd' as this date must be entered into AGRESSO when processing the payment;
 - the cost centre and GL codes are correct and active on AGRESSO - some codes

may exist but can be blocked - please check with the AfC Finance Team for a current list of GL codes;

- the net amount (excluding VAT) has been entered on the white label next to cost centre and GL codes; this amount will be shown against the budget;
 - the member of staff authorising the invoice is the approved Budget Manager or nominated deputy for that cost centre;
 - the authorising officer's first name and surname are printed clearly in legible writing, underneath the signature on the label;
 - the appropriate copy of the official order is attached to the invoice;
 - the invoice has not already been paid or sent to the Processing Team for payment, to avoid duplication of payment
5. Any invoices submitted to the Processing Team for payment which do not comply with the above, will be returned to the Budget Manager for correction before payment is made.

New Supplier Accounts

6. If the invoice is from a new supplier, please ensure they have completed a *Trading with AfC* form (see [Appendix 10](#)) which has been received and processed and that a new vendor account has been created on AGRESSO.

Utility Bills

7. Brought forward figures are not included in the payment when processing utility bills, such as Southern Electric, British Gas, EDF Energy, Thames Water, BT, O2, T-Mobile and Virgin Media.
8. Where there is a brought forward figure, a copy of the unpaid invoice/s should be requested from the company. The account can be brought up to date only when these outstanding invoices are paid.
9. Many utility companies send statements together with their invoices/credit notes. Budget managers must ensure that each invoice/credit note are authorised individually as these are processed separately.
10. If the utility invoice shows a credit balance then there is nothing to pay. Budget managers must keep the invoice until they receive the next one to ensure the credit balance has been taken into account and off set against the next monthly charges.

Credit Notes

11. Credit notes should be authorised and coded in the same way as invoices.
12. When credit notes are received, AGRESSO is checked to ensure that the invoices the credit note relates to has already been paid. Please note that a credit note will be returned where the original invoice has not been paid and

requested that it should be re- submitted together with the unpaid invoice.

13. Credit notes, which do not relate to specific invoices (i.e. for refunds) are processed when received.

Remittance advices / Statements / Purchase orders / Advice Notes / E-Mails

14. Payments are not made on any of the above documents. Only invoices are processed – if necessary, copy invoices should be requested for payment to be authorised.
15. If you receive a statement detailing outstanding invoices, please call the company to request a copy invoice.

Processing of Invoices

16. Invoices are processed (parked) by the Finance Team as they are received, irrespective of invoice date or due date.
17. The details are then checked and released (posted) within the next 10 days.
18. Once the payment has been posted, it will show in Aggresso against the relevant budget code.
19. The payment to the supplier will be released once the due date is reached.
20. The due date is determined by the payment terms held on the master vendor record and will be calculated from the invoice date.

Payment Terms

21. AfC's standard payment term for goods and services is 30 days.
22. In most cases, payment is released 28 days from the date of the invoice. This is to allow for the two working days it takes for BACS payments to reach the recipients bank account.

Urgent Payments

23. In extreme circumstances, if a payment is required to be processed urgently, it must be received by the Finance Team no later than 11.00am to be included in that day's payment run (payment terms permitting).
24. Overdue invoices submitted to the Finance Team after their due dates are not considered as urgent.
25. In extreme cases, same-day payment may be made through the Company Finance Team. Such payments are only agreed for payments to individuals

where financial stress may result if payment is delayed. There are strict time limits for making same-day payments and these can only be made if AfC has sufficient funds in its business account.

Making Payments without an Invoice

26. Where a payment needs to be generated internally (without having received an invoice) such as for refunds, allowances or discretionary payments a *Pro Forma Invoice* ([see Appendix 4](#)) must be completed.
27. Service Directors, Associate Service Directors, Service and Budget Managers and their staff must ensure the following fields on the *Pro forma Invoice* are completed:
 - vendor number or 'service specific one-off vendor name' to use for payment;
 - invoice date or date pro-forma is completed;
 - invoice total – the total amount you wish to pay;
 - reference number by which the person/ vendor will be able to identify the transaction;
 - cost centre and GL codes are correct and active on Agresso - some codes may exist but can be blocked - please check with the AfC Finance Team for a current list of GL codes: [information for budget holders](#);
 - address of where remittance advice should be sent;
 - reason for payment - this should be no more than 45 characters and is entered in text field;
 - bank details- the approved method of payment is by BACS transfer, therefore obtain the recipients bank details in writing and associate with the form;
 - the member of staff authorising the payment must be an approved budget holder or nominated deputy for that cost centre;
 - the authorising officer's first name and surname must be printed clearly in legible writing.

VAT

28. There should never be the need to put VAT on a pro forma invoice.
29. VAT should only be paid where there is a valid VAT invoice.
30. All completed pro-formas must be backed up by appropriate documentation that provides an audit trail for the transaction.
31. Any pro-forma submitted which does not comply with the above, will be returned to the budget holder for correction before payment can be generated.
32. Please note cheque payments are run once a week on a Thursday and received by the processing team on Friday mornings.
33. Payments by BACS transfer are run daily and value is received by the supplier two days later – i.e. if a BACS payment is processed on Monday value is received on Wednesday.

DEBTOR INVOICING

Completing a Debtor Invoice Request Form

1. If you wish to charge for goods or services to a company or individual, you need to complete an *AfC Debtor Invoice Request Form*. An example of this form can be found in [Appendix 5](#).

2. The following information must be entered on the form before an invoice can be raised.
 - NAME – this should be name of the person, including initial(s), where an individual is being invoiced. If it is a company that is being invoiced, then this should be the company name and not a person's name.
 - ADDRESS – this should include the full address including the postcode.
 - THEIR REFERENCE – this should include a contact name, if a company is being invoiced; official order or reference number; telephone number (which is compulsory for debt collection purposes).
 - DETAILS OF INVOICE – this should be a full description of the service provided, including relevant dates, if appropriate.
 - AMOUNT TO BE INVOICED – this should include VAT at the current rate, if appropriate to the service provided. (Note: this is determined by the material number selected)
 - CUSTOMER No – this can be provided by the requestor, if known, but is normally entered by the Central Processing Team.
 - SALES OFFICE - this relates to the service area you are billing for.
 - COST CENTRE – a cost centre code must always be provided which, for AfC, must be a revenue code starting with a letter "A". (Note: capital codes starting with CA or CB cannot be used when raising debtor invoices.)
 - GL (GENERAL LEDGER) CODE – this should always be a five digit income code starting with a '6'. (Note: GL codes starting with a '2' or '3' cannot be used as they are expenditure codes only). All GL codes are determined by the material number (see below) which you have selected.
 - MATERIAL No - this relates to the type of good / service you are billing for.
 - Please be aware that some material numbers add VAT to the amount charged. If VAT is not applicable please ensure that a zero rated (Z) material is used. If no suitable Material number is available, please contact the AfC Finance Team.
 - REQUESTED BY- this should include the name, full telephone number and location of the requestor.
 - INVOICE TO BE RETURNED – indication (Yes/No) should be given whether invoice needs to be returned to the originator or sent out in the external post.

3. After completion and authorisation, scan a copy of the form and email to the

'AfCTransactions' inbox.

4. Once the invoice is received by the Transactions Team, it will be
 - raised within 10 working days;
 - created overnight and received the following day - the invoice will be emailed directly to the customer unless there are different instructions from the requester

Completing a Credit Memo Request Form

5. When a raised invoice is to be cancelled, say because the invoice is disputed by the customer, a *Credit Memo Request Form* (see [Appendix 6](#)) should be completed. A new *Debtor Invoice Request Form* will be required for undisputed items.
6. The following information must be entered on the form to create the Credit Memo.
 - NAME – this should be name of the person, including first name or initial(s), the original invoice was issued to. If it is a company that has been invoiced then this should be the company name and not a person's name.
 - ADDRESS – this should include the full address including the postcode (as on Agresso)
 - INVOICE NUMBER TO BE CANCELLED – enter the number of the invoice which you are cancelling.
 - REASON FOR CANCELLATION OF INVOICE – this should be the reason why you are cancelling the invoice.
 - AMOUNT TO BE CREDITED – this should be the total of the invoice not a partial credit amount.
 - REQUESTED BY- this should include the name, full telephone number and location of the requestor.
 - CREDIT NOTE TO BE RETURNED – indication (Yes/No) should be given whether the credit note needs to be returned to the requestor or sent out in the external post.
7. Once the *Credit Memo Request Form* is received by the Processing Team, it will be:
 - raised within 10 working days;
 - created overnight and received the following day - the credit memo will either be sent out in the external post or returned to the requestor
8. All required fields should be completed otherwise the form will be returned. The above forms should be used, unless an agreement is in place to supply the information in a different format. The completed form, duly authorised and signed, should be sent to the Transactions Team for processing.
9. The invoice or credit note created will be emailed to the customer by the Transactions Team unless requested to return to the budget holder.

INCOME COLLECTION

Overview

1. Income can be a vulnerable asset and effective utilisation of income collection systems is essential to ensure that all of the income due to AfC is identified, collected, receipted and banked properly. It is preferable, whenever practicable, to obtain income in advance of supplying goods or services as this improves AfC's cash flow and also avoids the time and cost of collecting debts.

Key Income Collection Controls

2. The key controls for the collection of income are set out in the following paragraphs.
3. All income due to AfC must be identified and charged for correctly through AfC's income systems unless specifically authorised otherwise by the Director of Finance and Resources.
4. All income must be collected from the correct person at the right time using current procedures and approved stationery.
5. All money received by a member of staff on behalf of AfC must be paid without delay to the Director of Finance and Resources or, as he / she directs, to AfC's bank account.
6. On receipt of cash, staff must issue an official receipt.
7. Effective action must be taken to pursue non-payment of debt within defined timescales.
8. Formal approval for write-off of any debt must be obtained using the standard form.
9. Appropriate write off action must be taken within defined timescales.
10. Appropriate accounting adjustments are made following write off action.
11. Appropriate income documents must be retained for the defined period in accordance with AfC's policy on *Retention Periods for Finance Documents*
12. All receipt forms, books, tickets etc. shall be in a form approved by the Director of Finance and Resources.
13. All manual receipts issued shall be signed by the receiving member of staff.
14. Personal cheques or electronic transactions must not be cashed out of money held on behalf of AfC.
15. Every transfer of official monies from one member of staff to another shall be evidenced in the records of the section concerned by the signature of the receiving member of staff.
16. Scales of charges for goods/services provided by AfC shall be reviewed annually and reported to the AfC Board if appropriate. Service Directors and Associate Service Directors can set and / or amend charges where the impact is under £10,000 per annum.



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Achieving for Children
Corporate Debt Recovery Policy and Procedures

April 2016

1. Policy Statement

- 1.1 Income is vital in enabling Achieving for Children (AfC) to provide value for money services to contracting Councils.
- 1.2 **AfC is committed to collecting amounts owed to it promptly, efficiently and economically.** The Company recognises that debt collection is sometimes a difficult process, particularly during difficult economic times. However, the income collected contributes directly to the provision of vital local services and the Company must, therefore, pursue outstanding debts. **In collecting outstanding debt, the Company will always strive to be open and transparent about its processes and, where appropriate, take account of the circumstances of vulnerable people.**
- 1.3 Where appropriate, the Company will make use of bailiffs as part of its debt collection processes.
- 1.4 **The Company may also choose to implement bankruptcy or liquidation proceedings where other collection processes have failed.** The use of these measures is detailed in the various sections of this document.
- 1.5 There are times when it is no longer possible to collect an outstanding debt and, where this occurs, AfC may choose to write the debt off. **Write off will only occur when all reasonable attempts to collect the debt have been made.**

2. Sundry Debt

2.1 General

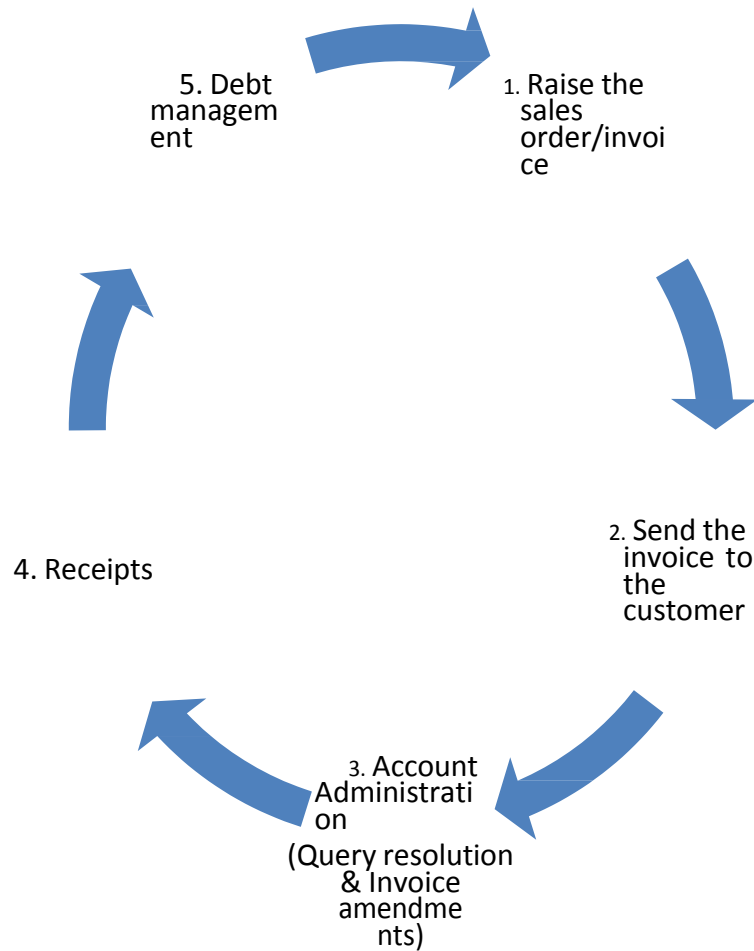
- 2.1.1 Sundry Debt relates to all charges raised on the current Financial System. The debts raised are from the sale of goods and services. Due to the variety of charges raised the collection and recovery of those debts will vary.
- 2.1.2 It is important from the outset however that services identify the correct person liable for the charge and that where prepayment is not appropriate the invoice is raised within 5 working days.
- 2.1.3 Throughout the collection and recovery process, instalment arrangements may be considered and in some cases a debtor may be subject to credit checks. Where a credit check is undertaken the service must make sure that within its information
/application forms that customers are made aware that a credit check may be made.
- 2.1.4 Where possible and in particular with recurring debts, direct debit is the favoured method of repayment.
- 2.1.5 Key to the encouragement of prompt payment it is important to maintain

contact with debtors. Services have a role in this, as they are the first point of contact for the customer. Departments must make sure that issues and disputes are resolved promptly, and invoices and charges are corrected quickly. The Central Debt Recovery Team (provided by LB Richmond) will make sure that collection and recovery tools are employed such as reminders, telephone debt chasing, emails, letters or visits.

- 2.1.6 Court action should always be considered as the last resort once other methods have failed. Court action will incur additional charges and for each enforcement method a further charge is due.
- 2.1.7 Along with interest these charges are added to the subject debt and as such it is important to undertake a risk assessment as to whether continued action is economical. In addition it is not appropriate to be increasing a customer's debt position as a result of interest and court charges. It should be noted that court action for sundry debt is no guarantee of payment.

2.2 Accounts Receivable Process

- 2.2.1 Accounts Receivable describes the identification, collection and recovery of income generated from the sale of goods and services, and other statutory charges.
- 2.2.2 In order to collect income and recover debts due to the Company in a timely and efficient manner, departments must ensure that customer accounts are managed all the way through to payment, cancellation or write off. Ultimately the responsibility for debts lies with the service department.
- 2.2.3 All departments must ensure that this procedure is followed in order to maximise AfC's financial position.
- 2.2.4 The key stages to the process are:



2.3 Raising a Sales Order/Invoice

- 2.3.1 Every effort should be made by services to encourage pre-payment prior to the provision of goods and services.
- 2.3.2 Where an invoice is to be raised, the department must ensure that the charge is correct and details are clearly shown on the invoice, the correct person is being invoiced and that all documentation is available to support and evidence the charge. Without this the debt cannot be pursued to court. Invoices must be raised within 5 working days.
- 2.3.3 In addition where the charge is disputed and the invoice is incorrect in some detail the department must deal with all queries promptly as delays in resolving issues delay the payment and recovery of debts.

2.4 Debt Management

- 2.4.1 The standard recovery process relies on the terms of payment allocated to the customer as these dictate when and what automated reminder letter is produced.
- 2.4.2 There are variable terms of payment dependent on the customer group and

service area.

2.4.3 Under the standard recovery process each debtor will be subject to 3 reminders, unless the debt is paid or a dunning block is placed on the open item. All reminders are printed with a copy invoice.

2.3.1 Throughout this time the Central debt Recovery team will liaise with the Department on issues that arise, and cases will be identified for progressing to court following departmental confirmation on liability and supporting evidence available.

2.4 Instalment Procedures

2.4.1 It is important that we do not let debtors get away with not paying, and to encourage repayment we will consider an instalment arrangement.

2.4.2 All instalment arrangements must be correctly set up in AGRESSO so that these can be monitored and system reminders produced where necessary. Services can agree to instalment arrangements as long as they follow the rules set out below.

2.4.3 Rules for instalment arrangements are:

- 1 Arrangements should not exceed 12 months.
- 2 Arrangements over 12 months must be in agreement with the Central Debt Recovery team.
- 3 If a debtor is in receipt of income support the length of the arrangement will exceed this, as the amount of the monthly repayment should not exceed the relevant amount that would be
- 4 Where debtors have previously had an instalment arrangement on which they have defaulted then their circumstances should be reviewed and consideration given to continuing with recovery action.
- 5 Where the debtor has defaulted 3 times on a previous arrangement then instalments will no longer be considered and
- 6 Debtors should be encouraged to set up a direct debit for all instalment arrangements.
- 7 Credit checks may be made before agreement to a repayment plan

2.5 Deceased cases.

2.5.1 It is clear that action often stops once a customer dies. Departmental invoicing teams must ensure that accounts of deceased clients are managed properly and in a timely fashion.

2.5.2 Unless otherwise stated, service departments (who provide the service, as well as prepare invoices) are responsible for ensuring that deceased

accounts are managed in an efficient and timely manner.

- 2.5.3 Having established that a customer has died, the Customer Master Record must be amended.
- 2.5.4 Following the correct procedures for the updating of Customer Master Records, the Customer name should be changed to - Exors of XXXXXXXX Dec'd.
- 2.5.5 If executors are unknown, the address field should reflect the last known address and should include 'c/o'.
- 2.5.6 The Notepad facility must be updated with the date of death and any known contact details of family members, or other pertinent information.
- 2.5.7 All invoices should be checked and apportioned up to the date of death. This will mean raising credit memos if appropriate, and cancelling billing plans.
- 2.5.8 Corrected invoices should be issued immediately, with a covering letter.
- 2.5.9 For all outstanding invoices, users should ensure that the recovery code and date is set to 0. If a Dunning block is entered onto the record, users must diarise for checking at intervals of 3 months, otherwise the estate may be distributed prior to further action occurring.
- 2.5.10 Users should use all system produced reminders as prompts only, and should instead either contact the executors by phone, or send a drafted letter.
- 2.5.11 Where there are no or insufficient funds in the estate to clear the outstanding debt, the executor or person dealing should write confirming this.

2.7 Schools

- 2.7.1 The Purpose of this procedure is to ensure the timely collection and recovery of debts owed to the Company by schools.
- 2.7.2 At present schools are provided with the necessary budgets to pay outstanding monies owed and therefore there is no real reason for debt to accrue. However a number of factors prevent timely collection; term dates and holidays, limited resource within the schools to deal with issues, hours of business of schools.
- 2.7.3 Schools should have as a minimum, only undue items sitting on their accounts as at 31 March.

- Schools will be sent a statement of account on a quarterly basis showing outstanding balances due.
- Continue to issue Standard reminders including reminder 3 (Protocol Letter – pre Court).
- A report will be run monthly to check the status of accounts and schools will be contacted directly where there are balances of £10k that are more than 30 days in arrears.
- During January to March, schools will be rung to chase up all outstanding balances prior to the end of the financial year.
- Failure of schools to make payments as agreed or clear balances when reminded will be escalated to the Director of Finance.

2.8 Absconders

- 2.8.1 Where a debtor leaves a property without notifying the Company of their forwarding address the Company will make every effort to trace their current whereabouts and to collect the amount outstanding. This will include, where permitted by law, the sharing of information between departments and using external tracing agencies. Before undertaking a trace it is important to check whether it is economical to do so.
- 2.8.2 The service departments, having had all initial contact with the customer should also make every effort to assist in the tracing process, by sending letters, telephoning, and visiting where appropriate. Where service departments also have access to their own tracing agents, these should also be used.
- 2.8.3 Central Debt Recovery Team (provided by LB Richmond) will, prior to passing to Tracing Agencies, perform the above checks as well as contact the service departments for any additional information.
- 2.8.4 Prior to sending a case to the tracing agency all effort should be made to check existing records. The following checks should be made:
- 2.8.5 Whilst only one customer record should ever exist, use the name search facility to double check that a duplicate record does not exist.
- 2.8.6 The service departments should ensure all relevant contact details are held on the Customer Master Record, both the customer name and address is correctly amended to reflect any changes, or the note pad facility is updated with all additional contact information. All invoices returned by the Royal Mail endorsed 'gone away' or 'no trace' should be returned to Central Debt Recovery Team. The Central Debt Recovery Team will review available records, as well as liaise with the service department for further information.
- 2.8.7 Where no details are held, the Central Debt Recovery Team refers the case to a tracing agency for tracing.

2.9 County Court Action

- 2.9.1 County Court action should be considered as the last resort for sundry debts as;
- It is no guarantee of payment
 - There are additional costs involved with each enforcement action which may make it uneconomical to continue or may result in greater hardship for the debtor
 - There will be an increase in expenditure but limited prospect of recovering the monies owed.

- 2.9.2 Before deciding on court action the Court action checklist (Appendix A) should be reviewed for each case. A risk assessment should also be undertaken to see whether it is economical to continue to pursue the debt.
- 2.9.3 Departments should make sure that the debt is supported by evidence otherwise it is not possible to continue to court. Where the debt is disputed the department must make available an appropriate officer to attend court and answer any questions in relation to the calculation of the charge or liability of the customer.
- 2.9.4 Once all other actions have proved unsuccessful, a Letter before Action must be sent to the debtor. The next step is to raise a claim. This is generally done by using Money Claims Online.
- 2.9.5 Having issued a claim form which outlines the debt, what it is in relation to and includes an amount of interest, currently calculated at $\text{debt} \times .00022\% \times \text{No of days old}$.
- 2.9.6 Once judgement has then been received you then need to instruct the court to enforce the judgement if the debtor still does not pay.
- 2.9.7 For each enforcement route a separate charge applies. Which enforcement route to take will also depend on whether the defendant has;

Their own goods (warrant of execution)

They are working (attachment of earnings order) They have savings (third party debt order)

They have assets (charging order)

If you have no information (order to obtain

information) You can also instigate bankruptcy

proceedings.

2.10.1 Order to Obtain Information

- 2.10.1 If the Company has no information on the debtor's financial position then this order is a way of finding out a defendant's income assets and spending. On the basis of this information you are able to decide whether the defendant can pay the debt and which enforcement method is most appropriate.

2.11 Attachment of Earnings Order

- 2.11.1 Where the Company is aware of an individual's employment details, we may issue an order to their employers to make deductions from earnings.

Employers are legally required to comply with the order and may deduct a nominal charge which is defined in law for each deduction made towards the costs of administering the order.

2.12.1 Third party Debt Order

2.12.1 A Third party debt order is usually made to stop the defendant taking money out of an account. The money in the account is then paid to you to clear the debt.

2.13 Warrant of Execution - Court Bailiffs

2.13.1 A warrant of execution will give court bailiffs the authority to take goods from a defendant's home or business. The Bailiff may make an arrangement with the debtor to repay the sums due or levy distress on goods owned by the debtor to satisfy the amount outstanding. Levying distress on goods is where the bailiff secures the debt against assets owned by the debtor.

2.13.2 Where the debt is in excess of £5,000 the case must be referred to the High Court in which case legal must be involved to progress the case.

2.14 Bankruptcy

2.14.1 Bankruptcy proceedings will be instigated by Central Debt Recovery Team in conjunction with Legal. To commence insolvency action, the debt must be for a minimum of £750.00 and proof of inability to pay established by demonstrating the debtor has failed to comply with a Statutory Demand.

2.14.2 A Statutory Demand must be drawn up in the format prescribed by the Insolvency Rules 1986 and served personally on the debtor. Failure to comply with this could lead to the Demand being set aside and costs awarded.

2.14.3 If the debtor fails to comply (pay) a petition for bankruptcy is made. This has to be done by Legal as insolvency cases are heard at the High Court. This incurs a fee and deposit of £380.00.

2.14.4 The Official Receiver's/ Insolvency Practitioner's costs have to be assured first. Also as a non-preferential creditor, preferential creditors will benefit from our actions and costs. This could leave us very little or nothing.

2.14.5 Due to the costs involved and officer time only debts in excess of £5000 should be considered.

2.15 Charging Orders

2.15.1 If the debtor is a home owner, the Company may make an application to the County Court for a charging order to be registered against their property.

The legal minimum debt for a Charging Order is £1,000.

2.15.2 Following the granting of a charging order, if the debt is not paid AfC may apply to the County Court for an order for sale, which may result in the property being sold and the amount subject to the charging order, including costs, being paid from the proceeds of sale.

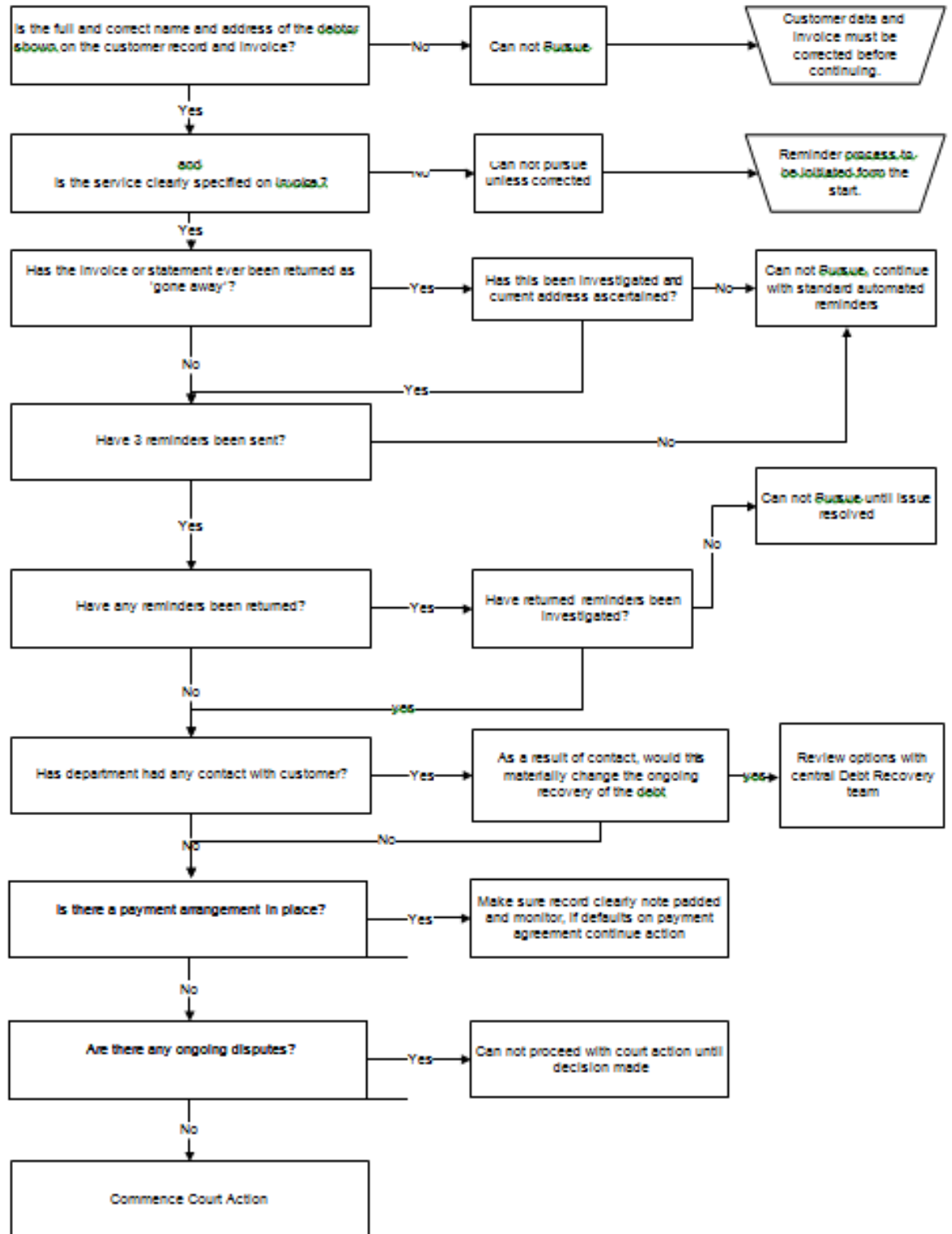
2.16.1 Credit Checks

2.16.1 Credit checks will be made in the following circumstances:

- Before agreeing to some instalment plans
- Before deciding on County Court Action
- To confirm the ability to pay of third party involved in social care debt.

Appendix A - Court Action Checklist

Before considering proceeding with court action Directorate Finance Teams must look at the following checklist. Taking court action incurs additional costs, and if the action is taken incorrectly, the Company could be liable for these.



DEBT WRITE OFF AND REFUNDS

Objectives

1. A key priority for AfC is good quality well-managed services that are value for money.
2. In order to achieve this, the good management of debts includes writing off bad debts that are no longer cost effective or efficient to pursue.
3. The main objectives of this policy are:
 - to detail when it is no longer effective or efficient to pursue a debt;
 - to define the roles and responsibilities of Service Directors, Associate Service Directors, Service and Budget Managers and their staff and the Director of Finance and Resources and the AfC Finance Team in the debt write off process,
 - to outline who can make a decision to write off a debt;
 - to outline actions required for the refunding of credit balances

Write off Categories

4. AfC is a major service provider, and in order to continue to provide these services, Service Directors, Associate Service Directors, Service and Budget Managers must invoice all relevant charges.
5. It is the responsibility of budget holders and their staff to ensure that prior to raising and writing off any debt:
 - they have full details of the provision of service and full details of the liable person/company before raising any invoice;
 - where possible, pre-payment for services has been encouraged;
 - the full and correct trading name, as well as the legally liable party (where different) and the address of the customer has been shown on the invoice;
 - where an individual is subject to the charge, their title, first initial and surname has been included - only in these circumstances will an invoice be enforceable;
 - all invoices have been raised within two working days of the receipt of provision of service
6. Invoicing staff must ensure that the correct terms of payment are applied to the customer. The terms of payment dictate when reminders will be issued for non-payment.
7. The value of the goods and services must be coded to the correct cost centre and GL code.

8. The aged debt report should be checked monthly.
9. Service Directors, Associate Service Directors, Service and Budget Managers, their staff and those involved in the collection and recovery of debts should make the following checks:
 - that the invoice correct, i.e., the amount and service are correct;
 - that the correct individual / company has been invoiced;
 - whether there is a dispute with the customer;
 - the size of the debt;
 - the age of the debt;
 - whether the service provision is on-going;
 - the “dunning” level of the debt;
 - whether the customer is considered vulnerable;
 - whether the customer has died

Roles and Responsibilities

10. As outlined in AfC’s *Debt Policy* (see [Annex 12](#)), Service Directors, Associate Service Directors, Service and Budget Managers and their staff all have a role in the collection and recovery of sundry debt.
11. Service Directors, Associate Service Directors, Service and Budget Managers and their staff must:
 - ensure that a bad debt provision is assigned to all service income;
 - ensure that all debts are reviewed at least quarterly;
 - ensure that all paper work has been reviewed and the appropriate reason for the write off has been selected;
 - provide the GL code and cost centre to which debts will be written back if different to where the debt was raised;
 - ensure that approval for write off has been obtained in line with the *AfC Financial Regulations*;
 - ensure that only bad (irrecoverable) debts are written off, and not debts that have been raised in error - where a debt is raised in error, a credit memo should offset the debt;
 - ensure that the appropriate ‘dunning block’ is entered against each individual debt to be written off

Decision Making Process

12. Where write off is considered appropriate for general debts the following procedure and limits should be followed:
 - in all cases of write off, the reason must be documented using the appropriate write off form authorised by the appropriate person;
 - it must also be made clear what recovery action has been followed and why it is not now considered cost effective to pursue further recovery action;
 - the authorisation limits and approval required for writing off of debt are set out overleaf

Value	Report to AfC	Director of Finance and	Approval Required from:
Up to £250	No	Yes	Budget Manager
£251 - £500	No	Yes	Budget Manager / Service Manager
£501 - £1,000	No	Yes	Service Director / Associate Service Director
£1,001 - £10,000	No	Yes	Director of Finance and Resources
Over £10,000	Yes	Yes	AfC Board

Credit Balances – Refunds

13. Service Directors, Associate Service Directors, Service and Budget Managers and their staff should ensure that overpayments by customers are refunded within three months of the overpayment arising, unless on-going service is provided.
14. Credit balances will only be written back after the appropriate staff have undertaken the following minimum actions:
 - statement or letter issued advising of overpayment;
 - where the customers address and name details differ in any way to that held on the SD Customer Master Record, the customer should be asked to make a request for the refund in writing;
 - where the credit is over £100 and the whereabouts of the customer is uncertain or post has been returned undelivered, the customer's bank should be contacted;
 - to find out the bank through previous payments;
 - whilst banks will not provide personal information, a letter could be sent for them to forward to the customer
15. No refunds should be input into the AGRESSO system by Service or Budget Managers or their staff; all refunds are actioned by appropriate finance staff authorised to do so by the Director of Finance and Resources.
16. Refund requests should be made by completing the Refund Request form and e-mailed to appropriate finance staff authorised by the Director of Finance and Resources.

VALUE ADDED TAX (VAT)

Introduction

1. AfC is a company limited by guarantee and is also registered as a Community Interest Company. AfC is a commercial entity and is subject to the full application of VAT law and regulations which is different to the way that local authorities are treated in respect of VAT.
2. VAT regulations are complex and it is important that all staff who are raising invoices for goods or services either for the first time, or for new supplies of goods or services (i.e. new categories of supply that have not been provided by AfC previously), must seek advice from AfC's central finance team on the correct treatment of VAT.

Nature of VAT

3. VAT is a tax on the supply of goods or services. The tax is payable at the point of supply and is included in the invoice for the goods or services.
4. Trading entities (including AfC) pay VAT on goods and services that are bought in (Input Tax) and charge VAT on goods and services that are sold by the entity (Output Tax).
5. VAT is accounted for by completing a VAT return that is submitted to HMRC quarterly. The VAT return identifies both Input and Output tax for the period and the difference is either VAT that is claimed back from HMRC or, more usually, is paid to HMRC.

VAT Rates

6. The following rates of VAT currently apply:

Standard Rate: 20%

Reduced Rate: 5%

Zero Rate: 0%

7. In addition, some supplies are treated as Exempt. These supplies have no VAT charged but in addition, any Input tax incurred on goods or services used to make the Exempt supply cannot be offset or claimed back from HMRC. This is an important point to bear in mind when setting charges for Exempt supplies.
8. There are also some types of expenditure that are outside the scope of VAT as they are not treated as a 'supply'. For example, salaries and wages are not treated as a 'supply' of labour and no VAT is charged.
9. In relation to AfC, some transfer payments made by AfC on behalf of the Councils (e.g. payment of government grants to schools) are not treated as a 'supply' and are outside the scope of VAT.

Exempt Supplies

10. A number of services that AfC provides are Exempt supplies - these include 'Welfare services' and 'Education services'. If AfC makes a supply of these services to a third party it will charge no VAT on the invoices to the third party BUT it will not be able to

recover any VAT incurred on expenditure necessary to make that supply. It will be in the same position as an individual consumer and will 'absorb' any VAT incurred as a cost. The following table illustrates this:

Example of a supply of exempt services for a price of £100 where the costs of making the supply are £90 and these costs incur VAT at the standard rate:

	BEFORE VAT £	AFTER VAT £
Cost of sales - goods and services 'bought in'	90	90
VAT at 20% on cost of sales		18
Total costs	90	108
Income from sales of exempt supplies	100	100
VAT - 0% on exempt supplies		0
	100	100
Profit before VAT is taken into account	10	
Loss after VAT is taken into account		-8

11. This table illustrates the fact that before VAT is considered, there is a 'profit' of £10 (just over 11%) on the supply, but after taking into account VAT that has been paid on the goods and services used in making the supply, there is a loss of £8 due to AfC having to 'absorb' the Input VAT.
12. This means that making any exempt supply is going to incur a cost of VAT that will have to be taken into account when setting the level of price or charge for those exempt services.

Advice

13. The key point is that because VAT rules are quite complicated all staff involved in making a supply of goods and services, and in raising invoices (which is where the VAT rate is set), should get advice from finance staff in AfC. The company also has use of a specialist VAT advisor that we can use for more complex questions.
14. If you are in any doubt about the VAT rate that should be used when invoicing for goods or services provided, or if you are considering marketing, selling or charging for a new or different service you need to contact the central Finance Team for advice.
15. Incorrect treatment of VAT not only risks the wrong amount being charged or recovered but also brings the risk of significant financial and reputational penalties to the company.

VAT on Expenditure

16. For recovery of VAT on expenditure to be legitimate, it is essential that:
 - the goods or services are ordered by AfC;
 - AfC receives the supply;
 - a valid tax invoice addressed to AfC is received;
 - invoice records are retained for a minimum of four years

17. The first and last requirements are relatively self-explanatory. Receives the supply in general means that:
- goods are received by AfC, and legal title is acquired;
 - services or works are to an asset which AfC owns or in which it has a legal (e.g. leasehold) interest;
 - services are directly connected to an activity which is a statutory responsibility of either Council and / or is wholly managed by either Council and undertaken by their own staff or appointed contractors
18. For supplies, the principal requirements of a valid tax invoice are:
- a sequential number;
 - the time of supply (what is termed the “tax point”);
 - the date of issue;
 - name, address and VAT registration number of the supplier;
 - name and address of the person to whom the goods or services are supplied;
 - a description sufficient to identify the goods or services supplied;
 - for each description, the quantity of the goods or extent of the services;
 - the unit price;
 - the gross amount payable, including VAT;
 - the total amount of VAT chargeable

VAT on Income

19. It is essential that VAT is correctly accounted for on income (or added to invoices raised, where appropriate). It is not practicable to provide an exhaustive list of taxable supplies that may be made by AfC – if invoices are being raised for new or different types of services or goods then advice on the relevant VAT rate and treatment must be sought from the central Finance Team in AfC.

PAYING-IN INCOME

1. All income to AfC must be paid in promptly. This allows the income to be allocated and banked in a correct and timely way.
2. In some circumstances you may also need to update your locally based systems to indicate that customers have made payments to AfC for specific goods or services.
3. Miscellaneous income that needs to be allocated to the finance system must be paid in via a *Paying-in Control Sheet* (see Appendices [7](#) and [8](#)).
4. This sheet will show a breakdown of any cash and cheques, as well as cost centres and GL codes to where the income is to be allocated.
5. All income also needs to state whether it is subject to VAT or not, using the appropriate codes shown on the *Paying-in Control Sheet*. Standard rated VAT is coded as 'AT' and non-VATable as 'AZ'. Choose the correct code using the drop-down selection. If you require any further information on VAT, please contact the AfC Finance Team for advice.
6. Please ensure you always use valid cost centre and GL codes, as well as VAT codes, otherwise your income cannot be paid in, so delaying the allocation and banking process.
7. Please complete a *Paying-in Control Sheet* using one of the links below. Your *Paying-in Control Sheet* must not be hand written, as this can lead to errors at source or at allocation. Also, it is not taking advantage of the totaling and balancing formulae embedded within each *Paying-in Control Sheet*.
8. If the income to be allocated is simply for one cost centre, then complete the *Paying-In Control Sheet* single cost centre version ([Appendix 7](#)). If the income to be allocated is across several different cost centres, then complete the *Paying-in Control Sheet* multiple cost centre version ([Appendix 8](#)).
9. For each paying-in, you will need to provide two copies which will be receipted as evidence that the income has been paid in. One copy will be returned to you for your records, whilst the other copy will be kept centrally. If you only provide one copy, then you will not receive a receipted copy back.
10. All income must be paid in via the AfC Finance Team. If you are in receipt of cash you must contact the AfC Financial Control Team to agree arrangements for collection and banking.
11. Income to be paid in for personal expenditure items e.g. reimbursement for

mobile phone calls, also needs to go on a *Paying-in Control Sheet* in the same way. This income is Standard rated VAT.

12. For all income paid in, you need a reconciliation procedure in place to ensure that your expected income is actually received in Agresso. In some circumstances, you may also need to reconcile against your other locally based systems.

PROSECUTION POLICY

Introduction and Statement of Policy

1. AfC condemns any breach and abuse of its financial systems and procedures and is committed to deterring all such intentional breaches and abuses.
2. AfC believes that having a clear policy on prosecution, which is applied consistently, acts as a strong deterrent. AfC aims to apply this policy in a way which is transparent, accountable, proportionate and consistent.
3. AfC will not tolerate acts of fraud and corruption perpetrated against it and, in all instances where a *prima facie* case of fraud or corruption is established, the case will be progressed from the outset with the intention that offenders will be prosecuted.
4. However, it is acknowledged that in some cases, mitigating factors or economic considerations may have a bearing, and consequently a decision may subsequently be made to seek an alternative form of sanction.
5. The policy covers general fraud and corruption cases.
6. Where staff (including in this policy permanent, temporary or agency staff) or Directors are implicated and an investigation is undertaken, it will be normal process to apply disciplinary or other appropriate sanctions and criminal sanctions simultaneously. [AfC would not normally apply the disciplinary process to agency staff, only employees. With agency staff the normal sanction is ending the arrangement with the agency.]
7. AfC will, if satisfied that it has suitable grounds for doing so, and bearing in mind the relevant legislative provisions, seek to recover from any person who has abused its financial systems and procedures, such sum(s) or goods as it considers appropriate, in addition to costs and compensation.
8. Subject to advice from the Police, Crown Prosecution Service or Counsel, AfC may also seek redress under the provisions of the Proceeds of Crime Act 2002.

Prosecution

9. AfC will take steps to investigate any suspected breaches or abuses of its financial systems and procedures. If satisfied *prima facie* that a crime has been committed it will, in normal circumstances, refer such matters to the Police for further investigation and prosecution in accordance with advice from the Police themselves and, where appropriate, AfC's legal advisers.

10. It is acknowledged that if a case is referred to the Police, the expectation from the Police will be that AfC, through its internal auditors, will be responsible for continuing, co-ordinating and managing the investigation, and for the preparation of case files to Prosecution Standard.
11. In all investigations by AfC or the Police into such irregularities, AfC requires there to be full co-operation and assistance from all Service Directors, Associate Service Directors, Service and Budget Managers and members of staff in order to demonstrate and preserve suitable transparency, integrity and accountability for the public funds it administers.
12. Where there is evidence that a criminal act has taken place, and prosecution is deemed to be appropriate, any necessary Police liaison will be undertaken by the Director of Finance and Resources, although this function may be delegated to the investigator appointed by AfC's internal auditors.
13. AfC will always consider prosecution as an appropriate course of action in cases where the offence is serious, committed by a persistent offender, or involves an AfC employee or representative.
14. AfC will prosecute to fulfil a responsibility to put offenders before the court, to protect public funds, to act as a deterrent to others and to help prevent future transgressions. AfC will also seek to publicise each case using the professional services available to it.
15. In deciding whether to prosecute, the AfC will take the following into account:
 - the quality of the available evidence;
 - if there is sufficient evidence for a realistic prospect of a conviction;
 - the degree of criminality;
 - how the fraud was perpetrated;
 - if it was opportunist and, if not, how much planning went into creating and continuing the fraud;
 - the duration of the fraud;
 - how long it continued;
 - the loss to public funds;
 - the size of the "overpayment" or other loss resulting from the fraud;
 - whether the loss has been fully repaid;
 - whether the perpetrator is a persistent offender;
 - whether the perpetrator had previously committed fraud, irrespective of whether they were prosecuted;
 - whether the fraud involves an AfC employee, contractor or representative;
 - whether staff had breached a position of trust;
 - whether the type of offence is widespread in the area in which it was committed;
 - whether the offence is part of a trend in a particular locality;
 - whether there has been a voluntary disclosure;
 - whether the fraud was admitted prior to investigation;
 - the offender's mental or physical condition;
 - whether they are fit to stand trial;

- whether there any social factors surrounding the case;
 - the age and any disability of the offender or a close relative, their family circumstances;
 - whether there are any literacy, language or learning difficulties;
 - whether it is the public interest to do so;
 - whether there is deterrent value (The Magistrates Association Sentencing guidelines will be used to ensure cases put before the courts will be treated seriously)
 -
16. A decision to prosecute as a result of the outcome of any investigation will not be made without the authority of the Director of Finance and Resources.
 17. Each case deemed suitable for submission for prosecution will be subject to a full review by AfC's Director of Finance and Resources, AfC's internal auditors and, as appropriate in each case, AfC's legal advisers, the Police or other relevant authority.
 18. The initial decision as to whether a case is suitable for prosecution rests with AfC's Director of Finance and Resources who will take advice from AfC's Internal Auditors and legal.
 19. AfC will consider each case individually and give thought to both mitigating and aggravating factors.
 20. Despite the intention to prosecute offenders, there are associated costs in bringing a case to court which can be substantial and must be borne by AfC. By adopting this policy, AfC commits itself to give serious thought to the costs involved, before proceeding with any prosecutions.
 21. The cost of prosecution, where not progressed through the Police and, through them, the CPS, will be borne by AfC.
 22. In normal circumstances, once the decision to prosecute has been made and approved, the prosecution process will proceed uninterrupted. However, it is acknowledged that occasionally external forces will have an adverse effect and it may be that the CPS chooses to discontinue action, or there may be some other reason why criminal prosecution cannot or should not continue.
 23. In these circumstances, consideration will be given as to whether it is appropriate to suspend proceedings and if so whether to undertake civil proceedings as an alternative (with due consideration to the implicit costs).

Other Sanctions

24. The Police may offer a formal caution as an alternative to prosecution in suitable cases where they have been involved. The decision to do so rests with them, although any such decision will be notified through AfC's internal auditors or officer investigating the case.

25. In such cases, prosecution will not proceed (although a basic tenet for offering a caution is that it must be considered that a prosecution would succeed if pursued). There is nothing to prevent the AfC pursuing a private prosecution in these cases (Note: the Court is unlikely to look favourably upon it if a caution has already been offered and accepted).
26. AfC may still pursue a civil action for recovery where appropriate.

Parallel Sanctions

27. As stated previously, the circumstances of an offence that involves or implicates a member of staff may dictate that both a criminal investigation and a disciplinary investigation be conducted simultaneously (or in parallel).
28. The practicalities of conducting a simultaneous criminal investigation and disciplinary investigation are covered in detail in the *Fraud Investigation Manual*. Suffice to say that the two investigations will be conducted independently, as far as practically possible.
29. Due to conflicts between the legislation covering the gathering of evidence under employment law and under the Police and Criminal Evidence Act 1984 (PACE), it is preferable that the investigations are conducted independently and separately (although this does not necessarily imply that AfC cannot handle both investigations nor that information gathered cannot be shared between the two investigations).
30. Although conducted separately, the Internal Audit provider will liaise both with its human resources provider and any officer tasked with conducting the disciplinary investigation.
31. A conflict can arise with regard to the questioning of suspects. This is covered in detail in the *Fraud Investigation Manual*.
32. Criminal investigation and prosecution can take substantially longer to undertake and complete than disciplinary investigation, and consequently any disciplinary investigation (and potential sanction) should not be unnecessarily delayed pending the outcome of any criminal investigation. The fact of the criminal investigation by itself should not form the grounds of the disciplinary investigation.
33. Sanctions relating to disciplinary investigations are covered in AfC's *Code of Conduct and Personnel Procedure*, and can range in scope up to and including summary dismissal for proven Gross Misconduct.

Recovery and Redress

34. AfC will, wherever applicable and taking account of the relevant legislative provisions, seek to recover from anyone who has committed fraud against it, such

sum(s) or goods as it considers appropriate in addition to costs and compensation. In the event of criminal matters, an application for compensation and costs will be made at the time of the submission of the prosecution case.

35. There are also remedies in civil litigation for seeking to recover losses in cases where compensation awarded by the court falls below that which has actually been lost by AfC.
36. Details of procedures concerning redress through civil litigation can be obtained from AfC's legal advisers, who will take the lead on any such case and process the application through the civil courts.

Proceeds of Crime

37. In addition to compensation and civil redress, criminal matters may also be suitable for an application under the Proceeds of Crime Act 2002 (POCA). The POCA introduces a regime for seizing assets that have been acquired through criminal conduct.
38. In cases where the prosecution is handled by the Police, they will normally advise on the suitability of the case for consideration under POCA and will deal with the administration of any application.
39. The POCA:
 - unifies the confiscation regimes for offences;
 - created an Asset Recovery Agency (ARA), which is now merged with the Serious Organised Crime Agency (SOCA);
 - seeks to target lifestyle criminals;
 - replaces and strengthens the existing investigation procedures, providing the Crown Court with a series of new powers to freeze assets and obtain information and disclosure;
 - creates new money laundering offences, replacing existing legislation
40. The underpinning principle of POCA is to demonstrate that crime does not pay, and whereas in the past prosecution alone may have been an insufficient deterrent (due to a perceived laxness in sentencing) POCA will seek redress by confiscating not only what the criminal has had as a direct result of the crime (i.e. the loss to AfC) but also what can be demonstrated to have been obtained as a benefit from the proceeds of the crime (as a basic example, if someone steals funds that allow them to put a deposit on a property, then the whole property becomes forfeit, not just the value of the funds stolen).
41. POCA is complex legislation and there are minimum financial limits and other criteria to consider in deciding whether POCA can be applied. Advice will therefore be obtained from the Police, the CPS, AfC's legal advisers and / or counsel when considering whether it is appropriate to seek redress under this legislation. The usual practice, where POCA applies, would be to seek to pay AfC the full amount of compensation out of any confiscation (the balance going to the Crown).

RETENTION PERIODS FOR FINANCE DOCUMENTS

AREA	DESCRIPTION	STORAGE MEDIA	RETENTION
Accounting	Signed Statement of Accounts	Paper / electronic	Indefinitely
	Budgetary control records	Paper / electronic	Current year plus 2
	Estimate working papers	Paper/ electronic	Current year plus 2
	Financial ledgers - online	Electronic	5 years
	Financial ledgers - archived	Electronic	Indefinitely
	Journals	Paper/ electronic	Contract length plus 2
	Financial contracts (e.g. leases)	Paper / electronic	Contract length plus 2
	Schools accounts records	Paper / electronic	Current year plus 2
	VAT Claims	Paper / electronic	6 years
	VAT Claims – supporting documents	Paper / electronic	6 years
Banking	Paying in books / slips	Paper	Current year plus 3
	Cancelled cheques	Paper	Current year plus 2
	Cheque books/counterfoils	Paper	Current year plus 2
	Paid and returned cheques (held at bank)	Paper	4 years
Accounts Payable	Copy orders	Paper	Current year plus 2
	Scanned credit notes	Electronic	Current year plus 6
	Un-scanned creditor invoices	Paper	6 years
	Scanned creditor invoices	Electronic	Current year plus 6
	Delivery Notes	Paper	Current year plus 2
	Un-scanned imprest documentation	Paper	6 years
Accounts Receivable	Scanned imprest documentation	Electronic	Current year plus 6
	Correspondence	Paper	Current year plus 2
	Debtor accounts (records non-current)	Paper	Current year plus 2
	Income posting slips/remittance advices	Paper / electronic	Current year plus 3
	Imprest accounts	Paper / electronic	6 years
	AIM system data - current	Electronic	5 years
	Insurance	Insurance contracts	Paper / electronic
Insurance claims		Paper / electronic	6 years after settlement
Insurance policies		Paper / electronic	Indefinitely
Other insurance records		Paper / electronic	Indefinitely

SAMPLE PROVIDER INVOICE
Any invoice for payment should include the following details:

Payer Address <i>Example</i>		Payee Address <i>Example</i>
Achieving for Children C/o (Name of service team) (Service team full address)		Macu & Co Ltd 21 The Greenway Twickenham TW1 2SR
	Tel No.	
	Fax No.	
	Email	

Invoice Date (dd/mm/yy)	Invoice Number (Unique reference - not exceeding 16 characters)
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Description	Goods / Services	Unit Price	Quantity	Net Amount	VAT Rate	VAT	Gross amount
-------------	------------------	------------	----------	------------	----------	-----	--------------

Carriage / Delivery (if applicable)

Total Net amount

VAT

Invoice Total

Payment information

Please make cheques payable to .e.g. *Macu & Co Ltd* (Your trading name)

Bank details Bank A/c Name: e.g. *Macu & Co Ltd*
Sort Code
Bank Account No

Company Registration No. (if applicable) **VAT Registration No.** (if applicable)

(Please change appropriately reflecting your business details)

Note to new signatories. Please do not authorise invoices until you have confirmation that you have been set up on AGRESSO. Otherwise, invoices may be returned to you, causing delay to payments.

Section:			
Name: <i>(Please print name)</i>			
Post:			
Is this signatory an interim/agency member of	YES	NO	If answer is YES, has prior approval been given? Please give name of
Approver's name and date of			
Revenue cost centres and/or capital codes:			
Reason for change: <i>(Please circle answer)</i>	Replaces Budget Signatory?		New Cost Centre (please specify) Other (please specify)
	YES	NO	
	If YES, add name of person being replaced		
	Has the person being replaced left		
	YES	NO	
Date:			

SPECIMEN SIGNATURE TO BE USED WHEN AUTHORISING OFFICIAL DOCUMENTS.

PLEASE SIGN IN THE SPACE BELOW

As a Budget Signatory, I agree to adhere to the AfC Financial Regulations and Budget Manager responsibilities summarised overleaf.

Note to new signatories. Please do not authorise invoices until you have confirmation that you have been set up on Agresso. Otherwise, invoices may be returned to you, causing delay to payments.

5. General Responsibilities

Budget Managers **must**:

- not overspend a budget or commit expenditure where no budget provision has been agreed;
- ensure that standards and performance targets associated with budgets are achieved;
- provide accurate, realistic and timely spending projections to finance staff;
- code expenditure and income correctly;
- follow prescribed processes to meet the requirements of internal and external audit, public accountability and the Director of Finance and Resources compliance regime;
- keep appropriate records to meet the requirements of internal and external audit, public accountability and the Director of Finance and Resources compliance regime;
- ensure that value for money is achieved in all purchasing activities;
- ensure that all income due to AfC is promptly collected;
- prevent fraud and other financial impropriety;

Line Manager Signature:	
Line Manager Name: <i>(Please print</i>	
Date:	

Please return to the AfC Finance Team for authorisation.

Vendor Number

Invoice Date

Invoice Total (Gross)

Reference No - Mandatory, will appear on vendor remittance	Order Number

General Ledger	Cost Centre	Net Amount	£	p	VAT Amount *	VAT Code
	A					
	A					
	A					
	A					

* If a VAT amount is included in this pro-forma, it must be accompanied by a valid VAT Invoice

Name	Good/Services Received
Address (including postcode)	Date
	Prices/Term/Calc/VAT
	Date

Reason for payment - entered into AGRESSO text field (max 45 characters)	
When using ONE TIME VENDOR preferred payment method by BACS transfer, please add bank details	
Sort code	Account No

Roll No	
Alternatively is collect cheque required?	
Yes	No
Collectors Phone No.	

Processing Team only	
BAR CODE	
Document Number	
Print Parker's Name	Print Poster's Name
Date Parked	Date Posted

Budget Holder signature
Print full Budget Holder Name
Date Authorised

DEBTOR INVOICE REQUEST FORM

Processing use only:

Customer

No. S/O

No.

NAME OF INDIVIDUAL / COMPANY TO BE INVOICED

ADDRESS WHERE INVOICE IS TO BE SENT (MUST INCLUDE POSTCODE)

THEIR REFERENCE (i.e. Order No. / Letter Ref. / Contact Name & Tel. No.)

(Note: Contact Name & Telephone Number is Mandatory)

DETAILS OF INVOICE

Amount £

VAT (If applicable) £

Total £

CUSTOMER No.

(if known)

SALES OFFICE No.

(See [Annex 10](#))

COST CENTRE

A

GL CODE

.....

MATERIAL No.

(See [Annex 10](#))

REQUESTED BY:

.....

FULL TEL

No:

.....

PRINT NAME:

LOCATION:

AUTHORISATION (if different from above)

BUDGET HOLDER:

PRINT NAME:

DATE:

CREDIT MEMO REQUEST FORM

Finance use only:

Customer

No. S/O

NAME OF INDIVIDUAL OR COMPANY FOR CREDIT MEMO

ADDRESS WHERE CREDIT MEMO IS TO BE SENT (MUST INCLUDE POSTCODE)

INVOICE NUMBER TO BE CANCELLED (Mandatory)

REASON FOR CANCELLATION

AMOUNT TO BE CREDITED

Amount £

VAT (If Applicable) £

Total £

REQUESTED BY: FULL TEL

No:

AUTHORISATION (if different from above)

BUDGET HOLDER:

PRINT NAME:

DATE:

Sheet number:

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Paying-in Control Sheet for a Single Cost Centre

Establishment/Section:	
Cost Centre:	

VAT codes
AT: Standard rated
AZ: Zero rated

Description of Income	GL Code	VAT	£
Total Paid in:			0.00

Cheque Details	£
Total of cheques:	0.00

(If in excess of 25)

Cash Analysis	£
£50 notes	
£20 notes	
£10 notes	
£5 notes	
£2 coins	
£1 coins	
50p coins	
20p coins	
10p coins	
5p coins	
2p coins	
1p coins	
Total Cash:	0.00

Totals	£
GL Income to be allocated:	0.00
Total of cheques:	0.00
Total cash:	0.00
Total of cheques and cash:	0.00
Balance:	YES

Completed by (full name):	
Contact telephone number:	
Date:	

Signature(s):

Please provide two copies of this sheet on each occasion.

Credit Note Authorisation Form

Customer Number	Invoice Number	Credit Note Value
		£

Customer Name:

Customer Address:

Reason for Credit Note (invoice cancellation):

Certified by:

Position:

Date:

Authorised by (Manager):

Position:

Date:

This form must be returned to:

Engaging Officer	
Return Form Address	
Description of Goods/ Services Required	

AfC's payment terms are 30 days.

Please complete in **BLACK INK** and **BLOCK CAPITALS Part**

1 - Request for Vendor Details

1. Trading name on invoice			
2. Address on invoice			
3. Telephone number			
4. Fax number			
5. Email address for remittance			
6. Remittance address if different from above			
7. Receiving Small Business Rates Relief enter a/c no			
8. Account payee name			
9. Sort code	- -	10. Account No.	
11. VAT Registration No.			
12. Company Hse/ Charity Reg No:			
13. Sole trader or partnership. If YES also complete Part 2		YES / NO (strikethrough)	
14. Are you registered with HMRC for the Construction Industry		YES / NO (strikethrough)	
<small>If YES complete 15 - 19</small>			

Scheme	
15. Unique Tax Reference No:	
16. Name registered with HMRC	
17. Sole trader/ partnership NI No:	
18. Do you plan to do construction work for AfC	YES / NO (strikethrough)

Part 2 - Employment Status Questionnaire

Please do not complete this part if your business is a limited company, PLC, LLP or registered charity / organisation.

Guidance on self-employed status can be found on the HM Revenue and Customs website <http://www.hmrc.gov.uk/sa/selfemp.htm>

19. Place of engagement	
20. Description of duties of engagement	
21. Hours per week/ month	
22. Expected length of engagement	

Please answer all questions and tick the box that best applies to your engagement

	Yes	No
23. Can someone tell you what work to do, as well as how, where and when to do it?		
24. Do you have to do the work given to you yourself?		
25. Can someone move you from task to task?		
26. Are you contracted to work a set number of hours?		
27. Do you receive a regular wage or salary?		
28. Do you receive benefits, such as paid leave or a pension, as part of your contract?		
29. Are you paid for overtime or bonus payments?		
30. Do you manage anyone else who works for you?		
31. Can you hire someone else to do the work you've been given, or take on workers at your own expense?		
32. Can you decide where to provide your services, as well as when and how to do the work you've been given?		
33. Do you agree to be paid a fixed price, it doesn't depend on how long the job takes to finish?		
34. Can you make a profit or loss?		
35. Do you use your own money to buy business assets, pay for running costs etc.?		
36. Are you responsible for putting right any unsatisfactory work, at your own expense and in your own time?		
37. Do you provide the main tools and equipment needed to do your work?		

Part 3 - Details of person completing this form

Signature		Position Held	
Name (<i>printed</i>)		Date	

Form invalid if not signed.

We receive invoices from a variety of types of suppliers. To this end we request that your invoice should include the following details:

1. Your name and address.
2. An invoice number (maximum 16 characters).
3. An invoice date (Day, Month, Year).
4. An AfC purchase order number or name of person ordering the goods/ service.
5. Details of the goods or service.
6. The invoice should be addressed to the person placing the order.

Thank you for completing this form

What To Do Now - Please return form to the Engaging Officer named on Page 1.

For AfC use only

1. Engaging Officer should check form and send to budget holder

New Vendor Approved – Budget Holder		
Signature		Date
Name (<i>printed</i>)		

2. Send to Richmond’s Processing Team, Ground Floor, Civic Centre

ESQ Decision: (strikethrough)	Not self-employed – pay via payroll with deduction of income	Self-employed – pay on invoice
Date	Authorisation Signature	
CMG Type		
CIS Type	CIS Verification No.	

Received Date	Vendor No:	Created by	Creation Date

Request for Client Details

Section 1

Client Officer.....

Address.....

Section 2

Client to complete all Section 2 fields in **BLACK INK & BLOCK CAPITALS** and return to the Client Officer at the above address.

Client Name

Address

.....

..... Post Code Telephone Number

..... Email

Address.....

...

Name of payee bank account name

Account No Sort Code

SignatureDate

