

FINANCIAL PROCEDURE 4

Control of Resources

Financial Procedure 4 - Control of Resources

This procedure forms part of the Financial Regulations and Procedures in the Constitution of Lincolnshire County Council

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1. Purpose of Procedure

This Financial Procedure will provide guidance on the financial policies and framework in place for managing and controlling the Council's resources, including principles of best practice. Key resources are identified as assets, consumables, cash, staff and intellectual property. Cash resources of the Council are related to the treasury and banking operations of the Council which are also covered by this Financial Procedure.

For the purposes of his Procedure Chief Officers includes **Chief Executive, Executive Directors** and **Chief Fire Officer**.

2. Key Controls

For the security of assets such as property, equipment, software and information, key controls are:

- An asset register is maintained for the authority: assets are recorded when they are acquired, and this record is updated as changes occur with respect to the location and condition of the asset.
- Resources are used only for the purposes of the authority, are properly accounted for, have suitable insurance coverage and are regularly monitored.
- Resources are available for use when required.
- Resources no longer required are disposed of in accordance with the law and to the maximum benefit of the authority.
- All staff are aware of their responsibilities with regard to safeguarding the authority's assets and information, including the requirements of the Data Protection Act, software copyright legislation and any relevant policies and standards produced by the Council.
- All staff are aware of their responsibilities with regard to safeguarding the security of the authority's computer systems, including maintaining restricted access to the data held on them and compliance with the authority's data security and IT security policies.

For treasury management, key controls are:

- Adhering to the policies, requirements and guidance of the CIPFA Code of Practice for Treasury Management in the Public Sector 2017 and the CIPFA Prudential Code 2017 which govern the Council's Treasury Management activities. Adopting the key requirements of these CIPFA Codes into the Financial Regulations of the Council's constitution.

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3. Responsibilities of Chief Officers/ Statutory Officers/ Members

The Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the Council which cannot be overridden. These statutory duties include setting and monitoring compliance with corporate standards and advising on the key financial controls necessary to secure sound financial management.

Assets

The **Executive Director - Commercial**, in consultation with the **Section 151 Officer**, is responsible for the Council's estate management, including:

- Acquiring land and premises;
- Disposal of land and premises when surplus to requirements; and
- To accept and grant leases of land and premises and such other rights over land and premises as may be deemed necessary and appropriate. All property acquisition and disposal.

Other officers are not authorised to become involved in such undertakings on behalf of the Council without the involvement and approval of the **Executive Director - Commercial**.

It is the responsibility of **Chief Officers** to declare land and premises surplus to requirements, after consultation with the appropriate **Executive Councillor** and **local Member**.

In accordance with the Council's Constitution, **Chief Officers** are responsible for the management, maintenance, furnishing and equipping of premises for which they are responsible.

All **Members** and **staff** have a general responsibility for taking reasonable action to provide for the security of the assets under their control.

Treasury Management:

The Council delegates responsibility for the **approval and regular monitoring** of its treasury management policies and practices to the **Section 151 Officer**.

The Council delegates responsibility for the **execution and administration** of treasury management decisions to the **Section 151 Officer**, who will act in accordance with the Council's Policy Statement and Treasury Management Practices. This includes the investment of public funds on behalf of the Council, undertaking all money market transactions associated with cash flow functions, borrowing on behalf of the Council to finance long term capital spending plans and providing the safe custody arrangements of investment securities.

LCC Schools require the prior written approval of the **Section 151 Officer** to make any alternative investments of surplus cash other than prescribed deposit and other interest bearing accounts.

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The Council nominates the **members of the Overview and Scrutiny Management Board** to be responsible for ensuring **effective scrutiny** of the Treasury Management Strategy and policies.

Officers shall inform the Treasury Management Team of all income and expenditure transactions over £500,000 to allow for effective cash flow management of the Council's cash resources.

4. Procedures

4.1. Assets

The Council holds (i.e. owns outright or has user rights under a lease) assets in various forms including land, buildings, vehicles, equipment, furniture, software, information, heritage and community assets which collectively are worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements in place for the security of both assets and information required for the services the Council provides. Equal consideration should be given to both owned and leased assets in this regard.

The County Council may not lease property at less than full market value rent without Secretary of State Consent unless certain criteria are met. Approval for the grant of a lease at an under-value must be obtained either through an appropriate resolution based on a report to the Executive Councillor or by the exercise of authority delegated for the purpose. Early advice must be sought from the Council's **Corporate Property Team** as to the full market rental value for inclusion in that report or delegated decision process, to demonstrate the scale of the benefit in kind embodied in a lower rent. Even where there is general consent from the Secretary of State issues may arise concerning state aid; therefore legal advice must be sought.

4.1.1. Security of Assets

All staff have a responsibility for safeguarding the Council's assets and information and should abide by the key controls specified in Section 2.

The Council's **Corporate Property Team** is responsible for the management of the County Council's Central Office Accommodation, including monitoring of the access controls and CCTV systems.

Where sites are the responsibility of a Directorate (e.g. Schools, Adult Social Care, Highway establishments), the appropriate **Chief Officer** is responsible for ensuring appropriate measures are in place for access and security.

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4.1.2. Asset Registers

The **Section 151 Officer** is responsible for ensuring the Council has an Asset Register and that assets are valued in accordance with CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom. In addition, the **Section 151 Officer** is also responsible for ensuring that those valuations are represented in the balance sheet and that appropriate charges for the use of those assets are included in the revenue account.

In operational terms, asset management is undertaken by the Council's **Corporate Property Team**:

- The **Corporate Property Team** is responsible for maintaining a property register and for property asset management planning and review.
- The **Council's Corporate Financial Team** is responsible for maintaining records of asset values.

4.1.3. Disposal of Assets (Other than Land or Buildings)

Disposal of Land and Buildings requires the authority of the **Executive Director, Commercial**, in consultation with the **Section 151 Officer**, and is managed through the **Corporate Property Team** and so is not covered by this Section.

When assets owned by the Council cease to be of further use, they should be disposed of in a manner that secures both the maximum financial return to the Council and demonstrates a method of disposal that is business like and accountable. For items of considerable value this will include invitation to competitive tender/quote and public auctions.

Key considerations for the disposal of Council assets are:

- (a) Assets for disposal are identified and are disposed of at the appropriate time and in the best interests of the authority.
- (b) The best price is obtained, bearing in mind other factors e.g. environmental issues and associated revenue costs of keeping the asset.
- (c) Disposal procedures protect staff involved from accusations of personal gain.

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Responsibilities for Disposal:

Responsibilities for disposal of unwanted and/or obsolete items are dependent on the value as follows:

Amount (Value at Disposal)	Minimum Approval Required
1. Up to £20,000	Individual Chief Officer
2. £20,001 - £100,000	Section 151 Officer and Chief Officer jointly
3. Above £100,000	Section 151 Officer, Chief Officer and appropriate Executive Councillor

LCC Maintained Schools:

Amount (Value at Disposal)	Minimum Approval Required
	Headteacher and Governing Body jointly, as detailed in school's financial policy
	Section 151 Officer and Chief Officer
	Executive Councillor for Children's Services

Chief Officers and **Headteachers** should ensure that adequate written records are maintained of assets disposed of.

The Disposal Procedure:

Ensure the asset is owned by the County Council and not leased or rented e.g. computer equipment, photocopiers. Reference to inventories may be helpful in this respect.

Disposal of any computer equipment (whether provided by the County Council or purchased directly (mainly schools)) must be referred to the IT Service Provider, via email or telephone. This will then trigger the process currently in place to ensure the equipment is properly cleared of any information and where necessary, removed from the central asset register.

Determine whether the asset can be put to good use elsewhere within the Council. The Market Place section of the Council's intranet provides notices of unwanted/surplus items of Council owned resources for internal transfer. Items can be added to the Intranet through contact with individual Directorate publishers.

If assets cannot be used internally, consideration should be given to any sale value. The residual value of the item(s) needs to be assessed and, if necessary, supervisory or specialist advice obtained.

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Sales to staff or associated bodies should only be considered for items of low value i.e. generally below £100 and where it is very unlikely that there is a better market outside the Council. Sealed offers should be invited from a wide range of staff rather than individuals.

Where the gross cost of purchases included VAT, VAT at the standard rate must be deducted from any income received. If in doubt, advice should be obtained from the Council's **VAT Officer**.

Disposal of Financial Records (Retention Policy)

Financial records and records of assets and liabilities shall be retained for such periods as prescribed by the **Section 151 Officer**, to meet both external (e.g. HM Revenue & Customs, External Audit) and internal requirements.

The term '**records**' includes all information and correspondence which supports individual financial transactions, irrespective of the form in which it is held e.g. computer systems, paper, or electronic storage media.

The Council has authorised **Retention & Disposal Schedules** to assist staff in meeting these requirements. These schedules and further details can be found within the Corporate Records Management Policy on the LCC website.

All accounting systems, procedures and supporting records shall be in a form approved by the **Section 151 Officer**.

Retained records should be:

- Referenced for easy identification.
- Accessible to authorised persons.
- Kept in a secure environment

HM Revenue & Customs require most documents that incorporate VAT to be retained for three years, plus the current year. The documents include purchase invoices, copy sales invoices, credit notes, debit notes, authenticated receipts, daily gross takings records and catering estimates.

The following table highlights the Council's retention policy for its **main financial records**:

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Type of Record	Agreed Retention Period
Financial Records: Fundamental parts of Financial Statements e.g. Cash Books, Bank Statements, and transactions with persons or bodies that could be subject to dispute. Contractual records with other bodies, e.g. investment contracts.	Six financial years prior to current year.
Voluntary funds e.g. School Fund, Amenity Fund records.	Six financial years prior to current year.
Lease files.	Six years after the end of the lease.

Contracts/Projects

The following table highlights the Council's retention period requirements of all prime financial records, contract documents and contract correspondence directly affecting a **contractual agreement** which need to be retained for inspection:

Type of Record	Agreed Retention Period
	Twelve financial years from final settlement.
	Twenty Five years from final settlement.

Special rules are in force for the retention of all records relating to project funding involving grants from the European Union. Advice should be sought from the Accountable Body or Lead Project Officer for how long these records should be kept.

For Public Private Partnership (PPP) schemes including Private Finance Initiative (PFI) schemes, substantial documentation must be held. The control required is to ensure the information is available should the process be challenged. Given the individuality of each scheme, advice should be sought from Legal Services Lincolnshire before the disposal of any documents relating to PFI schemes.

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It should be noted that the requirement relating to Trunk Road Schemes also includes schemes carried out on detrunked roads where the contracts were entered into prior to detrunking.

Other records (quotes/tenders, approvals to exceptions and regulations etc.) should be retained for a minimum of three years from final settlement.

Unsuccessful tenders may be destroyed one year after final settlement providing that details of tender summaries are retained on file with the successful contract document.

All documents may be retained in their original form, microfilmed or scanned and stored electronically, with the exception of documents relating to the Highways Agency, some EU grants and some other grant funded projects (advice to be sought from the Accountable Body or Lead Project Officer), which must be retained in their original form.

Disposal of Confidential Documents

Confidential waste on the County Offices site can be securely disposed of in line with Council policy.

Staff without access to this facility should refer to the disposal guidance available on the Information Assurance area of the Council's intranet via the following link: [Records Management](#).

Disposal of Non-Financial Documents

Non-financial documents are also governed by retention and disposal criteria. Retention periods have been set for all main categories of records, and officers should ensure they refer to the Retention and Disposal Schedules and the relevant guidance prior to any disposal of records.

For advice on the storage and disposal of Council information, financial or otherwise, please contact the Council's **Information Governance Team**.

4.2. Consumable stocks, stores and inventories

There are two types of stores:

- those where the value at the financial year end is recorded in the Council's balance sheet e.g. trading accounts, shops (within Libraries & Heritage sites etc.).
- Those where the value is not required for the balance sheet e.g. stationery, Schools' CDT items etc.

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The decision as to whether or not to include an inventory (stock) in the balance sheet is generally based on whether or not it has a saleable value in the condition in which it currently exists. This decision will be taken by the **Section 151 Officer**.

Stores items are the equivalent of cash and therefore **Chief Officers** are required to put safeguards in place to avoid loss or misuse.

It is the responsibility of relevant **Chief Officer** of the store to ensure that effective controls are in place to secure and account for these assets, having regard to risk, value and the administrative effort involved.

Chief Officers are responsible for ensuring appropriate storage facilities are available. Responsibility for inventories (stocks) / stores should be allocated to an appropriate officer, who should be provided with written guidance with respect to:

- ordering procedures
- receipt of goods
- appropriate inventory (stock) levels
- inventory (stock) records required
- requisition / issue procedures
- independent inventory (stock) checks
- write-offs
- security

Appropriate line management supervision and monitoring should be in place over stores procedures.

When inventories (stocks) are no longer required or are declared to be obsolete, disposal should be in line with the Council's disposal policy. The write-off and disposal procedure is covered separately in Section 4.1.3 of this Financial Procedure.

Chief Officers are responsible for ensuring that appropriate records are maintained of furniture, fittings, equipment, plant and machinery within their Directorate.

The main purpose of keeping a record is to provide:

- A record to facilitate management's control of its vulnerable/valuable property.
- A basis on which to assess losses in an insurance situation.
- An historical record of items purchased and disposed of.

This is known as an **inventory**.

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An inventory may be either a bound book or a computerised record. Whichever method is used, management should ensure that access to add, change or remove data is adequately restricted and controlled.

The inventory should include any items that local managers consider to be vulnerable to loss or are of significant replacement value (over £250). It is not necessary to include office furniture or fittings. The details to be recorded should include:

- make/model/serial number (or description if more appropriate)
- year of purchase
- purchase price (where available)
- ownership (see below)
- date of disposal

The inventory should include and identify as such, items directly leased or rented locally e.g. photocopiers. (A record should also be kept to identify whether the Company or the County Council has the responsibility to insure the item).

Items financed by other persons/bodies e.g. School/Amenity Funds, Parent Teacher Associations, but purchased by the County Council should be included in the inventory. NOTE: For VAT purposes, these items have to be identified as belonging to the County Council rather than the financing body. If items have been purchased directly by other bodies, they too should be recorded, along with details identifying ownership.

Separate records should exist within each Directorate to record items not owned by the County Council e.g. those belonging to service users.

IT equipment provided by the County Council (via its **IT Services provider**) should have a sticker attached identifying the item number. These items do not need to be recorded as they are already recorded on a central asset register. The Council's **IT Services provider** is responsible for this equipment and any changes required e.g. software, location, users etc. need to be promptly notified to the IT Helpdesk via email or telephone.

Any IT equipment that has not been supplied by the Council's **IT Service Provider** should be included in the local inventory.

Inventories should be kept up to date e.g. new items added when received or removed when disposed of in accordance with the Council's Disposal Policy outlined in 4.1.3 of this Financial Procedure.

The inventory should be checked against the physical asset annually, and again if an officer ceases to be responsible for the inventory. Such checks should be signed and dated when completed.

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Wherever possible, items should be security marked. The Council's Risk Management and Insurance Section can give advice on the marking of items.

Resources provided by the County Council should only be used for County Council business unless prior approval has been given for an officer's personal use by line management.

Items recorded in the current inventory may be removed from the record if the local manager considers they no longer meet the criteria listed above. These should be identified and removal authorised in the disposal section (although not physically disposed of). Any lost items should be reported to the **Chief Officer**, and removed from the inventory record.

4.3. Cash

The **Section 151 Officer** is responsible for providing assurances that the Council's money is properly managed in a way that balances risk with return, with the overriding consideration being given to security.

In accordance with the Council's **Anti Money Laundering Policy**, all suspected attempts to use the Council to launder money must be reported to the **Head of Audit and Risk Management** who is the Council's **Money Laundering Reporting Officer** (for details see Financial Procedure 2 – Risk Management and Internal Control).

Detailed guidance on receipting and banking arrangements are given in Financial Procedure 5 – Income and Expenditure.

Council staff who handle cash and cheques on behalf of the Council (including those who deal with voluntary funds such as school and amenity funds) should adhere to the Council's key principles of cash handling as detailed below:

- Cash and cheques should be immediately recorded on an agreed form of receipting record on receipt showing the date, the value, the identity of the officer receiving the income and payment type (e.g. cash, cheque etc.).
- If responsibility for the cash is subsequently passed to another officer, there should be a formal handover process. Officers involved should agree the amount of income being handed over and evidence this action by signing and dating an appropriate record. This formal handover process should also be in place where employees are handling cash / cheques on behalf of a third party.
- Income should remain unbanked only for the shortest length of time operationally possible. The banking of income should occur on a regular basis and all income should be banked in full.
- The cash and cheques retained should be held securely in a locked depository. In most cases this will mean a safe, however, where small amounts of cash are held, a locked cabinet, cupboard or drawer would be acceptable.

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- Whatever type of storage is used, access to income held must be restricted to a minimum. Wherever operationally possible, this should mean only one or two officers holding keys. Keys should remain with the key holders, and should not be left on site overnight.
- Where banking is undertaken in the normal course of work duties, officers should take care to minimise the risks involved, e.g. to vary time and route taken, to use a vehicle wherever possible.
- Under no circumstances should employees risk personal injury to try and prevent the loss of County Council monies.

Cash Insurance

Insurance Cover is arranged by the **Section 151 Officer**. Operationally, insurance issues are dealt with by the Insurance Manager.

Policy limits for the insurance cover relating to for cash/cheques held are as follows:

1. Money whilst in transit and in the Insured's premises
 - (a) In transit £5,000.00
 - (b) In locked wall safes £1,000.00
 - (c) In all other safes or locked strong rooms £5,000.00
 - (d) In locked receptacles (i.e. filing cabinets, cash tins, etc.) £ 300.00
2. Money in the private residence of an authorised employee £ 300.00

Higher values are available on request, subject to agreement with the Insurance Manager.

4.3.1. Treasury Management

Treasury management is an important aspect of the overall financial management of the Council. Treasury management activities are those associated with the management of the Council's **cash flows, borrowings and investments**. A fundamental aim is to effectively control the risks associated with these activities and to pursue best value, in so far as that is consistent with the effective management of those risks.

The Council complies with the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-sectorial Guidance notes. In doing so it has adopted the key recommendations of this Code with its Constitution, as paragraphs E7 to E12 of Part 4, Rules of Procedure – Financial Regulations. It has also approved:

- A Treasury Management Policy Statement, which sets out the policies and objectives of its treasury management activities; and
- A series of Treasury Management Practices (TMP's) which set out the manner in which the Council will seek to achieve its policies and objectives for treasury management.

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The Code of Practice sets the framework for how the Council operates when making all its investment and borrowing decisions. The **Section 151 Officer** is responsible for maintaining the Treasury Management Policy Statement and TMPs and for ensuring all investment and borrowing activity is undertaken in accordance with the Code.

The **Section 151 Officer** will propose an annual **Treasury Management Strategy and Annual Investment Strategy** to the Council in advance of the start of the relevant financial year. These Strategies will comply with CIPFA's Code of Practice on Treasury Management and relevant Regulations and will set the parameters within which investment and borrowing activity will be managed during the forthcoming year.

The **Section 151 Officer** is responsible for ensuring that all borrowing and investment activity is undertaken in compliance with the approved Treasury Management Strategies. All day to day operational treasury activities are delegated by the Executive Director of Resources to nominated staff as outlined in the Scheme of Delegation.

The **Section 151 Officer** will report to the **Overview and Scrutiny Management Board** on a quarterly basis in each financial year on treasury management activities undertaken within delegated powers.

All investment of money and borrowings undertaken on behalf of the Council will be made in the name of the Council. All records of such transactions will be maintained in loan and investment registers.

Staff with delegated authority to undertake treasury activities on behalf of the **Section 151 Officer** can provide information on investment policy, but are not empowered to provide advice on individual investments.

Borrowing To Finance Capital Expenditure

Borrowing to finance the Council's Capital Expenditure plans is governed and regulated by the CIPFA Prudential Code, the requirements of which the Council must comply with.

The main requirement of this code is the publication of Prudential Indicators. The setting and compliance of these Prudential Indicators ensures that the level of the Council's borrowing remains prudent, affordable and sustainable. Prudential Indicators are published in line with the Council's annual budget each year, and approved by Full Council in February.

The **Section 151 Officer** has delegated responsibility for the raising and repayment of loans within the limits set by the Prudential Indicators as approved by Full Council, and also in respect of loans raised for the purposes of cash flow, as necessary from time to time.

LCC schools may only take out loans with the prior consent of the **Section 151 Officer**. In accordance with the Scheme for the Financial Management of Schools, the Council operates a

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Loan scheme that is available to all LCC schools. Details of the loan scheme can be found in the **School Finance Handbook**. Schools are only permitted to take out external loans with prior consent of the Secretary of State after consultation with the **Section 151 Officer**.

The CIPFA Prudential Code also requires the Council to publish a Capital Strategy, which addresses the affordability and risk profile of non-treasury investment and borrowing activity of the Council as well as looking at the process of the formulation of the Capital Programme in line with the Council's Strategic Plans.

4.3.2. Loans to Third Parties

The **Section 151 Officer** has delegated responsibility to make loans and advances to outside bodies. The following table sets out the circumstances in which loans may be provided by the Council to third parties, and the approval required for each type of loan:

Type of Loan	Minimum Approval Required
1. Loans made to employees	To be made in accordance with the 'My Employment' guidance on the Council's Intranet.
2. Monies invested with banks and other financial institutions (Treasury loans).	To be undertaken in accordance with the Council's Annual Investment Strategy (Treasury Management). (See Section 4.3.1).
3. Loans to third parties for the purpose of financing expenditure which, if incurred by the Council, would constitute capital expenditure. (Non-treasury loan).	Such a loan would constitute capital expenditure by the Council (and the repayment would constitute a capital receipt) and so would require Capital Programme approval.
4. Loans to third parties for other purposes related to an established County Council Policy or initiative. (Non-treasury loan).	Subject to the following approval: <ul style="list-style-type: none">• <£20,000 – Section 151 Officer.• £20,000 <> £50,000 – Section 151 Officer (reporting to Executive Councillor for Finance).• £50,000 > - Section 151 Officer (following consultation with appropriate Executive Councillor and reporting to Executive Councillor for Finance).

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*Note: The rate of interest chargeable on loans within categories 3 and 4 above will be determined in consultation with the **Section 151 Officer**, and have due regard to State Aid rules. Any decision to waive interest of £10,000 or over would need the consultation of the appropriate **Executive Councillor**.*

4.3.3. Bank Accounts

The **Section 151 Officer** is responsible for arranging appropriate banking and related services on behalf of the Council and is authorised to open and close all bank accounts related to this provision. This responsibility is delegated to designated staff as indicated in the Resources Directorate Scheme of Delegation.

The exception to this rule is where a local bank account facility is operated at a Community or Foundation school. (For details see Schools Finance Handbook).

Types of Bank Account – Official Procedures

Central Bank Accounts

The minimum of **two Authorised Bank Signatories** are required to sign to give instructions to banks on existing bank accounts or to open new central bank accounts on behalf of the Council.

In line with the Resources Scheme of Authorisation the following table shows those posts who are nominated authorised bank signatories of the Council and those authorised to release electronic payments.

Post	Bank Signatory	Electronic Payments
Executive Director of Resources	Y	N
Assistant Director - Finance	Y	Y
Head of Corporate Audit & Strategic Risk Management	Y	N
Head of Technical & Development	Y	Y
Head of Operations & Financial Advice	Y	Y
Head of Finance – Communities	Y	Y
Head of Finance – Adult Care	Y	Y
Head of Finance – Children's Services	Y	Y
All Strategic Finance Managers	Y	Y

All Council central bank accounts must include the name of **Lincolnshire County Council** in the title. No central bank accounts should be opened in the name of an individual or individual establishment.

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All payments from central bank accounts must be authorised by the **Section 151 Officer** or their nominated representatives.

School Local Bank Accounts (Prime Account Schools)

In line with the Scheme for the Financial Management of Schools, all schools with full delegation may elect to operate a local bank account. The decision to operate a local account should be notified in writing to the **Head of Finance – Children's Services**. The policy and procedures to be followed in the operation of such accounts are detailed in the Schools Finance Handbook.

Imprest / Sundry Bank Accounts

Imprest accounts provide a petty cash facility for establishments and are replenished on a claims basis through the Council's finance system.

Sundry accounts provide certain establishments with a localised banking facility with access to cash/payment abilities at short notice as required for service reasons. They replenished on a claims basis through the Council's finance system.

Imprest/Sundry bank accounts are subsidiary bank accounts of the main Council bank provision and may only be opened or closed by the **Section 151 Officer** or designated **Bank Signatories** by giving written approval.

Imprest/Sundry bank accounts are opened where the imprest advance (float balance) is at least £150. Advances of a lesser amount are managed in cash without a bank account by issued open cheques that are cashed by imprest operators.

The Council's **Financial Services Provider** is responsible for administering the opening and closing of imprest/sundry bank accounts on behalf of the Council. A request to open an imprest /sundry account should be issued in writing by the **Head of an establishment / Budget Holder** and sent to the Council's **Financial Services Provider**.

The Council's **Financial Services Provider** will ensure each account has a completed Bank Mandate (list of persons authorised to sign/give instructions on the account) and an Open Credit Arrangement (list of persons authorised to cash cheques at the bank) in place. The Council's **Financial Services Provider** is responsible for setting up or making changes to both these documents, retaining copies of specimen signatures for accounts and sending all original documents to the Council's bank.

Any required changes to signatories should be notified immediately to the **Financial Services Provider** to ensure Bank Mandates/Open Credit Arrangements are kept up to date at the Bank.

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The imprest operator (administrator) should not be an authorised signatory on the account. In certain circumstances imprest holders/operators may not be Council employees.

For imprest/sundry bank accounts only one signature is required to sign/give instructions on the account which is usually the imprest holder. To cover periods of absence it is recommended additional signatories are set up (maximum of three).

Manual cheque books are provided with imprest /sundry bank accounts. Under no circumstances should blank cheques be pre-signed for any purpose. The **Corporate Audit & Risk Management Team** can provide advice regarding controls and alternative procedures to pre-signing cheques.

The Council's **Financial Services Provider** is responsible for setting up / changing or closing imprest/sundry account floats/advances in the Council's finance system, as required.

The Council's **Financial Services Provider** is responsible for ensuring imprest/sundry bank accounts balances do not go overdrawn, and to take steps with the imprest holder/operator to correct any overdrawn balances.

The Council's **Financial Services Provider** should undertake a reconciliation of all imprest/sundry bank accounts at least once per year. This annual review will also ensure each establishment is claiming on a regular basis and holds appropriate balances. Where it is felt necessary, balances will be reduced or imprest accounts may be closed as a result of this review.

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Voluntary Fund Bank Accounts

These are funds which, although not officially owned or financed by the Council, are controlled or administered solely, or in part, by an employee, by reason of their employment by the Council or a school governing body.

All such funds require bank accounts with cheque book facilities. Such bank accounts will be opened and mandates arranged by and kept up to date by the **Head of the Establishment** concerned.

Voluntary Fund bank accounts should have three authorised signatories with the stipulation that any two from three may sign. The **Head of the Establishment** will be one of these signatories.

Under no circumstance should blank cheques be pre-signed for any purpose.

The account must not be in the name of an individual. It must be styled ****School Fund or ****Amenity Fund.

The choice of bank for these accounts is left to the discretion of the **Head of the Establishment** concerned. These accounts do not form part of the Council's main banking provision.

Purchases on behalf of Voluntary Funds cannot be made via Council bank accounts, as public monies should not be used to subsidise private ones. However, voluntary funds can make donations to public funds for purchases of items that will be used by and remain the property of the Council in order that VAT can be reclaimed. There are strict conditions applied to these donations in order to meet HM Customs & Excise regulations. For detail see [VAT Manual](#)

4.3.4. Payment Methods

BACS

The Council's preferred method of payment to its Suppliers is electronically by BACS. (Electronic Payments designed for low value high volume payments).

The Council uses the BACS Bureau of its **Finance Payment Provider** and daily payment runs are produced by the Council's **Financial Services Provider** using the Accounts Payable function of the Council's financial system. Supplier payments are picked up on these payment runs when due. The Council's standard payment term policy is 28 days from invoice date. (For further details on the Council's payment procedure see **Financial Procedure 5 Income and Expenditure**). When raising new suppliers and payments on the financial system, the raising officer will provide the Council's **Financial Services Provider Master data team** with all the

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necessary information e.g. bank details of suppliers, in order for a BACS payment to be efficiently made.

All payroll payments should be made by BACS. Employees are required to provide bank account details for payment to be made via BACS in accordance with their terms and conditions of employment. Where details are not submitted with 2 months of the start of the employment other forms of cheque payment will be withheld until bank details are received.

BACS payment runs produced by the Council's **Financial Services Provider** are signed off for release each day by designated officers of LCC, as detailed in the [Finance Scheme of Delegation](#).

Cheque Payments

Cheque payments to Suppliers generated by the Accounts Payable module of the Council's ERP System are only made in limited circumstances where cheques are specifically requested (Legal or Insurance payments). The majority of imprest claim payments are also made by cheque.

Cheques should be produced with a pre-printed signature of the **Section 151 Officer**. All cheques with a value in excess of £50,000 must be manually signed by a second authorised bank signatory.

The Council's **Financial Services Provider** is contracted to order and hold a stock of specialised blank laser cheque paper and laser print cheque details (including signature) onto this blank stock using specialised equipment in a controlled environment on behalf of the **Section 151 Officer**.

Cheques are produced in this way from Daily Cheque Payment Runs generated by the Council's Accounts Payable module of its ERP System when they are due.

Cheque payment runs produced by the Council's **Financial Services Provider** are signed off for release each day by designated officers of LCC, as detailed in the [Finance Scheme of Authorisation](#).

A manual cheque book for each central bank account held is held by the Treasury Manager, to be used for contingency/emergency purposes only.

Holders of imprest bank accounts, local school bank accounts, and school/amenity fund accounts will hold manual cheque books, whereby the majority of payments made will be made by this method. Appropriate control procedures for the ordering, control and security of

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these manual cheques and the preparation, signing and dispatch of the cheques will be in place.

Cash

Cash should only to be used for payment in limited circumstances through imprest / petty cash accounts for:

- The reimbursement of expenditure on production of a receipt.
- Payment of small invoices where payment is made face to face.

Under no circumstances should cash be sent through the post.

Payments to employees for work done should **never** be made in cash as this contravenes HMRC regulations (See **Financial Procedure 3 – Accounting Records and Financial Systems**).

Other Electronic Payments

The facility to make electronic payments by CHAPS (over £250k) or Faster Payment (up to £250k), on a same day basis is available using Council Banking Software held in the **Treasury Management Team** in Financial Strategy. The use of this facility is only appropriate in limited circumstances with the approval of the **Section 151 Officer** or his delegated representative in line with agreed policy. There can be a charge made for this method of payment due to the cost involved. For details of the policy applied to the use of electronic payments see [Chaps/Faster Payment Guide](#).

Procurement Cards

Lloyds Procurement Cards are available for purchasing items under £1,000 where a Supplier does not invoice. The Procurement Cards work in the same manner as Credit or Debit cards and are covered by VISA fraud and insurance protection policy. Using Procurement Cards simplifies the purchasing process, reduces internal costs and reduces imprest and petty cash claims.

Cards are issued in the name of individual card holders and have both monthly and individual item card limits per card holder as agreed by each Directorate in their own Scheme of Delegations.

Procurement Cards should not be used for:

- Employee payments
- Personal use
- Invoices on the Council's Finance System
- Statements
- Expensive items

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- Items on a corporate contract
- To obtain cash.

In accordance with the Directorate Scheme of Authorisation, each Card Holder will have a Card Administrator, responsible for processing Procurement Card Spending onto the Council's Finance System on a monthly basis.

Total monthly Procurement Card spend analysis for all Card Holders is available either through the online administration programme or the Council's Finance System. Monthly spend is taken by Direct Debit by Lloyds from the Council's central bank account.

Payments by Procurement Card are received by recipients within 2 to 3 working days.

Further details of the Council's policy on using Procurement Cards can be found in [Procurement Card Guidance](#) held on the Council's Intranet.

Prepaid Cards

Prepaid Cards are available for establishments or individuals to use. These cards work in the same manner as a Debit Card and are covered by VISA fraud and insurance protection policy.

A pre-determined amount can be loaded onto prepaid cards by BACS to be used by the Card holder as appropriate.

Cards are issued in the name of individual card holders. Cash can be withdrawn using the cards.

Total monthly card spend analysis for all Card Holders is available.

These cards can be used for a variety of purposes e.g. Direct Payment allocation or petty cash.

Foreign Currency Payments

Electronic payments can be made in foreign currency to pay foreign suppliers for goods and services, by using banking software held in the Council's **Treasury Management Team**. Requests for foreign payments are made by completing a request form within the Council's Finance System. Foreign exchange charges will be incurred for all foreign payments made by the Council's bankers.

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4.3.5. Bank Reconciliation

All bank account holders are responsible for ensuring reconciliations of bank account balances to the financial ledgers of the Council are undertaken on a regular basis, and at least monthly. As such, bank statements should be provided by the bank at least on a monthly basis, and retained in a secure manner.

Bank reconciliations should be documented in a manner agreed by the **Section 151 Officer**. For voluntary funds this may be a manual record. Where bank accounts are operated through the Council's designated financial system (e.g. Agresso), bank reconciliations should be completed in accordance with the agreed Business Process Procedure.

Stale cheques: Cheques issued by the Council that remain unrepresented after 12 months of issue will be reversed from the Council's Finance System Ledgers as part of the Year End Close Down process by the Council's **Bank Reconciliation Team** and the Council's **Financial Services Provider Accounts Payable Team**.

Stopping Cheques at the Bank: A stop at the bank will be placed on all cheques over £150 by the Council's Bank Reconciliation Team, for the following reasons:

- Unpresented cheques 12 months old
- Missing or lost cheques
- Cheques produced in error
- Cheques sent to the wrong recipient

Cheques under £150 will not be stopped at the bank due to the cost in bank fees incurred.

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4.3.6. Electronic Banking

The Council's bankers offer an online banking facility to the Council as part of the Banking Contract in place. This facility provides on line access with the following functionality:

- View bank account activity
- Download bank statements
- Make electronic payments (Chaps, Faster Payments, International Payments, Transfers)
- Order stationery
- View Refer to Drawer cheques
- Place stops on cheques
- Request vouchers
- View clearance of cheques banked

Access to this functionality is strictly controlled and restricted by card/pin access to nominated officers of the Council and its **Financial Services Provider**.

Electronic payments require a two stage/two person input and authorise function to effect a payment for control purposes. Those officers who are authorised to release electronic payments are detailed in the Financial Strategy Scheme of Delegation.

4.3.7. Merchant Bank Accounts and Payment Providers

Merchant Accounts are required in the name of the Council, in order to accept payments by Card by either Chip & Pin (Face to Face), over the telephone or using the internet.

A Payment Provider facility is required in conjunction with a Merchant Account in order to accept Card payments over the Internet or telephone as they connect the Merchant Accounts to the Internet.

The Council has several merchant facilities in place with different Merchant Banks and Payment Providers to enable customers to pay for goods, services and invoices by card over its internet, by telephone or by Chip & Pin at its establishments.

For details of the Council's policy on Merchant Facilities see **Financial Procedure 5 – Income and Expenditure**.

4.3.8. Trust Funds and Funds Held for Third Parties

Trust Funds

The Council holds Funds in Trust that have been left in Wills and Bequests, to be used in accordance with the requests of those Wills and Bequests. Nominated Officers will act as trustees to these funds by virtue of their official position. Where these funds are held in the Council's main central bank account, they will be accounted for separately in the Financial

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Accounts of the Council and accrue interest on an annual basis on funds held. Written records are maintained of all transactions held.

Third Party Funds

The Council holds funds within its main central bank account on behalf of external parties for legal reasons, for example Developer Contributions held in lieu of bonds until completion of specified works. These funds are accounted for separately in the Financial Accounts of the Council and accrue interest on an annual basis on funds held. Written records are maintained of all transactions held.

4.4. Staffing

The **Chief Executive** is responsible for providing overall management to staff and is also responsible for ensuring that there is proper use of evaluation or other agreed systems for determining the remuneration of a job.

Chief Officers have primary responsibility for their establishment and are accountable for compliance with establishment and financial controls. **Chief Officers** are also responsible for ensuring that positions are only created as new requirements and associated funding emerge, and are deleted or modified as needs and funding change. **Chief Officers** will ensure that the staffing budget is not exceeded without due authority, and that it is managed to enable the agreed level of service to be provided.

The Section 151 Officer will advise **Chief Officers** on areas such as national insurance and pension contributions as appropriate.

4.5. IT Security, Data and Information

The County Council is dependent upon IT systems for its day-to-day activities. The data and information stored and processed are of vital importance. It is imperative that the data and systems are well secured.

Further details of the Council's policies can be found on the Council's Intranet

The Information Governance framework includes:

- Information Governance Management
- Data Protection Act 2018
- Freedom of Information Act 2000 (including the Council's Publication Scheme)
- Records Management
- Information Security
- IT Security
- LCC Code of Conduct

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Information/IT policies should be maintained and kept up to date.

All Members and employees should be aware that they have a personal responsibility with regard to the protection and confidentiality of information held in computerised form.

Officers have a responsibility to be aware of these policies and to act in accordance with them.

Officers must undertake the "must do" training in relation to Information Governance on an annual basis.

Chief Officers have a responsibility to monitor that staff are complying with the Council's IT and Information policies.

4.6. Copyright and Intellectual Property

The Copyright, Designs and Patents Act 1988 seeks to secure copyright material from being copied without the owner's consent.

Infringement of the Act may lead to legal action or criminal proceedings against the County Council and the individual concerned.

Officers need to take care that when they are producing documents where information is referred to from elsewhere, they are not infringing copyright. In most cases, an acknowledgment of the source should be sufficient. If possible, officers should ensure consent or authorisation is obtained before reproducing, copying, displaying or distributing the work of others. This includes utilising work in emails or web pages.

In addition, there can be issues in giving direct links to a website. It is therefore not advisable to put in a link to another site unless the owner of that site has given permission to do so.

If you have any doubts with respect to copyright issues, please seek advice from Legal Services Lincolnshire.

Where necessary, developments by the County Council should be copyrighted to prevent infringement or violation.

The contract between the Council and Serco identifies when each party has the vested interest in Intellectual Property Rights and also the rights of the other party in accessing to use, modify and adapt Intellectual Property Rights.

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5. Related Documents

County Council Constitution
Financial Regulations
Scheme of Authorisation Documents
County Council Code of Conduct
Property Management Strategy
Corporate Records Management Policy – Retention and Disposal
Asset Management Plan
Treasury Management Strategy and Annual Investment Strategy
Treasury Management Policy Statement
Treasury Management Practices
Imprest Operation Guidance
School Finance Handbook
Chaps Payment Policy
Procurement Card Guidance

6. Contacts for Advice or Assistance.

Advice on this financial procedure can be sought from the Financial Strategy Team. Contact details for advice can be found within [Finance Contacts Section](#) on the Council's intranet.

Other relevant contacts:

- Corporate Property Team