

FINANCIAL PROCEDURE RULES

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1. INTRODUCTION

- 1.1. The purpose of these Rules is to set the required standards to be complied with in the management of the Corporation's financial affairs.
- 1.2. These Rules provide the framework for managing the Corporation's financial affairs, and govern the way financial decisions, financial administration and financial controls are exercised. All officers and agents of the Corporation responsible for the financial matters covered by these Rules are required to maintain and promote the highest standards of financial management, integrity and administration. Officers and agents of the Corporation are responsible for taking reasonable action to provide for the security of any assets under their control, and for ensuring that the use of these resources is legal, properly authorised and provides value for money.
- 1.3. All account keeping arrangements and financial systems operated by the Corporation shall be subject to standards, controls and protocols determined by the Finance Director.
- 1.4. As set out in the Corporation's constitution, the set-up and running costs of the Corporation shall be borne in full by the Council. Any contribution to those running costs made by any other organisation acting in partnership with the GM Mayor and the Council shall be at the discretion of that organisation and on terms agreed between that organisation, the Corporation, the GM Mayor and the Council.
- 1.5. These Rules are set-out based on the current operation and funding arrangements of the Corporation to provide a robust framework for its financial management and administration. As the Corporation develops in terms of its operations and funding arrangements these Rules will be updated accordingly.

2. DEFINITIONS

In these Rules the words and phrases below have the following meanings:

Authorised Finance Officer means officers or posts that have been nominated in writing by the Finance Director as being responsible for the duties and activities set out in these Financial Procedure Rules.

Budget Holder means officers or posts responsible for discharging the relevant duties and activities set out in these Financial Procedure Rules.

Chief Officers means Chief Executive Officer, the Finance Director and the Corporation Solicitor.

Capital Financing means borrowing, capital receipts, grants, third party contributions, commuted sums, revenue contributions or any other source that is earmarked to finance capital expenditure.

Corporation means the Stockport Town Centre West Mayoral Development Corporation.

Finance Director means the officer responsible for the proper administration of the financial affairs of the Corporation or suitably qualified and experienced officers nominated by the Finance Director as being able to deputise for this role in the context of these Financial Procedure Rules.

Financial Records means receipts, invoices, claim forms, income and expenditure records, or any other document supporting or relating to a financial transaction, contract or prospective contract.

Corporation means the Stockport Town Centre West Mayoral Development Corporation.

Rules means these Financial Procedure Rules (as amended and updated from time to time).

3. ROLE OF THE FINANCE DIRECTOR

3.1. The Finance Director is responsible for:

- The proper administration of the Corporation's financial affairs;
- Setting and monitoring compliance of strong internal controls in all areas of financial management, risk management and asset control;
- Advising on the Corporation's financial position and on the key financial controls necessary to secure sound financial management;
- Providing timely financial information;
- Leading development of an annual budgeting process to ensure financial balance and a monitoring process to ensure its delivery;
- Treasury Management, ensuring the effective management of cash flows, borrowings and investments of the Corporation's own funds and funds it manages on behalf others;
- Organising and supervising the Corporation's accounting arrangements and for maintaining its principal accounting records;
- The production and publication of the Corporation's final accounts and summary statement of accounts in such form and in accordance with such timetables and closedown procedures to ensure compliance with the relevant statutory requirements;
- Coordinating and facilitating a culture of efficiency and value for money; and
- Implementing appropriate measures to prevent and detect fraud and corruption.

3.2. To support the Finance Director in the fulfilment of their duties, they will:

- Be a key member of the Corporation's leadership team, helping it to develop and implement strategy and to resource and deliver the Corporation's strategic objectives;
- Be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the Corporation's Strategic Business Plan; and
- Lead the promotion and delivery by the Corporation of good financial management so that resources are used appropriately, economically, efficiently and effectively.

4. FINANCIAL MANAGEMENT

Revenue and Capital Budget

4.1. Chief Officers are responsible for preparing the Corporation's revenue and capital budget aligned to the Corporation's business plan on an annual basis.

Budgetary Control

4.2. Chief Officers, Authorised Finance Officers and Budget Holders shall:

- Not take steps intended to exceed the overall revenue budget and/or capital programme resources allocated to them;
- Not allocate ring-fenced funding to activities that fall outside of the relevant statutory arrangements or the conditions imposed by the relevant funding body;
- Ensure borrowing, capital receipts or capital grants are not used to finance revenue expenditure unless prior approval has been obtained from the relevant Government Minister or Secretary of State;
- Take all reasonable steps to mitigate the impact of events that may cause net expenditure to exceed budgeted amounts for a given financial year.

4.3. Chief Officers shall nominate which officers or posts within their service are authorised to:

- Carry out the role of Authorised Finance Officer; and
- Carry out the role of Budget Holder.

4.4. All officers who are given specific financial responsibilities must familiarise themselves with these Rules and ensure proper financial controls are maintained.

Budget Monitoring

4.5. The Finance Director (in consultation with the Corporation Board and other Chief Officers) shall from time to time specify the reporting framework for disclosing forecast or outturn expenditure compared to budgets, total revenue and capital expenditure and the financial arrangements of major policies, schemes and projects.

4.6. The Finance Director will be notified as soon as possible of any matter which may lead to a material budget deficit or loss. The Finance Director will provide guidance or advice on request with regard to materiality levels. Budget deficits or losses include significant potential liabilities, projected variations against revenue budgets and capital scheme allocations, instances of non-compliance with laws or regulations which could affect the finances of the Corporation, significant pending legislation and instances of known irregularities arising from fraud, error or corruption.

Budget Virements

4.7. A virement is a transfer of a revenue budget from one activity area to another which is not already committed to fund expenditure. A virement should not create greater permanent expenditure commitments that otherwise would exist or commit the Corporation to additional expenditure in future years.

4.8. Virements between capital and revenue are not permitted.

4.9. The Finance Director has the delegated authority to approve all budget virements in relation to approved confidential decisions, irrespective of amount. The Finance Director will keep a record of all virements (including the reason for the virement) and report on them to the Board and/or other Chief Officers as required

Revenue and Capital Spending Approval

4.10. Chief Officers can approve revenue and capital expenditure of up to £99,999 in value for any one transaction or series of related transactions, within the approved Strategic Business Plan and budget.

4.11. The Board will approve expenditure of £100,000 and over within the approved Strategic Business Plan and budget.

Capital Schemes and Financing

- 4.12. Capital expenditure shall be accounted for in accordance with the relevant statutory definition. The Finance Director will provide guidance or advice on request as to whether an item can be treated as expenditure for capital purposes. Budget Holders should develop plans to support capital investment commensurate with the value, risks and complexity associated with the activity. Where those plans include phases or milestones, Budget Holders should forecast:
- The expected date each phase or milestone will be achieved; and
 - The expenditure incurred at the completion of each phase or milestone.
- 4.13. Decisions to approve new schemes or variations to existing schemes must consider:
- The value, risks and complexity associated with delivering new investment;
 - Capital Financing Requirements;
 - Any additional revenue expenditure commitments arising from proposed new capital expenditure such as additional maintenance costs or additional capital financing costs; and
 - The approval arrangements from the Board, Stockport Council, and GMCA as appropriate for managing and monitoring progress against plans.
- 4.14. Decisions to earmark uncommitted Capital Financing to a scheme must consider:
- The type of funding to be earmarked including the amount, its purpose, timescales for spending, and any ring-fencing or other conditions associated with the funding;
 - Whether there are alternative options for deploying funding elsewhere; and
 - The approval to allocate earmarked funding to specific schemes or projects by the Finance Director.
- 4.15. All capital receipts and prudential borrowing are corporate resources administered by the Finance Director.

Bids for additional external funding

- 4.16. Where third parties invite the Corporation to bid for additional resources (e.g. capital grants), care should be taken to ensure that the costs and risks associated with preparing a bid do not outweigh the benefits of receiving additional funding. All costs associated with bidding should be financed from the revenue budget.
- 4.17. Successful bids typically require the Corporation to deliver specific outcomes or provide, and/or facilitate the provision of, additional matched funding. Failure to meet these obligations could result in the clawback of funding from the donor organisation. Any decision to bid for external funding must take account of the costs, risks and obligations associated with the bid being accepted by the provider of the funding.
- 4.18. The Finance Director shall be notified by Budget Holders of all external bids for additional resources and any additional confirmed funding. Copies of original correspondence confirming funding allocations shall also be forwarded by Budget Holders to the Finance Director.

5. CLOSURE OF ACCOUNTS/STATUTORY AND STATISTICAL FINANCIAL RETURNS

- 5.1. The Finance Director shall prepare and publish the Corporation's annual Statement of Accounts in accordance with the relevant statutory requirements set out in the Local Government Finance Act and accounting codes of practice.
- 5.2. Budget Holders shall supply working papers and supporting information to assist the preparation of the Statement of Accounts. This information shall comply with the format, standards and timescales specified by the Finance Director.
- 5.3. Budget Holders shall also supply to the Finance Director such information to complete corporate statutory financial and statistical returns, meeting the format, standards and timescales determined by the Finance Director.
- 5.4. The Corporation's financial year-end date set in the constitution is 31 March.
- 5.5. Arrangements for the completion of all other statutory statistical returns will be the responsibility of the relevant Chief Officer.

6. BANKING AND FINANCIAL ARRANGEMENTS

Treasury Management

- 6.1. The Corporation's cash balances must be properly managed in a way that prioritises the security of the balances invested and the liquidity requirements of the Corporation while securing the best returns possible within those constraints and the Corporation's risk appetite.
- 6.2. The Corporation's borrowings shall be managed in a way that prioritises long term affordability and management of related risks.
- 6.3. The responsibility for Corporation's Treasury Management and all decisions on treasury management investment, borrowing or financing are delegated to the Finance Director. The Finance Director will create and maintain suitable treasury management practices, setting out the manner in which the Corporation will seek to achieve its treasury management objectives, and prescribing how it will manage and control treasury management activities. The Finance Director will provide regular updates on the Corporation's Treasury Management position as part of the overall reporting on the Corporation's finances. If the Corporation's funding changes to warrant it, a detailed Treasury Management Policy Statement will be prepared and presented to the Board. This document shall be promptly revised and resubmitted as necessary in response to changing circumstances.

Banking Arrangements

- 6.4. The Finance Director shall approve the opening of all bank accounts and similar arrangements. Signatories and Authorisers for all Corporation operated bank accounts must be approved by the Board.
- 6.5. All bank accounts should have an official title that must include the name of the Corporation. In no circumstances will an account be opened in the name of an individual.
- 6.6. All Chief Officers are authorised signatories for the Corporation.
- 6.7. One Chief Officer as signatory can authorise bank payments up to £100,000. Two Chief Officers as signatures can authorise bank payments over £100,000.

7. TAXATION

- 7.1. The Corporation is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe.
- 7.2. The Finance Director shall make arrangements for the completion of all relevant tax returns to HM Revenue and Customs (HMRC). This includes the maintenance of tax records, making all tax payments, receiving tax credits, submitting tax returns by due dates and advising on tax matters conducted by the Corporation. Specifically, the completion of all returns regarding PAYE and the Construction Industry Scheme and monthly returns of VAT input and outputs to HMRC.
- 7.3. The Finance Director is responsible for issuing guidance on all taxation issues that affect the Corporation.

8. LAND, BUILDINGS AND OTHER MAJOR ASSETS

- 8.1. The Chief Officers are responsible for the management and optimisation of the Corporation's interests in or over land or property.
- 8.2. The Chief Officers are responsible for managing the Corporation's assets and will provide regular updates on the asset management plans and strategies as part of the overall reporting on the Corporation's finances.
- 8.3. The Chief Officers must make arrangements to ensure the proper security of all buildings and other major assets owned by the Corporation and/or under their control. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.
- 8.4. The Chief Executive has delegated power to acquire by agreement, land and property (including freehold chief rents) subject always to the purchase price, or the purchase price when added to other transactions in respect of the same project, being within the estimate of costs included in the Strategic Business Plan and not exceeding £100,000.
- 8.5. The Chief Executive has delegated power to accept any offer or tender and agree and arrange for, the disposal of land or property and other interests in land or property provided the offer or tender does not exceed £100,000 and is the best consideration that can reasonably be obtained.
- 8.6. The Chief Executive in consultation with the Corporation Chair, and subject to the consent of the GM Mayor, to dispose of any interest in land at less than best consideration where the disposal will help the Corporation to secure the promotion or improvement of the economic, social or environmental well-being of the Area.
- 8.7. The Finance Director shall ensure that appropriate financial advice, including tax advice, is available at the point of decision on the acquisition or disposal of land and buildings.
- 8.8. The Finance Director is responsible for maintaining a fixed asset register for land and buildings and for making arrangements for the custody of all title deeds. All land and buildings must be revalued on a regular basis in accordance with accounting requirements and changes in value of assets must be reported appropriately to the Board.
- 8.9. The Finance Director shall ensure that estimates of expenditure and income arising from the acquisition, disposal and maintenance of land and buildings are included in the Revenue Budget.

9. INCOME

Collection of Income

- 9.1. The Finance Director shall be responsible for the collection of income.
- 9.2. Income may only be collected using methods and channels approved by the Finance Director. Officers responsible for the collection of income shall utilise and promote the most cost-effective approved means of collection including electronic payments. Where it is reasonable to do so, income should be collected at the point a service is requested. Value Added Tax must be added to charges where statutorily required and must be shown separately on bills and receipts under the circumstances specified by HMRC.

Debt Recovery

- 9.3. The Finance Director is responsible for determining the procedures to be followed in relation to debt recovery.
- 9.4. Subject to the agreement of the Finance Director the Chief Executive has delegated power to:
- Write off debts which are irrecoverable or losses due to burglaries, etc; and
 - Write off or make adjustments in respect of deficiencies or surpluses of stock, equipment, etc.

10. PURCHASING

Procurement, Commissioning and Purchasing

- 10.1. Purchases shall only be made when a need has been established and a budget is identified as available. The decision to purchase shall only be made by Chief Officers, Authorised Finance Officers or Budget Holders.
- 10.2. All purchases shall be lawful, made in accordance with the Corporation's Contract Procedure Rules.

11. PAYMENTS

- 11.1. Payments shall only be made in respect of goods or services properly received on receipt of an official invoice. In limited circumstances where the supplier insists on payment with order, authorisation must first be sought from the Finance Director. Invoice prices should be checked for accuracy against the related purchase order and/or goods receipt note. Copy invoices shall not be paid until a thorough check has been made that the invoice has not already been paid and the appropriate officer should certify that this is the case. To facilitate prompt and efficient payment, suppliers should be instructed to send invoices to the correspondence address specified by the Finance Director.
- 11.2. Credit notes shall be checked to the original order and payment. Where a credit note cannot be deducted from current or future payments, a refund shall be requested from the supplier.
- 11.3. Budget Holders shall ensure that the treatment of value added tax and the contractor's tax deduction scheme has been considered and undertaken correctly.

- 11.4. No one Officer shall alone be responsible for all stages of the purchasing and payment process, i.e. ordering, receipt, checking to the original order and authorisation.
- 11.5. Authorised Finance Officers shall ensure efficient and prompt payment by following the procedures set out in these Rules and in policies or guidance issued by the Finance Director. Where possible, advantage should be taken of early payment discounts and payments should be made in accordance with specified terms of trade but never more than 30 days from receipt of the goods or service or receipt of invoice whichever is the later. (Payment should only be made later than 30 days if specifically included in the contract terms). Failure to achieve these deadlines may lead to the Corporation incurring a financial penalty in accordance with relevant legislation which will be charged against the relevant budget.

Payment Methods

- 11.6. Where practical, officers should support all efforts to process payments by BACS. For most transactions, BACS is the most cost-effective method of payment. The use of alternative payment methods must be justified on value for money grounds and is only permitted if approved in writing by the Finance Director.

Payment Disputes

- 11.7. Budget Holders shall be responsible for liaising with suppliers, clients, customers and other third parties in order to resolve payment disputes.

Management of contracts and agreements

- 11.8. The Contract Procedure Rules set out the arrangements in place for the management of the Corporation's contracts and agreements.

12. BOARD MEMBERSHIP AND STAFFING

- 12.1. At all times the Board must comprise a minimum of six Members and must include a representative of the GMCA, the leaders of each of the three largest political groups in the Council and a representative of Homes England.
- 12.2. The Corporation is required to have a Chief Executive Officer, a Finance Director, and a Corporation Solicitor. These Officers are considered to be Chief Officers of the Corporation.
- 12.3. Consultants should only be appointed where they have specialist skills or knowledge not available from within the Corporation. Budget provision must exist to cover the anticipated costs and the appointment must not lead to an overspend. Any procurement must be in accordance with the Corporation's Contract Procedure Rules.
- 12.4. Any consultant appointments must be referred to the Finance Director for initial approval, setting out the justification.
- 12.5. To ensure that the Corporation is engaging the services of a consultant (contract for services) and not that of an "employee", then the nature of the work to be undertaken should be discussed with the Corporation Solicitor prior to making any offer of appointment to a consultant.
- 12.6. For self-employed consultants, a contract for services between the individual and the Corporation needs to be prepared by the Corporation Solicitor before any offer of appointment is made to the consultant. When the consultancy is provided by a company

the contract for services needs to be between the Corporation and the company, not the individual.

Salaries, Wages, Expenses and Pensions

- 12.7. The Finance Director is responsible for making payments of salaries, wages and pension benefits.
- 12.8. Any extraordinary payroll payments and payments outside of agreements of general application must be specifically approved by the Finance Director in consultation with legal services as necessary.
- 12.9. All claims for payment of travelling and incidental expenses must be submitted, duly certified in a form approved by the Finance Director.

13. RISK MANAGEMENT AND INSURANCE

- 13.1. The Finance Director shall arrange all insurance cover and negotiate any claims in consultation with appropriate officers and outside claims agencies.
- 13.2. Chief Officers are responsible for preparing and promoting the Corporation's approach to risk management, and for developing risk management controls.
- 13.3. The Finance Director will ensure periodic risk management studies are undertaken to assess the need for insurance cover and to identify appropriate action.
- 13.4. The Finance Director will ensure there is appropriate insurance cover through external insurance and internal funding, taking account of the results of risk management studies, and will report the level of cover and risk to the Board on a regular basis.
- 13.5. Chief Officers must consult the Finance Director in respect of any terms of any indemnity which the Corporation is requested to give.

14. INTERNAL CONTROL AND AUDIT

- 14.1. Internal control refers to the systems of control designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies and objectives. The Corporation has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 14.2. Chief Officers are responsible for advising on effective systems of internal risk control. These arrangements need to ensure compliance with the law and proper standards. The Finance Director is responsible for putting arrangements in place for financial and internal control, and for managing risk.
- 14.3. The Finance Director is responsible for ensuring that the Corporation's funds are safeguarded and properly accounted for. The Finance Director has the responsibility for maintaining an effective system of internal control and audit.

15. RETENTION OF FINANCIAL RECORDS

- 15.1. The Finance Director will ensure that financial records, i.e. documents supporting a payment, or an item of income received, are retained for six years or the periods specified by statute if longer.