

Notice of Audit and Governance Committee

Date: Thursday, 12 March 2020 at 6.00 pm

Venue: HMS Phoebe, Town Hall, Bournemouth BH2 6DY



Membership:

Chairman:

Cllr J Beesley

Vice Chairman:

Cllr L Williams

Cllr M Andrews

Cllr S Bartlett

Cllr M F Brooke

Cllr M Cox

Cllr B Dunlop

Cllr S McCormack

Cllr M White

All Members of the Audit and Governance Committee are summoned to attend this meeting to consider the items of business set out on the agenda below.

The press and public are welcome to attend.

If you would like any further information on the items to be considered at the meeting please contact: Bob Hanton - 01202 633031 or email bob.hanton@bcpcouncil.gov.uk

Press enquiries should be directed to the Press Office: Tel: 01202 454668 or email press.office@bcpcouncil.gov.uk

This notice and all the papers mentioned within it are available at democracy.bcpCouncil.gov.uk

GRAHAM FARRANT
CHIEF EXECUTIVE

4 March 2020



Maintaining and promoting high standards of conduct

Declaring interests at meetings

Familiarise yourself with the Councillor Code of Conduct which can be found in Part 6 of the Council's Constitution.

Before the meeting, read the agenda and reports to see if the matters to be discussed at the meeting concern your interests

Do any matters being discussed at the meeting relate to your registered interests?

Disclosable Pecuniary Interest

Yes

Declare the nature of the interest

Do NOT participate in the item at the meeting. Do NOT speak or vote on the item EXCEPT where you hold a dispensation

You are advised to leave the room during the debate

Local Interest

Yes

Declare the nature of the interest

Applying the bias and pre-determination tests means you may need to refrain from speaking and voting

You may also need to leave the meeting. Please seek advice from the Monitoring Officer

No

Do you have a personal interest in the matter?

Yes

Consider the bias and pre-determination tests

You may need to refrain from speaking & voting

You may also need to leave the meeting. Please seek advice

No

You can take part in the meeting speak and vote

What are the principles of bias and pre-determination and how do they affect my participation in the meeting?

Bias and predetermination are common law concepts. If they affect you, your participation in the meeting may call into question the decision arrived at on the item.

Bias Test

In all the circumstances, would it lead a fair minded and informed observer to conclude that there was a real possibility or a real danger that the decision maker was biased?

Predetermination Test

At the time of making the decision, did the decision maker have a closed mind?

If a councillor appears to be biased or to have predetermined their decision, they must NOT participate in the meeting.

For more information or advice please contact the Monitoring Officer
(tanya.coulter@bcpcouncil.gov.uk)

Selflessness

Councillors should act solely in terms of the public interest

Integrity

Councillors must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships

Objectivity

Councillors must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias

Accountability

Councillors are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this

Openness

Councillors should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing

Honesty & Integrity

Councillors should act with honesty and integrity and should not place themselves in situations where their honesty and integrity may be questioned

Leadership

Councillors should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs

AGENDA

Items to be considered while the meeting is open to the public

1. **Apologies**

To receive any apologies for absence from Councillors.

2. **Substitute Members**

To receive information on any changes in the membership of the Committee.

Note – When a member of a Committee is unable to attend a meeting of a Committee or Sub-Committee, the relevant Political Group Leader (or their nominated representative) may, by notice to the Monitoring Officer (or their nominated representative) prior to the meeting, appoint a substitute member from within the same Political Group. The contact details on the front of this agenda should be used for notifications.

3. **Declarations of Interests**

Councillors are requested to declare any interests on items included in this agenda. Please refer to the workflow on the preceding page for guidance.

Declarations received will be reported at the meeting.

4. **Confirmation of Minutes**

To confirm and sign as a correct record the minutes of the Meeting held on 20 February 2020.

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5. **Public Issues**

To receive any public questions, statements or petitions submitted in accordance with the Constitution. Further information on the requirements for submitting these is available to view at the following link:-

<https://democracy.bcpccouncil.gov.uk/documents/s2305/Public%20Items%20-%20Meeting%20Procedure%20Rules.pdf>

The deadline for the submission of public questions is Thursday 5 March 2020.

The deadline for the submission of a statement is 12.00 noon Wednesday 11 March 2020.

The deadline for the submission of a petition is 12.00 noon, Wednesday 11 March 2020.

6. **Kinson Community Centre**

7 - 10

This report provides an update and is a continuation of the reports provided to Audit and Governance Committee on 25 July 2019 and 10 October 2019. The report summarises the current position and confirms that a third-party referral in respect of the allegations made by Kinson Community Association (KCA) has been made by the Council to Dorset Police.

The Council has been advised by the police that any criminal investigation must take primacy over any civil or internal processes and as a result, no further action can be taken by the Council until such time as the position relating to any criminal allegations is understood and investigations concluded.

The report asks that the committee notes the update provided and delegates authority to determine any further action following the outcome of any criminal investigation, to the Director of Communities.

7. Evolution of Financial Regulations for the 2020-21 financial year

11 - 78

Evolutionary changes to the Council's Financial Regulations are summarised in this report and shown in red text throughout the document. Several minor editing changes have been made to align to BCP Council convention and terminology.

More material changes have been made to Part G, Procurement and contract procedures, incorporating new requirements for commissioning officers and the strategic procurement team to follow which respond to the Council's climate and ecological emergency declaration and which will result in more 'sustainable procurement' activity.

8. Annual review of Whistleblowing Policy, Anti-Fraud & Corruption Policy and Declarations of interests, gifts & hospitality Policy

79 - 146

An annual review of the Council's Whistleblowing Policy and Anti-Fraud & Corruption Policy has taken place to ensure they are updated in line with best practice and legislation.

Best practice suggests both policies should be approved by Audit & Governance Committee. Some minor amendments have been made to both policies including reformatting to corporate BCP requirements.

A key change to the Anti-Fraud & Corruption Policy has been made with the addition of the Criminal Finances Act (CFA) 2017 Requirements policy appendix. This is to ensure the Council is able to demonstrate adequate procedures are in place to prevent the corporate criminal offence of facilitating tax evasion.

A new Declaration of Interests, Gifts & Hospitality Policy has been created and approved by the Corporate Management Board.

This policy was previously seen in draft form by the Audit & Governance committee at its 23 January 2020 meeting and the resulting comments and suggestions have been incorporated.

9. Sustainable Procurement - Presentation

To receive a presentation from the Head of Strategic Procurement.

No other items of business can be considered unless the Chairman decides the matter is urgent for reasons that must be specified and recorded in the Minutes.

BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL
AUDIT AND GOVERNANCE COMMITTEE

Minutes of the Meeting held on 20 February 2020 at 6.00 pm

Present:-

Cllr J Beesley – Chairman

Cllr L Williams – Vice-Chairman

Present: Cllr M Andrews, Cllr S Bartlett, Cllr M F Brooke, Cllr M Cox,
Cllr B Dunlop and Cllr M White

68. Apologies

Apologies for absence were received from Councillor S McCormack

69. Substitute Members

There were no substitutes.

70. Declarations of Interests

There were no declarations of interest

71. Confirmation of Minutes

The minutes of the meeting held on 23 January 2020 were confirmed as a correct record and signed by the Chairman.

72. Public Issues

There were no public issues.

73. Relationship between the General Fund and the Housing Revenue Account

The Committee received a presentation from the Head of Finance providing a description and overview of key statistics and particularly the numbers of properties involved and covered by the two accounts. It was explained that, legally and as recognised by Central Government, BCP Council has only one Housing Revenue Account ('HRA'). However, within the Council, it was a matter of local choice as to how the accounts were administered. The current internal arrangement was that the Poole and the Bournemouth accounts were administered separately. The Committee was also reminded that Christchurch had sold its housing stock in the 1990s and did therefore not have an HRA.

The presentation set out in detail the way in which costs were charged to the HRA in terms of treatment of core services; core-plus services and non-core services. The approach to dealing with external debt, land and property ownership and with sale of Council dwellings was also explained.

It was suggested and agreed that the presentation would be circulated to members of the Committee with a view to it being retained for reference and updating going forward.

The Chairman recorded his thanks to the Head of Finance for an informative presentation.

The Committee noted that the presentation to the next meeting would be on the subject of 'Sustainable Procurement'.

Other items which would be added to the agenda would include an update on the latest position regarding the Kinson Community Centre; a report on the Whistleblowing, Counter Fraud and Corruption policies and a report on the Annual Evolution of Financial Regulations for 2020-21.

A revised copy of the Committee Forward Plan to reflect these additions would be circulated to members of the Committee after the meeting.

In the meantime, the Chairman reminded Members of his ongoing invitation for them to suggest subjects for future presentation to the Committee. There was also a suggestion, which was supported by the Committee, that Officers explore the potential for a self-assessment of the performance of the Audit and Governance Committee using the CIPFA self-assessment tool. It was noted that this was available on an 'off-the-shelf' basis and so could potentially be used quickly and relatively cheaply. This process could then also be included within the programme of work set out in the Committee's Forward Plan.

The meeting ended at 7.12 pm

CHAIRMAN



AUDIT AND GOVERNANCE COMMITTEE

Report subject	Kinson Community Centre
Meeting date	12 March 2020
Status	Public Report
Executive summary	<p>This report provides an update and is a continuation of the reports provided to Audit and Governance Committee on 25 July 2019 and 10 October 2019.</p> <p>The report summarises the current position and confirms that a third-party referral in respect of the allegations made by Kinson Community Association (KCA) has been made by the Council to Dorset Police.</p> <p>The Council has been advised by the police that any criminal investigation must take primacy over any civil or internal processes and as a result, no further action can be taken by the Council until such time as the position relating to any criminal allegations is understood and investigations concluded.</p> <p>The report asks that the committee notes the update provided and delegates authority to determine any further action following the outcome of any criminal investigation, to the Director of Communities.</p>
Recommendations	<p>It is RECOMMENDED that</p> <p>Audit & Governance Committee:</p> <ul style="list-style-type: none"> a) note the update provided; b) delegate authority to determine any further action following the outcome of any criminal investigation, to the Director of Communities.
Reason for recommendations	<p>The allegations made by Kinson Community Association are now a matter for Dorset Police. Any criminal investigation must take primacy over any civil or internal process considered in relation to these matters.</p>

Portfolio Holder(s):	Cllr Lewis Allison
Corporate Director	Kate Ryan, Corporate Director – Environment and Communities
Contributors	Kelly Ansell - Director of Communities
Wards	Kinson
Classification	For update and information

Background

2. A report was considered by the Audit and Governance Committee on 25 July 2019 which outlined the response to a deputation made by the Chairman of Kinson Community Association (KCA) at the last Bournemouth Borough Council (BBC) Audit & Governance Committee 16 January 2019. In addition, the report also set out the action taken to address informal and formal complaints and allegations raised by KCA, or representatives of KCA, over a period from October 2014.
3. A further report was presented to the 10 October 2019 Audit and Governance Committee in response to a request that Members be provided with the investigation reports relating to these complaints. In addition, the committee had requested that officers seek a formal response from KCA regarding both the findings of the complaint investigations and also to the Council's response to their deputations, which were all fully outlined in the report of 25 July 2019.
4. The Audit and Governance Committee on 10 October 2019 resolved to;
 - a) note the content of the independent investigator reports relating to complaints raised by KCA;
 - b) note, with deep regret, that no formal response has been provided by KCA in response to the independent investigators findings or the deputation response reported to the committee on 25 July 2019;
 - c) request that, in the future, any terms of reference that might be drafted for investigations are, wherever possible, drafted in association with and agreed between the parties;
 - d) urge the Kinson Community Association to respond urgently to the Council and that the response be distributed to Audit and Governance Committee at its meeting on 23 January 2020;
 - e) support the pursuance of mediation between the Council and Kinson Community Association
5. It was agreed that a further update report would be provided to the Audit and Governance Committee by the Director of Communities.

Update and Current Position

6. Continued efforts were made following the October Audit and Governance

Committee to secure a formal response from KCA. This was received on 13 January 2020.

7. Following the October Audit and Governance Committee the Council received correspondence from members of the community who remained concerned about the allegations made by KCA. As a result, a decision was taken to refer the matter to Dorset Police as a third-party report and this was made on 14 November 2019. The Ibex Gale independent investigation reports were released to Dorset Police in order to support this process. This action was taken in the spirit of openness and transparency and with the intention of facilitating a route for KCA to appropriately raise their concerns with the police.
8. An update was received from Dorset Police on 2 February 2020 which confirmed that following the referral from BCP Council, the local Neighbourhood team has made contact with the Chair of the Trustees at KCA. The approach is focused on establishing whether, within the concerns that have been raised with the Council, there are any criminal allegations that would require recording within the national crime recording standards (NCRS) and if so whether an investigation is necessary.
9. Direct contact has been made with KCA to confirm that Dorset Police require contact from the Trustees in order for an official complaint to be recorded. KCA have been asked to carefully consider which element(s) of the original complaint they would like to refer to the police. Upon receipt of this information, Dorset Police have advised that they will create a crime record of the allegations and refer the investigation to a specialist financial investigator to review.
10. The Council is advised that any criminal investigation should take primacy over any civil or internal procedures.
11. As a result of the advice received, the Director of Communities wrote to the Chair of Kinson Community Association on 6 February 2020 confirming that the Council would not be taking any action at this time, pending the outcome of any criminal investigation which may be forthcoming.
12. The allegations made by KCA are now a matter for the Police to investigate should evidence be forthcoming. Should the Council receive any evidence in regard to this matter, this will be referred to the Police and full co-operation will be offered in any investigation should this be forthcoming.
13. The Communities team will continue to engage with KCA as appropriate in order to ensure the safe and sustainable delivery of the centre and in order to fulfil the Council's obligations as landlord of the building.
14. Also of note in regards to this matter, the Charity Commission issued a statement on their website on 23 October 2019 to confirm that they had opened an inquiry into KCA due to concerns of mismanagement and/or conduct at the charity. This investigation was ongoing at the time of writing this report.

Summary of financial implications

15. There are no direct financial implications from this report.

Summary of human resources implications

16. There are no direct human resource implications from this report.

Summary of environmental impact

17. There are no direct environmental implications from this report.

Summary of public health implications

18. There are no direct public health implications from this report.

Summary of equality implications

19. There are no direct equalities implications from this report.

Summary of risk assessment

20. The risk implications are as set out in the report dated 25 July 2019.

Background papers

None.

Appendices

None.

AUDIT AND GOVERNANCE COMMITTEE



Report subject	Evolution of Financial Regulations for the 2020-21 financial year
Meeting date	12 March 2020
Status	Public Report
Executive summary	<p>Evolutionary changes to the Council's Financial Regulations are summarised in this report and shown in red text throughout the document.</p> <p>Several minor editing changes have been made to align to BCP Council convention and terminology.</p> <p>More material changes have been made to Part G, Procurement and contract procedures, incorporating new requirements for commissioning officers and the strategic procurement team to follow which respond to the Council's climate and ecological emergency declaration and which will result in more 'sustainable procurement' activity.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <p>The Financial Regulations as shown in Appendix A be approved and referred to Council on 31 March 20 for adoption.</p>
Reason for recommendations	The Council's Financial Regulations are subject to annual evolution and require approval of Council.

Portfolio Holder(s):	Councillor David Brown, Cabinet Member for Finance
Corporate Director	Julian Osgathorpe, Corporate Director Resources
Report Authors	Nigel Stannard, Head of Audit & Management Assurance Simon Milne, Audit Manager Jeremy Richardson, Head of Strategic Procurement
Wards	Council-wide
Classification	For Recommendation

Background

1. BCP Council's Financial Regulations are Part 5 of The Constitution and have been in place since 1 April 2019 having been agreed by the Shadow Executive in February and March 2019. *
2. Financial Regulations (the Regulations) will be subject to a business as usual 'annual evolution' so they remain up-to-date and receptive to the rapidly changing internal and external environment in which the council operates. Such 'annual evolution' will always be approved by Council.
3. Therefore, from now, and every year hereafter, BCP Council will have a new evolution of the Regulations aligning to the start of the financial year.
4. Annual evolutionary changes are show in red text, this transparently highlights the changes and negates the need for a page turn comparison to find out what has changed. Only the latest evolution will be shown in red text, going forward changes from any previous year will revert to standard black text.
5. The Chief Finance Officer (CFO), is responsible for maintaining and updating the Regulations and the Corporate Schedule of Financial Delegations, which is appendix 1 of the Regulations. The CFO had delegated authority from Council to make in-year amendments and editing changes which may be occasionally necessary such as in cases of new or revised legislation or UK law or to correct errors, ambiguity or where unintended interpretation matters arise.
6. This annual evolution is formally known as BCP Financial Regulations EVO20.v1. (where 20 stands for the financial year and v1 stands for the version agreed by Council. If the CFO makes any delegated amendments as per paragraph 5 above then this will be shown as v2, v3 and so on, as required).

*BCP Council Financial Regulations are a modern interpretation of more traditional versions of Financial Regulations in place across the local government sector. Being just over 50 pages in length it is typically about 50 pages shorter than more traditional versions. This is achieved without a 'dumbing down' by removing any 'How to guides' which are instead included in complimentary procedures and guidance. More concise language and the use of bullet points also helps to reduce page and word count.

Minor editing changes in BCP Financial Regulations EVO20.v1

7. Throughout the document certain convention and terminology changes have been made to reflect those now being used by BCP Council. Such changes include:
 - Councillor(s) now used instead of Member(s)

- Cabinet Member now used instead of Portfolio Holder
- Service Director now used instead of Service Head or Service Unit Head
- Corporate Director now used instead of Executive Director or Strategic Director

More material changes in BCP Financial Regulations EVO20.v1

8. The table below summarises the more material changes within the evolution of the Regulations.

Part	Part title	Summary of changes
Part A	Status of Financial Regulations	No material change (minor changes as per paragraph 7)
Part B	Financial Management Roles and Responsibilities	No material change (minor changes as per paragraph 7)
Part C	Financial Planning and Budgeting	Added clarity on 'alternative budget' procedure.
Part D	Financial Monitoring and Control	No material change (minor changes as per paragraph 7)
Part E	Internal Control, Audit and Risk Management	No material change (minor changes as per paragraph 7)
Part F	Financial Systems and Procedures	<p>Added clarification wording.</p> <p>Strengthens requirements for options appraisal (of subsidiary financial systems) to include compatibility and interfacing requirements to main financial and accounting systems.</p> <p>Abolition of petty cash, creation of 'client cash floats' in exceptional circumstances.</p> <p>New requirements for leases, all leases must now be approved by the CFO (not just finance leases) to ensure compliance with new accounting requirements for leases.</p>
Part G	Procurement and Contract Procedures	<p>Significant reordering of the Regulations to more intuitively follow the order in which a procurement process is undertaken.</p> <p>New requirements which respond to the Council's climate and ecological emergency declaration and which will result in more 'sustainable procurement'. See sustainability summary section below for details.</p>

		Removal of exemption and defined circumstances procedures, now simplified in single 'waiver' process.
Part H	External Arrangements (including partnerships, external funding bids and trading)	No material change (minor changes as per paragraph 7)
Appendix 1	Corporate Schedule of Financial Delegations	<p>Changes to reflect convention and wording as per paragraph 7.</p> <p>Clarification of sundry debt write off and cancellation requirements.</p> <p>More explicit requirements for business case and transparent budget source when incurring expenditure on interim staff and consultants. Approvals revised to include those of the Chief Executive where costs will exceed £100,000 or the day rate is greater than £750 per day.</p>
Appendix 2	Functions of the Audit & Governance Committee	Significant re-write to comply with best practice, thoroughly reviewed and formally agreed by Audit & Governance Committee
Appendix 3	Contracts to be executed by Deed (& sealed accordingly)	Currently being drafted by Legal Services (may not be completed by 1 April 2020, delegate to CFO to add to Regulations when available).
Old Appendix 4	Hot Topics	This appendix was effectively repetition and raised issues where legacy council staff had previously failed to comply and had breached legacy council Regulations. It is proposed to delete this Appendix, it has caused some confusion in the first year of BCP Council.

Options Appraisal

- The Council could choose to update, refresh, evolve the Financial Regulations on a less frequent basis than annually. There is an inherent and obvious risk with such an approach that the Financial Regulations could become out of date and fail to keep pace with the rapidly changing internal and external environment in which the Council operates.

Summary of financial implications

- The Financial Regulations provide the governance framework for managing the Council's financial affairs. 'How to' guidance and procedures are in place to compliment the specific requirements of the Regulations.

Summary of legal implications

11. The Financial Regulations are Part 5 of the Council's Constitution, they apply to every councillor and officer acting behalf of the Council.
12. The Local Government Act 1972 (Section 151) makes the Chief Finance Officer responsible for the proper administration of the Council's financial affairs. The Regulations are issued pursuant to these responsibilities.

Summary of human resources implications

13. The Financial Regulations apply to every councillor and officer acting behalf of the Council.

Summary of sustainability impact

14. The Council has declared a climate and ecological emergency. Part G of the Financial Regulations now includes added requirements for commissioning officers and the Strategic Procurement Team (SPT) to follow to ensure the Council considers environmental sustainability when procuring works, goods and services.
15. A requirement to obtain local supplier quotes (BH, DT and SO postcodes) is included for purchases which are less than £25,000.
16. In the case where open tendering is required, over £25,000, a minimum 10% sustainable evaluation criteria must be included within the quality element of the tender evaluation process (and thus also factored into tender specifications).

Summary of public health implications

17. There are no direct public health implications from this report.

Summary of equality implications

18. There are no direct equality implications from this report.

Summary of risk assessment

19. Lack of compliance and awareness is the most significant and impactful risk in a Financial Regulations context. A continuous and evolving training, supporting and promoting programme exist utilising a range of activities including formal training, one-off bespoke awareness sessions, blogs and staff communications

Background papers

None

Appendices

The proposed Financial Regulations and appendices are attached to this report

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PART 5

FINANCIAL REGULATIONS

BOURNEMOUTH, CHRISTCHURCH AND POOLE (BCP) COUNCIL



FINANCIAL REGULATIONS

live from 01-04-2020 (EVO20v1)

FRONT COVER & CONTENTS

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PART C	FINANCIAL PLANNING AND BUDGETING
PART D	FINANCIAL MONITORING AND CONTROL
PART E	INTERNAL CONTROL, AUDIT AND RISK MANAGEMENT
PART F	FINANCIAL SYSTEMS AND PROCEDURES
PART G	PROCUREMENT AND CONTRACT PROCEDURES
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APPENDIX 3	CONTRACTS TO BE EXECUTED BY DEED (& SEALED ACCORDINGLY)
APPENDIX 4	MINOR AMENDMENTS AND EDITING LOG

Within these Regulations **Chief Finance Officer (CFO)** means:

- Officer with statutory responsibility for the proper administration of the Council's financial affairs in accordance with S151 of the Local Government Act 1972, i.e. Chief Operating Officer.
- Or those officers authorised to act on his/her behalf. (in accordance with Financial Services Scheme of Delegation)

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PART A STATUS OF FINANCIAL REGULATIONS

PURPOSE

- 1 These Financial Regulations (Regulations) provide the governance framework for managing the Council's financial affairs.

STATUTE

- 2 The Local Government Act 1972 (Section 151) makes the Chief Finance Officer (CFO) responsible for the proper administration of the Council's financial affairs. These Regulations are issued pursuant to these responsibilities and form part of the Council's Constitution (part 5).

SCOPE

- 3 The Regulations set out the Council's requirements in respect of:
 - Financial management roles and responsibilities
 - Financial planning and budgeting
 - Financial monitoring and control
 - Internal control, audit and risk
 - Financial systems and procedures
 - Procurement activity
 - External arrangements
- 4 The Regulations apply to the control of both the General Fund finances (including BCP maintained schools) and the Housing Revenue Account (including any neighbourhood accounts therein). Wholly owned companies of BCP Council will adhere to the Regulations unless exceptions are agreed by their respective Boards. For the avoidance of doubt the Regulations apply to Poole Housing Partnership (PHP) where projects, programmes and resources are charged directly to the BCP Housing Revenue Account (Poole neighbourhood account).
- 5 Appendix 1 to the Regulations comprises the 'Corporate Schedule of Financial Delegations' which sets out the approved financial limits within which officers and **councillors** may conduct the Council's business. This schedule does not apply to BCP maintained schools who will operate their own schemes of delegation.
- 6 The Regulations are supported by a series of financial procedures and strategies which provide more detailed direction on the arrangements in respect of:
 - Anti-fraud and corruption policy (including money laundering guidance and reporting)
 - Risk management strategy
 - Financial document retention
 - Income collection and local debt recovery systems
 - Asset management including disposals and acquisitions
 - Procurement strategy and code

COMPLIANCE

- 7 These Regulations, and the appendices, apply to every **councillor** and officer of the Council and to anyone acting on its behalf, including agencies and partnerships with whom the Council does business and for whom the Council is the relevant accounting body.
- 8 All **councillors** and officers have a general responsibility for taking reasonable action to provide for the security of assets under their control and for ensuring that the use of these resources is undertaken in accordance with the law, properly authorised, and

achieves value for money. In doing so, proper consideration must be given at all times to matters of probity and propriety in managing the assets, income and expenditure of the Council.

- 9 Failure to comply with any part of these Regulations may constitute misconduct and lead to formal disciplinary action.
- 10 The term 'Manager' used throughout the Regulations refers to members of the Council's extended management team including the Chief Executive, **Corporate** Directors, Service Directors, Heads of Service and Team Managers as appropriate and as they relate to the specific matters set out within these Regulations. For maintained schools the Governing Body is defined as the 'Manager' for the purposes of these Regulations.
- 11 If decisions have been formally delegated to others, such as to The Head Teacher or to individuals as specified in **Service** Schemes of Delegation, reference to the term 'manager' in these Regulations should be read as referring to them.

MAINTAINING AND UPHOLDING THE REGULATIONS

- 12 The CFO is responsible for:
 - a. Maintaining and updating these Regulations and the Corporate Schedule of Financial Delegations. Minor amendments and editing changes, including in year changes necessary to align with new or revised legislation or UK law, are logged on page 61.
 - b. Ensuring that any revisions affecting the powers of **councillors** are approved by Council on the recommendation of the Council Leader and in consultation with the Monitoring Officer (MO).
 - c. Reviewing and reissuing the financial procedures as necessary to support the effective operation of these Regulations.
 - d. Reporting, where appropriate, any breaches of these Regulations to **councillors** on at least an annual basis.
 - e. Reporting to **councillors** all waivers and exemptions of Regulations, requested by **Services** and approved by him/her during the course of any financial year which he/she has delegated authority to determine.
 - f. Interpreting and/or arbitrating should any uncertainty or dispute arise pursuant to these Regulations in consultation with the MO.
- 13 The Regulations are subject to an annual 'evolution' which will be approved by Council and will incorporate:
 - a. Minor amendments and editing changes, described at 12a above, into the relevant section of the Regulations.
 - b. Changes of a more fundamental nature, as identified by a proportionate officer working group made up from representatives of **Services** and Schools.
- 14 For transparency purposes all changes in the annual 'evolution' will be flagged using red text, this will enable both experienced and inexperienced users of the Regulations to clearly identify where changes have occurred year on year. Changes from previous years 'evolution' will be incorporated into standard colour text, only the latest 'evolution' is shown in red text.
- 15 A summary of the Regulations 'evolutionary' history is shown below:
 - **1st April 2020 – EVO20.v1**

PART B FINANCIAL MANAGEMENT ROLES & RESPONSIBILITIES

PRINCIPLES

- 1 A transparent framework of financial management responsibilities and decision making is essential to the effective management of the Council's financial affairs.
- 2 All **councillors** and officers have a common duty to abide by the highest standards of integrity and propriety when making decisions about the use of public monies.

COUNCILLORS

- 3 **Councillors'** responsibilities for the overall management of the Council's financial affairs are exercised through:
 - **Council**, which is responsible for approving the Council's Key Policy Framework as defined within the Constitution and for setting the budget.
 - **The Leader and Cabinet – “the Executive”**, which is responsible for recommending the key policy framework and budget to Council; making decisions in respect of the executive functions of the Council in accordance with the Key Policy Framework and Budget approved by Council. Executive decision making can be delegated to a formally constituted committee of the Cabinet, an individual **cabinet member**, an officer or a joint committee in accordance with the Scheme of Delegation as set out in the Council's Constitution.
 - **The Audit & Governance Committee**, which is responsible for maintaining a continuous review of the Council's regulatory framework, approving the Annual Statement of Accounts for publication, oversight of audit, governance, counter fraud and corruption, risk management and treasury management activity. This Committee's full functions and responsibilities are set out in Appendix 2.
 - **The Standards Committee**, which is responsible for promoting and maintaining high standards of conduct amongst **councillors**. In particular, it is responsible for advising the Council on the adoption and revision of the **Councillors'** Code of Conduct, and for monitoring the operation of the Code.

OFFICERS

- 4 Officer responsibilities for the overall management of the Council's financial affairs are variously set out by legislation, the provisions of the Council's Constitution and the Council's Corporate and Service Schemes of Delegation.
- 5 Certain legislation requires the Council to designate particular officers as the 'appropriate officer' for the performance of certain functions. 'Appropriate Officer' functions include the responsibilities of the Head of Paid Service (HPS), the Monitoring Officer (MO) and Chief Finance Officer (CFO) in managing the overall financial affairs of the Council. Formal recognition is also given to the particular responsibilities and functions of the Council's Chief Internal Auditor (CIA) in accordance with best practice advice and guidance. The role of the CIA is set out in CIPFA's 'The Role of The Head of Internal Audit'.

THE HEAD OF PAID SERVICE (HPS)

- 6 The HPS is designated as the Chief Executive and is responsible for the corporate and strategic management of the Council. He/she is responsible for establishing the management style, direction and leadership of the organisation including overall staff management arrangements, monitoring performance and achievement. The HPS is responsible, together with the MO, for the system of record keeping in relation to Councils' decisions.

THE MONITORING OFFICER (MO)

- 7 The MO is responsible for promoting and maintaining high standards of financial conduct and provides support to the Standards Committee. The MO is also specifically responsible for:
- Reporting any actual or potential breaches of the law or maladministration to Council and/or to Cabinet.
 - Ensuring that procedures for recording and reporting key decisions are operating effectively.
 - Ensuring that Cabinet decisions and the reasons for them are made public.
 - Ensuring that all **councillors** are aware of decisions made by the Cabinet and of those made by **cabinet member**, officers, or a joint committee which has delegated Cabinet responsibility.
 - Advising all **councillors** and officers about who has authority to take a particular decision.
 - Maintaining an up-to-date Constitution and reporting any proposed changes to Council for approval.

THE CHIEF FINANCE OFFICER (CFO)

- 8 The CFO has statutory and delegated duties in relation to the financial administration and stewardship of the Council. The statutory responsibilities cannot be overridden and arise from:
- Section 151 of the Local Government Act 1972
 - The Local Government Finance Act 1988
 - The Local Government and Housing Act 1989
 - The Accounts and Audit Regulations 2015 (and as amended)
 - The Local Authorities Goods and Services Act 1970
 - The Local Government Acts 2000 and 2003
 - The Localism Act 2011
- 9 The CFO's responsibilities include:
- The proper administration of the Council's financial affairs including all arrangements concerning financial planning, financial control, accounting, taxation, income, debt management, insurances, investments, banking, bonds, loans, leasing, borrowing, trust and pension funds, and the payment of creditors, salaries, wages and pensions.
 - Determining the contents of Financial Procedures and ensuring compliance with these and Financial Regulations.
 - Preparing the Revenue Budget and reporting to the Council on the robustness of the estimates and the adequacy of reserves.
 - Preparing the Capital Programme, ensuring effective forward planning and sound financial management in its compilation.

- e. Ensuring that accurate and timely financial information is available to enable effective budget monitoring and reporting and taking action if overspends or shortfalls in income emerge.
 - f. Reporting to Council if it is likely that any proposed action or decision will lead to unbudgeted or unlawful expenditure or activity.
 - g. Advising on the systems of internal control necessary for sound financial management and decision making, and to ensure that public funds are properly safeguarded and used economically, efficiently, and effectively.
 - h. Maintaining an adequate and effective internal audit function and effective counter theft, fraud and corruption arrangements.
 - i. Preparing the Council's risk management strategy and advising on the management of strategic, financial and operational risks.
 - j. Determining the accounting procedures and records for the Council and ensuring that they are applied consistently.
 - k. Preparing and publishing the Council's annual statement of accounts and governance statement for approval by Audit & Governance Committee in accordance with all applicable codes of practice on local authority accounting.
 - l. Making proper arrangements for the audit of the Council's accounts in accordance with statutory and legislative provisions.
 - m. Preparing and implementing an effective treasury management strategy and effecting all investments and borrowings within the limits imposed by the Council.
 - n. Advising on, monitoring and reporting on performance in relation to Prudential Indicators set by the Council for capital expenditure, external debt and treasury management.
 - o. Ensuring that effective asset management arrangements are in place.
 - p. Advising on the risks and financial implications associated with joint working, external funding and trading opportunities.
- 10 The CFO may allocate his/her day-to-day responsibilities to an appropriate representative in accordance with the Financial Services Scheme of Delegated Authority to Officers and/or the Corporate Schedule of Financial Delegations.

THE CHIEF INTERNAL AUDITOR (CIA)

- 11 The CIA is designated by the CFO as part of his/her Service Scheme of Delegation further to Part 3 (Schedule 1) of the Council's Constitution and plays a key role in providing assurance to the **councillors**, the CFO, the HPS and corporate Management Team about the probity, practical deployment and effectiveness of financial management at the Council.
- 12 The CIA has rights of access to information and data held by officers or **councillors** of the Council at all reasonable times and is responsible for the overall co-ordination and deployment of external and internal audit resources at the Council. He/she also has the right to report on any relevant matter of concern to senior management and **councillors** outside normal line management arrangements should he/she deem this necessary in protecting the interests of the Council and/or local tax payers.

MANAGERS

- 13 Whilst the CFO has overall responsibility for the finances of the Council, managers are responsible for the day-to-day management of their respective Unit's finances. Their responsibilities in relation to financial management include:
- a. Promoting and ensuring compliance with these Regulations and associated Financial Procedures and taking corrective action in the event of any non-compliance.
 - b. Preparing annual Revenue Budget estimates and Capital Programme estimates in accordance with the guidance issued by the CFO.
 - c. Ensuring that the financial implications of all proposals, or any matter which is liable to materially affect the resources of the Council, are agreed with the CFO or his/her nominated representative in advance of any decision making report to **councillors**.
 - d. Managing service delivery and containing expenditure within the agreed revenue and capital budgets.
 - e. Maintaining sound systems of internal control and implementing agreed internal and external audit recommendations.
 - f. Complying with the Council's counter theft, fraud and corruption policy and reporting suspected fraud and financial irregularities immediately to internal audit for investigation.
 - g. Complying with the Council's risk management strategy and notifying the CFO immediately of significant risks to the Council's financial position.
 - h. Ensuring that all financial transactions are recorded through the main accounting system.
 - i. Assisting cash flow through timely billing of income due and minimising advance payments wherever possible.
 - j. Ensuring that all expenditure incurred complies with the requirements of these Regulations, the procurement code and has the necessary budgetary approval.
 - k. Controlling resources and containing staff numbers within approved establishment and budget levels and ensuring that all employee appointments and payments are properly authorised in compliance with the Council's policies.
 - l. Ensuring that all claims for funds, including grants, are compiled and submitted by the due dates.
 - m. Ensuring the proper security and safe custody of all assets under their control.
 - n. Ensuring that the risks and financial implications associated with joint working, external funding and trading opportunities are properly evaluated, and that no such arrangements are entered into without the prior approval of the CFO.
 - o. Ensuring that financial authorities are operated in accordance with the limits contained within the Corporate Schedule of Financial Delegations (Appendix 1), and that a written record of authorised officers is maintained.

ALL EMPLOYEES

- 14 In addition to the specific responsibilities set out above the Council expects all employees to:
- a. Act in good faith, adopting the highest standards of integrity, propriety and impartiality in accordance with the 'Nolan principles' (7 principles of public life which apply to all people appointed to work in local government).

1. Selflessness

Holders of public office should act solely in terms of the public interest.

2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their

work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. Honesty

Holders of public office should be truthful.

7. Leadership

Holders of public office should exhibit these principles in their own behavior. They should actively promote and robustly support the principles and be willing to challenge poor behavior wherever it occurs.

- b. Exercise due care in relation to all resources, assets, income and expenditure within their care or control.
- c. Ensure that proper records and documentation are maintained of the Council's assets and financial transactions in accordance with advice and requirements of the CFO.
- d. Comply with these Regulations, the associated financial procedures and any additional guidance issued to ensure the effective control of the Council's resources.
- e. Co-operate in audits of the Council's financial systems.
- f. Report any suspected financial irregularities for investigation to the Chief Internal Auditor.

PRINCIPLES

- 1 The purpose of financial planning and budgeting is to set out and communicate the Council's objectives, resource allocations and related performance targets, and to provide an agreed basis for subsequent management control, accountability and reporting.
- 2 Budgets are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent. The Budget is the financial expression of the Council's ambitions and priorities. The budget process must ensure that resources are:
 - Required in accordance with the law and properly authorised.
 - Used only for the purpose of achieving approved policies, objectives and service priorities.
 - Held securely for use when required.
 - Used appropriately to avoid waste, inefficiency and/or loss.

It is unlawful for the Council to budget for a deficit.

- 3 As such the Budget sets agreed parameters around the annual resource allocations, activities and functions of Services and is constructed within the context of a medium term financial plan (MTFP). The MTFP represents a multi-year forecast (usually 3 or more years) to identify and address those issues which have medium to long term implications for the Council.
- 4 The Capital Programme sets out the resource allocations to be made to capital schemes. Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the organisation, such as land, buildings, and major items of plant, equipment and vehicles.
- 5 To enable **councillors** to make informed decisions, all Council, Cabinet and Committee reports must incorporate a separate section on 'financial implications'. Reports must show the costs or savings of proposals together with any approved budget provision, future commitments, potential risks, tax implications, and any other financial consequences which may arise from the options and recommendations and must be produced in consultation with the CFO or his/her nominated representative.

COUNCILLORS

- 6 Councillors' responsibilities for financial planning and budgeting are exercised through:
 - **Council**, which is responsible for approving the Council's key policy framework and for setting the Budget. This approval encompasses:
 - All the plans and strategies making up the Policy Framework, including the Council's corporate plan/strategy.
 - The MTFP.
 - The revenue budget (The Budget), proposed by the Cabinet to Council for approval on the advice of the CFO. The Budget will include details of proposals for local taxation levels, contingency funds and use of and levels of all reserves.
 - The capital budget (The Capital Programme).

Council may amend the Budget and the Capital Programme or ask the Cabinet to reconsider it before approving in exceptional circumstances in consultation with the

CFO. Any councillor or group of councillors who wish to submit alternative budget proposals must do so no less than 3 clear working days before the Budget setting meeting. The CFO will only support alternative proposals which deliver a balanced budget to be taken forward to the Council for consideration.

- **The Cabinet** is responsible for proposing the key policy framework and budget to Council. Cabinet is also responsible for monitoring performance against revenue and capital budgets and taking executive decisions to deliver priorities, within the Budget and key policy framework agreed by the Council. It is responsible for issuing guidance on the detail of the Budget in consultation with the CFO as soon as possible following the Budget's approval by Council.

REVENUE BUDGET (THE BUDGET)

7 The CFO is responsible for:

- a. Advising the Council on the Cabinet's budget proposals in accordance with his/her responsibilities under S151 of the Local Government Act 1972. (Council may amend the Revenue Budget or ask the Cabinet, in consultation with the CFO, to reconsider it before approving)
- b. Ensuring that an annual Revenue Budget and Council Tax Report are prepared in the context of a medium term financial plan for consideration by Cabinet and approval by Council.
- c. Maintaining a resource allocation process that properly reflects the Council's policy framework, ambitions and priorities.
- d. Advising the Cabinet on the format of the budget and its responsibility for issuing guidance on budget preparation taking due account of:
 - legal requirements
 - medium-term planning prospects and known issues
 - the corporate strategy and Council priorities
 - available resources
 - spending pressures
 - government initiatives and public policy requirements
 - internal policy directives
- e. Advising the Cabinet and Council on a prudent level of reserves and any appropriate contingency provisions.
- f. Undertaking the statutory consultation with NDR payers.
- g. Issuing detailed procedures to managers on the preparation of Revenue Budget estimates.

8 Managers are responsible for:

- a. Preparing annual Revenue Budget estimates in accordance with the guidance issued by Cabinet and the detailed procedures issued by the CFO, ensuring that these are a realistic reflection of agreed priorities, and advising cabinet members on service implications. (see d. above)
- b. Establishing detailed budgets for each service area in advance of the financial year (along with indicative estimates for the two years thereafter) and requiring such budgets to be properly managed by responsible named budget holders.
- c. Integrating financial and budget plans with service planning.
- d. Ensuring that any earmarked reserves held are applied to their intended purposes.
- e. Giving due and proper regard to the asset management concerns of the wider organisation in planning service delivery, consulting in advance with the Corporate

Property Officer (CPO) in any financial planning or budgeting decision to be made relating to the use of Council land and property.

CAPITAL BUDGET (THE CAPITAL PROGRAMME)

9 The CFO is responsible for:

- a. Ensuring that a multi-year rolling Capital Programme (usually 3,4 or 5 years) is prepared for consideration by the Cabinet for recommendation to Council for approval as part of the MTFP and annual budget setting process.
- b. Issuing strategic guidance on capital schemes and controls and defining what will be regarded as capital having proper regard to Government regulations and accounting conventions.
- c. Issuing detailed guidelines which take account of legal, regulatory and code of practice requirements, medium-term planning prospects, affordability and whole life costing.
- d. Ensuring that the revenue implications of the Capital Programme are contained within the Revenue Budget and MTFP.
- e. Ensuring that all schemes relying on the use of prudential borrowing powers are properly appraised and provide value for money.
- f. Reporting to Cabinet on the overall position and the availability of resources to support the Capital Programme.
- g. Issuing detailed procedures to managers on the preparation of capital budget estimates.
- h. Ensuring that sources of funding (general fund, capital grants, self-financing, etc.) are identified for the entire Capital Programme.

10 Managers are responsible for:

- a. Complying with the guidance issued by the CFO regarding capital schemes and controls and in the preparation of the Capital Programme.
- b. Ensuring that all capital schemes put forward for consideration have been properly appraised and that each scheme and estimate includes a project plan, progress targets, and sets out the funding sources including all associated revenue expenditure.
- c. Undertaking a comprehensive annual review of the Capital Programme and consequential revenue expenditure, for inclusion in the MTFP.

FINANCIAL IMPLICATIONS OF DECISIONS

11 The CFO is responsible for:

- a. Issuing guidance in relation to the presentation of financial implications within the Council's decision making processes.
- b. Ensuring the adequacy of the financial implications information presented within individual decision making reports and for appropriate sign-off.

12 Managers are responsible for:

- a. Ensuring that all decision making reports properly set out the financial implications of the proposed actions in accordance with guidance issued by the CFO.
- b. Arranging for all financial implications to be validated and formally signed-off by the CFO, or his/her nominated representative, prior to their progression through the approval process.
- c. Consulting with relevant parties where there may be financial implications for other cabinet members, committees or **services**.

PRINCIPLES

- 1 To ensure the Council does not exceed its overall budget, **Services** (and appropriate corporate projects and programmes where relevant) are required to manage their own income and expenditure within the cash limited budgets allocated to them to be spent on agreed service activities and functions.
- 2 Any forecasted revenue overspends or income shortfalls should be mitigated through a compensating underspend or over-achievement of income elsewhere. Any under-spending or over-achievement of income cannot be carried forward from one year to the next without the approval of the CFO and should generally be restricted to specific items of a 'one off' nature where monies will be spent for an identified purpose in the following financial year.
- 3 No expenditure may be incurred on a capital project unless the project has been approved in accordance with the Corporate Schedule of Financial Delegations (Appendix 1) or as part of the annual Council approval of the Capital Programme. Any forecast overspending must be contained within the overall Capital Programme and reported to the approved senior officer Capital Programme Board. Similarly, variations to the approved budgets for capital schemes and re-phasing or slippage between years must be reported to the approved senior officer Capital Programme Board and approved in accordance with the limits set out in the Corporate Schedule of Financial Delegations (Appendix 1).
- 4 The term virement refers to transfers of budgets between or within cost centres. Virement may only be used in the very specific circumstances set out in the Regulations and the Corporate Schedule of Financial Delegations (Appendix 1).

CONTROL OF REVENUE BUDGETS

- 5 The CFO is responsible for:
 - a. Establishing and maintaining a robust framework of budget management and control which ensures that:
 - Budget management is exercised within annual cash limits and the MTFP.
 - Appropriate, accurate and timely information is available to corporate Management Team, managers and budget holders that enable budgets to be monitored and controlled effectively.
 - Revenue expenditure is recorded on the Council's financial systems and is committed only against approved budget headings and associated structure of detailed cost centres.
 - All officers responsible for committing expenditure comply with these Regulations.
 - Each cost centre is allocated to a named budget holder determined by the relevant manager.
 - Significant variances from budget are investigated and reported by budget holders on a regular basis.
 - b. Monitoring and controlling the quantum of income and expenditure against budget allocations overall. He/she must ensure monitoring reports are prepared for corporate Management Team and **councillors'** consideration on a regular basis

throughout the financial year (to be determined and advised by the CFO) and a report after the year end setting out the revenue outturn.

- c. Ensuring that budget monitoring reports include:
- Sufficient information and explanatory notes to allow **cabinet members** to fully exercise their duties in respect of the resources for which they have portfolio responsibilities.
 - Explanations of all variations to cost centres which are projected to be in excess of £100,000.
 - Information which summarises the delivery of any savings programmes.
 - Information which summarises available contingencies, balances and reserves.

6 Managers are responsible for:

- Ensuring that effective budgetary control arrangements exist and are observed within their respective **Service**, or in respect of any projects or programmes for which they are responsible in accordance with these Regulations.
- Ensuring spending remains within the relevant cash limits by controlling income and expenditure, monitoring performance and taking corrective action where variations from budget are forecast.
- Ensuring that expenditure is coded correctly and committed only against approved budget headings.
- Supporting the regular reporting of financial performance, variances, and forecasts within the areas of their responsibility to Cabinet by the CFO.
- Reporting to Cabinet and Council as necessary the financial implications of any new in-year proposal or amendment that will:
 - Create financial commitments in future years;
 - Change existing policies, initiate new policies or result in existing policies ceasing to operate;
 - Materially extend or reduce the Council's services.

CONTROL OF CAPITAL BUDGETS

7 The CFO is responsible for:

- Ensuring that governance arrangements are in place to regularly review progress against the Capital Programme.
- Maintaining a record of the current capital budget and expenditure on the Council's financial systems and ensuring compliance with financial reporting standards.
- Reporting to Cabinet the financial position against the approved Capital Programme.
- Ensuring that governance arrangements are in place, via an approved senior officer Capital Programme Board, to review proposed changes to the Capital Programme before subsequent approval by Cabinet.

8 Managers are responsible for:

- Ensuring that no expenditure is incurred on a capital project prior to its agreed inclusion within the Capital Programme and until a financial report has been approved by Cabinet. Equally, no scheme requiring Government or other body sanction and/or funding either in full or part may begin until the sanction and/or funding has been officially confirmed.
- Support the monitoring and reporting of capital expenditure and receipts against approved capital budgets, on project slippage and variations, and on any changes in projected expenditure.

- c. Reporting to Cabinet if proposed sources of funding are not secured.
- d. Ensuring that adequate records and audit trails are maintained in respect of all capital contracts.

VIREMENT

- 9 The term virement refers to transfers of resources between or within approved cost centres or budget headings and Service/Business Plans for both revenue and capital purposes. A virement does not create any net additional budget. Instead the virement mechanism exists to enable the Cabinet, Managers and their staff to manage their budgets with a degree of flexibility within the overall Policy Framework and Budget set by Council, thereby optimising the use of resources throughout the financial year. The virement schemes for revenue and capital do not exist as a means of remedying poor budgetary control or financial planning for known commitments and service priorities, or otherwise excuse Managers and budget holders from the need to manage their budgets prudently and responsibly. Nor may virements be affected after the year end to retrospectively fund over or under spending unless approved in advance by the CFO.
- 10 The CFO is responsible for:
 - a. Controlling and administering the virement mechanism in accordance with guidance and limits set out in the Corporate Schedule of Financial Delegations, Appendix 1.
 - b. Recording approved virements in the Council's financial systems and reflecting the impact of these in budget monitoring reports to the Cabinet.
- 11 Managers are responsible for:
 - a. Ensuring all proposed virements complies with the limits and approval requirements set out in the Corporate Schedule of Financial Delegations, Appendix 1.
 - b. Notifying all proposed virements in writing to the CFO or his/her representative.
- 12 Council shall approve allocations of resources from approved contingencies and reserves in excess of the approved contingencies and reserves recommended by Cabinet.
- 13 Cabinet shall approve allocations of resources from approved contingencies and reserves.

REVENUE CARRY FORWARDS (VIREMENTS) BETWEEN YEARS

- 14 Medium term financial planning (usually between 3 to 5 years) allows the Council to think beyond the constraints of any given financial year and annual budget and prepare for future events. In doing so it is important to ensure a suitable mechanism to allow for the carry forward of in-year budget under or overspends - in effect a virement of resources between accounting years – as deemed necessary by the CFO for MTFP purposes. The ability to choose to do so can serve to:
 - Empower budget holders to think beyond immediate service needs and plan over longer time frames to achieve significant changes and improvements and make best use of resources.
 - Hold budget holders to account for their budget management performance in so far as budget overspends will not be written down at the end of each financial year but will have to be dealt with on an on-going basis.

- 15 Carry forwards (virements) between years are not 'automatic' and will not be routinely determined. Where they are determined to be necessary by the CFO, in the context of the MTFP, and are subsequently approved by the Cabinet:
- Carry forward (previous year) overspending will constitute a first call on in year service budgets.
 - Carry forward (previous year) underspending must normally be spent in year on one-off proposals/projects usually of an 'invest to save' nature aimed at reducing on-going service pressures in future.
- 16 All internal surpluses arising from in-house trading activities/business units shall be retained for the benefit of the Council subject to any provision to do otherwise set out in the MTFP.
- 17 BCP maintained schools' balances will be treated in accordance with the provisions set out in the agreed LMS Framework.

PART E INTERNAL CONTROL, AUDIT AND RISK MANAGEMENT (including prevention of theft, fraud and corruption)

PRINCIPLES

- 1 Sound systems of internal control are essential to the proper economic, efficient and effective use of resources, the achievement of objectives, and the safeguarding of public funds.
- 2 Audit is a key management tool that **councillors** and senior officers should rely on to provide an independent and objective assessment of the probity, legality and value for money of Council arrangements.
- 3 Legislation requires that the Council provides for both internal and external audit.

External audit provides an independent assessment of the Council's financial statements and the adequacy of its arrangements for securing value for money.

Internal audit evaluates and reports on the adequacy of the Council's control systems in securing the proper, economic, efficient and effective use of resources.

- 4 There is a basic expectation that **councillors** and all officers will act with integrity and with due regard to matters of probity and propriety, and comply with all relevant rules, regulations, procedures and codes of conduct, including those in relation to receipt of gifts and hospitality and declaration of conflicts of interest.
- 5 The Council will not tolerate fraud or corruption in the administration of its responsibilities, whether perpetrated by **councillors**, employees, customers of its services, third party organisations contracting with it, or other agencies or individuals with which it has any business dealings.
- 6 Risk management is an integral part of effective management and planning. It is concerned with identifying and managing key obstacles to the achievement of objectives.

COUNCILLORS

- 7 **Councillors'** responsibilities for internal control, audit and risk management are exercised through:
 - **Council**, which has formal responsibility for upholding proper practice and the good governance of the Council as a whole.
 - **The Cabinet**, which is responsible for ensuring effective systems of management and financial control are exercised across the organisation.
 - **The Audit & Governance Committee**, which is responsible for keeping under review all aspects of the Council's audit and governance arrangements, risk management framework and internal control environment. A full list of the Audit & Governance Committee's responsibilities can be found at Appendix 2.
- 8 Councillors have a role to support and promote a zero-tolerance culture towards theft, fraud and corruption.

INTERNAL CONTROL

9 The CFO is responsible for:

- a. Advising on effective systems of internal control to ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with statutes, regulations and other relevant statements of best practice.
- b. Conducting an annual review of the effectiveness of the system of internal control and publishing the results of this within the Annual Governance Statement (AGS) for inclusion in the Council's Annual Statement of Accounts.

10 Managers are responsible for:

- a. Implementing effective systems of internal control including adequate separation of duties, clear authorisation levels, and appropriate arrangements for supervision and performance monitoring.
- b. Complying with the controls set down in these Regulations and any financial procedures.
- c. Taking corrective action in respect of any non-compliance by staff with relevant rules, regulations, procedures and codes of conduct.
- d. Planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their objectives, standards and targets.

INTERNAL AND EXTERNAL AUDIT (and other inspections)

11 The CFO is responsible for:

- a. Maintaining an adequate and effective internal audit service in accordance with the Accounts and Audit Regulations Act 2015 and further to Section 151 of the Local Government Act 1972.
- b. Ensuring that the rights and powers of internal and external auditors and fraud investigators are upheld at all times across the organisation.
- c. Ensuring that the statutory requirements for external audit are complied with and that the external auditor is able to effectively scrutinise the Council's records.
- d. Ensuring that audit plans and resulting activities are reported to the Audit & Governance Committee.

12 The CIA is responsible for:

- a. Notifying the External Auditors of any matter that they would rightly expect to be informed of in order to support the function of an effective and robust external audit service.
- b. Ensuring effective liaison between internal and external audit functions.
- c. Overseeing the management, planning, reporting and conduct of all internal audits and counter fraud work.
- d. Preparing an Annual report and opinion for **councillors'** consideration.

13 Managers are responsible for:

- a. Ensuring that auditors (internal and external) have access to all documents and records for the purposes of the audit and are afforded all facilities, co-operation and explanation deemed necessary.

- b. Cooperating in the production of annual audit plans by highlighting any areas of risk that may benefit from audit review.
 - c. Implementing audit recommendations within agreed timescales.
- 14 The Council may be subject to audit, inspection or investigation by external bodies such as HM Revenues & Customs, and various other Inspectors of service at any time, all **councillors** and officers of the Council will cooperate fully with such inspections as necessary.

PREVENTION OF THEFT, FRAUD AND CORRUPTION (including Bribery)

- 15 The CFO is responsible for:
- a. Developing, maintaining and implementing an Anti-Fraud & Corruption Policy (and in conjunction with Human Resources a Whistleblowing Policy) that stipulates the arrangements to be followed for preventing, detecting, reporting and investigating suspected fraud and irregularity.
 - b. Advising on the controls required for fraud prevention and detection.
 - c. Appointing a Money Laundering Reporting Officer and Deputy to ensure that systems are in place to counter opportunities for money laundering and that appropriate reports are made.
 - d. Ensuring that effective preventative measures are in place to reduce the opportunity for bribery occurring in accordance with statutory requirements of the Bribery Act 2010. *(or as updated)*
- 16 The Chief Internal Auditor (CIA) has the right to:
- a. Determine the nature of any investigation work required in respect of any allegation of wrong doing, and/or any other action required.
 - b. Require any **councillor** or staff of the Council to provide any information or explanation needed in the course of an investigation subject to the lawful limits set out in relevant legislation.
 - c. Refer investigations to the Police in consultation with the CFO and MO; under normal circumstances the relevant service manager would also be consulted.
 - d. Access all Council premises and property, all data, records, documents, and correspondence relating to any financial matter or any other activity of the Council.
 - e. Refer cases directly to the Police, in consultation with the CFO and MO, if it is believed an internal enquiry would compromise the integrity of the investigation and /or otherwise prejudice the interests of the Council or the general public.
- 17 Managers are responsible for:
- a. Complying with the Council's Anti-Fraud & Corruption Policy.
 - b. Ensuring that there are sound systems of internal control within their respective service areas for fraud prevention and detection.
 - c. Reporting cases of suspected theft, fraud or irregularity to the Chief Internal Auditor immediately for investigation and complying with the Council's Whistleblowing Policy.
 - d. Reporting any vulnerabilities or suspicions of money laundering in accordance with guidance issued by the Money Laundering Reporting Officer.
 - e. Maintaining local staff registers of interest, **gifts and hospitality** within their service areas.

- 18 All employees are responsible for:
- a. Complying with the Council's Anti-Fraud & Corruption Policy.
 - b. Reporting cases of suspected theft, fraud or irregularity immediately for investigation, if needs be via the Council's Whistleblowing Policy.
 - c. Reporting any vulnerabilities or suspicions of money laundering in accordance with guidance issued by the Money Laundering Reporting Officer.
 - d. Ensuring that they are familiar with the Employee Code of Conduct or Code of Conduct for School Employees and requirements to declare personal interests and record offers of gifts and hospitality.

RISK MANAGEMENT

- 19 The CFO is responsible for preparing the Council's Risk Management Strategy and its promotion throughout the Council and for advising on the management of strategic, financial and operational risks.
- 20 Managers are responsible for:
- a. Implementing the Council's Risk Management Strategy.
 - b. Integrating risk management within business planning and performance management arrangements.
 - c. Mitigating, monitoring and reporting on risks.
 - d. Maintaining and testing business continuity plans.
 - e. Giving due regard to specialist advice in areas such as health and safety, insurance, crime and fire prevention.

PRINCIPLES

- 1 Good systems and procedures are essential to the effective management and administration of the Council's financial affairs. A financial system is defined as any system (computerised or not) and associated procedures used for making and recording the financial transactions of the Council. This includes:
 - **Accounting**-The main accounting system provides the prime source of financial data for management accounts, statutory accounts and government returns. It is essential that this system complies with legislation and proper accounting practice and that all information is recorded accurately, completely and in a timely manner, and that any errors are detected promptly and rectified. **Financial information recorded in the main accounting system should require a minimum amount of manipulation in order to create management accounts, returns and budget reports.**
 - **Income**-Effective systems are necessary to ensure that all income due is collected, receipted, recorded and banked properly. Where possible income should be collected in advance to improve cash flow and avoid costs of debt collection. All reasonable efforts will be made to collect monies owed to the Council and debts will only be written off once all reasonable actions to pursue the debt have been exhausted or where it would prove uneconomical to pursue. **The CFO agreed corporate system must be used unless agreed.**
 - **Expenditure on works, goods and services**-Expenditure may **only** be incurred where budgetary provision is available. Payment **should be** made through **the** corporate ordering and invoicing process, using a corporately approved purchasing card, by entering into a formal contract arrangement or through raising a **purchase order**. **Exceptionally a payment requisition may be raised.**
 - **Expenditure on salaries, wages, allowances and expenses**-Expenditure may be incurred where budgetary provision is available and where payment is made through the Council's combined human resource and payroll system.
 - **Banking**-All transactions through the Council's bank accounts must be properly processed, recorded and reconciled. **Reconciliations must be subject to management review and sign off in a timely manner.**
 - **Treasury management, financing and leasing**-**Decisions relating to the management of the Council's investments, cash flows, borrowing and leasing must be in accordance with the annual Treasury Management Strategy Statement.**
 - **Taxation**-Effective systems must be in place to ensure that all tax liabilities and obligations are properly reported and accounted for and that losses, fines and penalties are avoided. **Procedures must be in place to ensure that taxation issues are properly considered during the options appraisal stage of projects.**
 - **Asset management**-The Council's assets must be properly recorded, safeguarded from loss/harm and utilised effectively, and any acquisitions/disposals undertaken in **accordance with the Corporate Schedule of Financial Delegations, Appendix 1.**
 - **Insurance**-Appropriate insurance cover is necessary to indemnify the Council against the possibility of financial costs which may arise from certain unplanned events and claims such as damage to its property, injury to employees or to the public.
 - **Recharges and internal trading accounts**-**Where required for financial reporting purposes, back office costs should be allocated to services using a relevant basis of apportionment and in accordance with accounting codes of practice. Where relevant and strictly necessary, internal charges between services should be accounted for on a timely basis using CFO agreed recharge mechanisms.**

ACCOUNTING

2 The CFO is responsible for:

- a. Determining the Council's main accounting (and budgeting) system for the preparation of the Council's accounts and for monitoring all income and expenditure.
- b. Determining any other financial systems which may sit outside of the main accounting system and ensuring that these are sound and properly integrated and interfaced. **It is a requirement that the options appraisal for new systems should include ease of integration and interfacing with the main accounting system. Any such interface must require little or no manual intervention.**
- c. Issuing guidance on the use and maintenance of the main accounting system and related financial systems and ensuring that supporting records and documents are retained.
- d. Ensuring that regular balance sheet and holding account reconciliations are undertaken.
- e. Preparing the Council's consolidated accounts, balance sheet and Annual Governance Statement (AGS) for audit and publication and issuing guidance (including a detailed timetable and plan) to ensure achievement of **the** statutory deadline.
- f. Ensuring all relevant staff are trained and competent in the use of the main accounting system **and any subsidiary finance systems managed under the CFO's control.**
- g. Ensuring there is a documented and tested disaster recovery plan as part of an agreed business resilience strategy for the Council's main accounting system **and any subsidiary finance systems.**

3 Managers are responsible for:

- a. The financial management of **services**, cost centres, projects or programmes for which they are responsible, further ensuring that proper accounting and financial systems exist incorporating adequate internal controls to safeguard against waste, loss or fraud.
- b. Ensuring that the main accounting system is used to accurately record financial transactions in accordance with guidance issued by the CFO.
- c. Ensuring an adequate audit trail of financial information and compliance with the Council's policies in respect of the retention of documents.
- d. Ensuring that the use of any service **specific** financial system (and changes to existing, including upgrades/new versions) has the express approval of the CFO, and is adequately documented, tested and interfaced with the main accounting system and all relevant staff have been properly trained in its use. **It is a requirement that the option appraisal for new systems should include ease of integration and interfacing with the main accounting system, and that automatic interfaces that require no manual intervention are required.**
- e. Complying with the timetables required by the CFO to enable the production of consolidated accounts, budgets and statutory information.
- f. Ensuring staff are aware of and have access to these Regulations and any supplementary advice and guidance issued by the CFO.
- g. Ensuring there is a documented and tested disaster recovery plan as part of an agreed business resilience strategy for any service **specific** financial system.

INCOME

4 The CFO is responsible for:

- a. Providing all necessary corporate systems for the administering of invoicing, credit notes, income collection and debt recovery.
- b. Approving any local Service specific procedures, systems and documentation used where for whatever good reason corporate systems cannot be used.
- c. Ensuring that claims for Government grants and other monies are made properly and promptly.
- d. Ensuring that all monies received are properly receipted and recorded and banked promptly.
- e. Administering the process for writing off irrecoverable debts and monitoring and reporting on write off levels.
- f. Issuing advice and guidance on the detailed procedures to be followed in writing off bad debts from the accounts.
- g. Recommending and implementing the Council's debt management policy in consultation with Management Team for approval by Cabinet.

5 Managers are responsible for:

- a. **Using the CFO approved corporate systems for invoicing, income collection and debt recovery.**
- b. Administering any local systems for invoicing, income collection and debt recovery as approved by the CFO which must properly segregate duties between staff raising accounts and those responsible for income collection. **(where the CFO has agreed that compliance with 5a. is not possible or in the Council's best interest).**
- c. Ensuring that fees and charges for the supply of goods and services are reviewed at least annually, consulting with the CFO and **cabinet member** on the financial effect of the review and obtaining Cabinet approval for any proposal to introduce new charges. (For managers in BCP maintained schools consultation/approval is instead required from the Chair of Governors)
- d. Collecting all income from within the budgets for which they are responsible.
- e. Collecting payment at point of sale wherever possible, to improve cash flow, using the system provided by the CFO.
- f. Timely initiation of 'sales invoices' in respect of all fees and charges due using the system provided by the CFO.
- g. Complying with the Corporate Schedule of Financial Delegations, Appendix 1, when writing off debts, when waiving, suspending or refunding fees, charges or contributions and maintaining appropriate records of those decisions.
Once raised on the accounting system, no bona fide debt can be cancelled except by full payment or by being formally written off in the accounts. Cancellations/Credit notes can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt and must not be used for any other purpose.
- h. Providing operational data and information to ensure that claims for Government grants and other monies due are made properly and promptly.
- i. Issuing official receipts for all cash and cheque income and maintaining all other documentation for income collection purposes and ensuring controlled stationery is securely stored. (except in BCP maintained schools where the Chair of Governors can agree proportionate arrangements)
- j. Keeping all income received in secure storage prior to banking and ensuring cash holdings do not exceed insurance limits.
- k. Ensuring that cash income is never used to cash personal cheques or used to make any other payments.
- l. Ensuring that where post, likely to contain money, is opened locally at least two staff are present to properly identify, record and safeguard. (It is accepted this may not always be practical, in such cases managers must agree alternative arrangements with the CFO).
- m. Ensuring all income received is paid in fully and promptly in the form in which it was received into an approved **Council** bank account, **income kiosk or cash office**, also ensuring all details are properly recorded on paying in slips which are retained for audit purposes.

- n. Reporting immediately, to the Money Laundering Reporting Officer (MLRO) (the Chief Internal Auditor), all instances of attempts by customers to pay for works, goods or services in cash:
 - that are in excess of £5,000 but lower than £10,000;
 - that are suspicious in any way such as, but not limited to, multiple use of high denomination notes, multiple and frequent disaggregation of payment of a higher value outstanding debt;

In such instances the Manager must accept the cash and not make any further enquiries into the matter themselves or share the information with anyone except the MLRO and their respective **Service Director**. Under no circumstance should the customer handing over the cash be told of the reporting to the MLRO nor should a formal record on any personal file of the reporting to the MLRO be made otherwise a criminal offence may be committed.

- o. Any cash payment in excess of £10,000 must be refused.

EXPENDITURE ON WORKS, GOODS AND SERVICES

6 The CFO is responsible for:

- a. Ensuring that an effective overarching Procurement Strategy is in place (Purpose, Principles and Priorities).
- b. Ensuring that effective Procurement Regulations (Part G) are in place and which are supported by detailed procurement guidance on the ordering, certification and payment for all works, goods and services. (The Procurement Code).
- c. Agreeing any exceptions to the normal procurement process outlined in the Procurement Regulations (Part G).
- d. **Providing a corporate purchase to pay system for the electronic ordering, receipt and payment for works, goods and services.**
- e. Processing all payments due on receipt of a valid invoice or contract certificate which satisfies VAT regulations, and confirmation that works, goods and services have been received.
- f. Agreeing any exceptions to the requirement to raise purchase orders for all works, goods and services outside of the Council's main purchasing/ordering system.
- g. Agreeing the use and administering the issuing of p-cards and processing of resulting payments.
- h. Agreeing the use of all pre-loaded payment cards.
- i. Approving any payment in advance for goods or services exceeding £25,000 or in excess of 6 months if the amount exceeds £1,000.
- j. Approving any payments in advance for works.

7 Managers incurring expenditure on works, goods and services are responsible for:

- a. Complying with the requirements of the Council's Procurement arrangements set out in Part G of these Regulations.
- b. Ensuring that all purchase orders are raised using the Council's corporate purchasing system ¹ prior to any works, goods and services being received or paid for ². The Council has a "No Purchase Order, No Pay Policy" except for the following circumstances where a purchase order is not required for:
 - payments made on the basis of a formal stage payment contract
 - payments made on the basis of a formal periodic payment contract (the periodic payment may be fixed or variable in value)
 - statutory or legislative charges, levies or fines (including those for taxation, pension fund)
 - purchases appropriately made through p-card (procurement /payment cards) or pre-loaded card
 - continuous charges for utilities supply
 - periodic payments such as rents or rates
 - treasury management payments
 - payments to volunteers

- expenditure incurred on the **Poole neighbourhood** Housing Revenue Account (**Managed by Poole Housing Partnership**) (or where the CFO has agreed that Poole Housing Partnership may incur expenditure on the Council's behalf posting directly to the General Fund)
 - payments made from CFO approved interfaced Council database systems (such as Children's and Adult Social Care systems and Libraries)
 - exceptions agreed with the CFO (for BCP maintained schools the Chair of Governors may agree other circumstances where purchase orders are not required)
- c. Ensuring that no purchase orders are placed without the proper approvals and financial authorities set out in the Corporate Schedule of Financial Delegations (Appendix1).
 - d. Receipting all works, goods and services on the corporate purchasing system.
 - e. Ensuring the proper completion and authorisation of payment certification vouchers, including confirming that the invoice has not previously been paid.

1 BCP maintained schools may use alternative purchase order systems

2 In exceptional circumstances, to be agreed by the CFO, verbal, email or in person orders may need to be raised retrospectively in the Council's corporate purchasing system using the 'Confirmation order' facility

- f. Ensuring that payments are made only where works, goods and services have been received to the correct price, quantity and quality standards.
- g. Gaining CFO approval for any payments in advance for goods or services exceeding £25,000 or in excess of 6 months **if the amount exceeds £1,000.**
- h. Gaining CFO approval for any payments in advance for works.
- i. Gaining CFO approval for the use of p-cards and pre-loaded cards.
- j. Ensuring that all p-cards and pre-loaded cards are appropriately controlled, that transactions are reviewed and authorised by the relevant line manager, are for proper business purposes and are supported by receipts which must be stored electronically on the 'receipt imaging' function.
- k. Reporting any lost or stolen p-cards or pre-loaded cards immediately to the Chief Internal Auditor.

EXPENDITURE ON SALARIES, WAGES, ALLOWANCES & EXPENSES (including making 'on-payroll' payments for non-salaries as directed in law by HMRC)

- 8 Council is responsible for determining how officer support for executive and non-executive roles within the Council will be organised. The Head of Paid Services/Chief Executive Officer is responsible for overall staff management arrangements including ensuring that proper systems of evaluation are used in determining remuneration.
- 9 The CFO is responsible for ensuring that the Head of Human Resources (HHR) operates sound arrangements for the payment of salaries, pensions and expenses to officers and **councillors**.
- 10 The HHR is responsible for:
 - a. Providing a corporate payroll system for recording all payroll data and generating payments to employees and **councillors**, including payment of pensions and expenses.
 - b. **Ensuring the corporate payroll system properly and efficiently interfaces with the main accounting system and that any chart of accounts held within the payroll system is kept up to date.**
 - c. The proper calculation of all pay and allowances, National Insurance and pension contributions, income tax and other deductions.
 - d. Completing all HM Revenues & Customs (HMRC) returns regarding PAYE and providing advice and guidance on employment related taxation.
 - e. Maintaining an accurate and up to date record of the Council's establishment.

- f. Agreeing with BCP maintained schools the use of any local payroll arrangements having been adequately assured that the alternative system is well controlled, managed and resulting in the correct payments being made to the correct staff.
- g. Agreeing with managers all circumstances where a wage or salary is to be paid outside of the main HR/payroll system.
- h. Agreeing all 'on payroll' arrangements, required by HMRC, for payments to individuals not directly employed by the Council (e.g. IR35 tax).
- i. Agreeing the use of the corporate payroll system for recording payroll data and generating payments to employees of third-party organisations (and where a fee or charge is applied agreeing this with CFO).

11 Managers incurring expenditure on salaries, wages, allowances and expenses are responsible for:

- a. Controlling resources and containing staff numbers within approved establishment and budget levels.
- b. Ensuring that all employee appointments, including temporary staff, are made in compliance with the Council's policies.
- c. Ensuring that the HR/Payroll system is updated promptly of starters and leavers, and all information relating to employees pay and expenses.
- d. Ensuring that all payments made to employees are properly authorised in compliance with the requirements and financial limits set out in the Council's human resources policies.
- e. Ensuring that any overpayment (error) is recovered. Managers do not have delegated authority to write-off any overpayment.
- f. Ensuring that all expenses claims are reviewed and authorised by the relevant line manager prior to payment. Staff subsistence should never be paid or reimbursed using p-cards or pre-loaded cards, the Council's HR/payroll system must be used to reimburse staff expenses in all such cases.
- g. Ensuring that all persons employed by the Council are paid through the Council's corporate payroll system.
- h. Ensuring that any proposal to engage a person via a contract of service* (rather than a contract of employment) is assessed by the HHR for compliance with relevant legislation to determine if payments need to be 'on payroll' or 'off payroll' via invoice. This includes engagements via Employment Agencies and Single Person Companies or Partnerships.
*Where a Contract of Service is proposed see Appendix 1 section EX9 for required approval route
- i. Managers in BCP maintained schools must have the approval of the HHR if they wish to use their own alternative payroll arrangements.

BANKING (including 'Client Cash Floats' and local Bank Accounts)

12 It is the responsibility of Cabinet to approve the banking arrangements of the Council.

13 The CFO is responsible for:

- a. Managing the Cabinet approved banking contract on a day to day basis.
- b. Managing and operating all the Council's bank accounts and ensuring that all payment methods, whether physical or electronic, have the appropriate authorisations, approvals and signatures.
- c. Ensuring that adequate controls are in place for the control of payment methods (including cheques) covering access, ordering, custody, preparation, signing and despatch as appropriate.
- d. Ensuring regular reconciliations are carried out between all bank accounts and the financial records of the Council.
- e. Approving the operation of any 'client cash floats' for disbursement of cash to clients.

- f. The Council will not operate petty cash accounts and therefore no cash payments will be made to purchase works, goods or services.
- g. Approving the operation of any local bank accounts in Services.

14 Managers are responsible for:

- a. Ensuring that no bank accounts are opened in the name of the Council other than with the express written authority of the CFO.
- b. Reporting to the CFO on the nature and state of any bank accounts for which they are responsible. Reconciliations must be subject to management review and sign off in a timely manner.
- c. The proper administration of any 'client cash floats' or local bank accounts including record keeping, document retention, paying in income, reconciliation and control of cheques including ordering, custody and security, preparation, signing and despatch.
- d. Using 'client cash floats' for client cash disbursements only and ensuring such floats are not used to purchase works, goods or services or to reimburse staff expenses.

TREASURY MANAGEMENT, FINANCING AND LEASING

15 The CFO is responsible for:

- a. Preparing and presenting an annual Treasury Management Strategy to Audit & Governance Committee and/or Cabinet prior to submission to Council for approval.
- b. Implementing, reviewing and reporting on the progress and performance of the strategy and recommending any changes to Audit & Governance Committee on a quarterly basis.
- c. Effecting all investments and arranging borrowings within the limits imposed by the Council and reporting on the funding methods used.
- d. Advising on any proposal for leases, borrowings, credit arrangements, and hire purchase arrangements to Council for approval.
- e. Advising on any proposals to set up or acquire interest in a company, joint company, joint venture or partnership to Council for approval.
- f. Ensuring that the use of any financial derivatives is intra vires and properly risk assessed and monitored.
- g. Ensuring compliance with all applicable laws, regulations and codes of practice relating to treasury management and capital finance including the registration of all Council owned stocks, bonds, mortgages and loans.
- h. Ensuring that cash flow forecasting and monitoring systems are in place.

16 Managers are responsible for:

- a. Assisting cash flow through timely billing of income due, due consideration of contracts payment terms and minimising advance payments wherever possible.
- b. Supporting cash flow forecasting and notifying the treasury team in advance of any high value receipts or payments that may impact on investments and borrowings.
- c. Ensuring no loans or guarantees are given to third parties and that interest in companies, joint ventures or other enterprises are not acquired without the approval of Council and following advice from the CFO.
- d. Ensuring that no leases, borrowings, credit arrangements or hire purchase arrangements are entered into without the approval of Council and following advice from the CFO.
- e. Arranging for all trust funds to be held in the name of the Council wherever possible and ensuring that trust funds operate within the law and the specific requirements for each trust. All officers acting as trustees by virtue of their position with the

Council shall deposit securities relating to the trust to the custody of the CFO unless the deeds specifically require otherwise;

- f. Arranging the secure administration of funds held on behalf of third parties and ensuring that the systems and controls for administering such funds are approved by the CFO and subject to regular audit.

TAXATION

17 The CFO is responsible for:

- a. Ensuring that transactions comply with relevant statutory requirements and authorities.
- b. Approving the systems for all PAYE returns to HM Revenues & Customs (HMRC).
- c. Completing a monthly return of VAT inputs and outputs to HMRC, ensuring prompt recovery of sums due, and reconciliation of tax records to the main accounting system.
- d. Making monthly Construction Industry Scheme returns to HMRC.
- e. Managing the Council's partial exemption position.
- f. Preparing and submitting Voluntary Disclosure Notices to HMRC and recovery of any revenues due.
- g. Providing advice and guidance on taxation issues.

18 Managers are responsible for:

- a. Ensuring that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HMRC regulations.
- b. Seeking advice on the potential tax implication of any new initiatives for the delivery of Council activity and services.
- c. Ensuring that the taxation implications of proposed land and building acquisitions and sales and proposed capital schemes are properly identified and considered at the planning stage.
- d. Ensuring that contractors fulfil the necessary construction industry tax deduction scheme requirements where construction and maintenance works are undertaken.
- e. Ensuring that advice and guidance on taxation issued by the CFO is followed and adhered to by staff in their service, project or programme.
- f. Ensuring that all persons employed by the Council are added to the Council's payroll and tax deductions forms part of payments made to them. (with approved exceptions agreed by the CFO and HHR where individuals concerned are bona fide self-employed or are employed by a recognised agency)

ASSET MANAGEMENT

19 The CFO is responsible for:

- a. Ensuring that asset registers are maintained in the appropriate format for accounting purposes for all fixed assets valued in excess of the limit set out in the Schedule of Financial Delegations to Officers, and that valuations are made in accordance with the local authority accounting code of practice.
- b. Establishing an asset management plan that details short, medium and long term use of assets, and establishes arrangements for monitoring and reporting asset performance.
- c. Ensuring that all asset acquisitions and disposals are properly recorded within asset records by the CPO.
- d. Arranging for all assets to be adequately insured.
- e. Prescribing the records to be maintained for any stocks and stores and for inventories of moveable assets.

- f. Approving the write off of deficiencies in any stocks, stores and inventory items subject to the limits set out in the Schedule of Financial Delegation to Officers.

20 The Corporate Property Officer (CPO) is responsible for:

- a. Maintaining up to date records of all land and buildings, including values and plans, for inclusion in the corporate fixed asset register, and of the Council's housing stock in the format prescribed by the CFO and at least on an annual basis.
- b. Arranging for the regular valuation of assets for accounting purposes to meet the requirements specified by the CFO.
- c. Ensuring that all land and buildings are maintained so as to best protect and safeguard the Council's interests.
- d. Arranging the disposal of surplus assets in compliance with any approved asset management strategy/plan(s) that apply and subject to the necessary approvals.
- e. The acquisition of land and buildings on behalf of the Council in accordance with any asset management strategy/plan(s) that apply, Capital Programme and medium term financial plan, and subject to the necessary approvals.
- f. Notifying the CFO of acquisitions and disposals so that the accounting records can be updated.
- g. Ensuring all rents, charges or fees due in respect of investment land and buildings are raised and all income is collected and accounted for in the Council's accounting systems.
- h. Ensuring all lessees and other prospective occupiers of Council land or buildings are not allowed to occupy the property until a lease or agreement in a form approved by the Monitoring Officer has been completed.
- i. Ensuring all title deeds are passed to Legal Services who act as custodian for all title deeds for Council properties and land.

21 The Head of ICT & Customer Support is responsible for:

- a. Maintaining up to date records of all ICT equipment, including values, for inclusion in the corporate fixed asset register in the format prescribed by the CFO.
- b. Purchasing, maintenance and disposal of all ICT equipment.

22 Managers are responsible for:

- a. Providing the Corporate Property Officer (CPO) with all relevant information and documentation for the purposes of maintaining an up to date and complete fixed asset register.
- b. Ensuring the proper security and safe custody of assets under their day to day operational control and reporting any assets that are lost, stolen or destroyed to the insurance team, facilities management and internal audit as appropriate.
- c. Complying with guidance issued by the CFO on the disposal of assets including selling, gifting, swapping or donating the asset subject to the limits set out in the Schedule of Financial Delegations to Officers.
- d. Ensuring all rents, charges or fees due in respect of operational land and buildings, under their day to day service control, are raised and all income is collected and accounted for in the Council's accounting systems.
- e. Complying with guidance issued by the Head of ICT & Customer Support including the purchase, maintenance and security, maintenance of ICT asset register and disposal of ICT equipment.
- f. Maintaining local inventories of moveable assets (non-ICT) for all items with a purchase price exceeding £1,000 (and for determining a lower £ value if deemed appropriate, such as for desirable items e.g. digital cameras).
- g. Ensuring that stocks, stores and inventory items are held securely and kept to a minimum, proportionate to the needs of the service.

- h. Ensuring that any cash holdings are kept to a minimum, within insurance limits and held securely.
- i. Seeking approval to write off deficiencies in any stocks, stores, or inventory items, subject to the limits set out in the Corporate Schedule of Financial Delegations (Appendix 1).
- j. Ensuring that assets are used only in the course of the Council's business unless specific permission has been given otherwise by a designated officer as shown in the Corporate Schedule of Financial Delegations (AM10).

INSURANCE

- 23 The CFO is responsible for:
 - a. Determining the nature and level of insurance cover to be effected.
 - b. Effecting insurance cover and processing and settlement of all claims.
- 24 Managers are responsible for notifying the CFO promptly of:
 - a. All new risks, properties or vehicles which require to be insured.
 - b. Any alterations affecting insurance arrangements.
 - c. Any loss, damage or claim.
- 25 Managers must not effect any local insurance arrangements without the approval of the CFO.

RECHARGES AND INTERNAL TRADING ACCOUNTS

- 26 The CFO is responsible for:
 - a. Maintaining an appropriate system of internal recharges which ensures that the full cost of each service is identified **in accordance with reporting requirements.**
 - b. **Where relevant and strictly necessary** all internal charges and recharges **should be processed in** a regular and timely **basis using relevant bases of apportionment, allocation or recharging mechanisms.**
 - c. Advising on the operation of internal trading accounts.
- 27 Managers are responsible for:
 - a. Agreeing the basis of internal charges/recharges in advance of the financial year as part of the budget setting process.
 - b. Maintaining appropriate systems to calculate recharges or justify their apportionment.
 - c. Providing data to enable recharges to be processed on a regular and timely basis and responding in the event of any disputed charges.
 - d. Complying with guidance issued by the CFO in relation to the operation of trading accounts.

PART G PROCUREMENT & CONTRACT PROCEDURES

PRINCIPLES

- 1. **Goods, services, works and concessions must be procured in a way that is lawful, ensure transparency and accountability, represents value for money (VFM) and serves to deter fraud and corruption. All procurement and contractual commitments made by the Council must:**
 - a. **Comply with all relevant statutory provisions including the Public Contracts Regulations 2015 and the Concession Contracts Regulations 2016 (or as amended).**

- b. Ensure goods, services, works and let concessions are procured by the most efficient, transparent processes, by sustainable and ethical means, ensuring accountability, achieving value for money and deriving maximum benefit to support BCP Council's corporate strategies, including climate emergency and carbon neutral targets.
- c. Cover the whole life value, from the initial definition of the business need through to the end of the useful life of the asset or service contract including any licensing upgrades, maintenance, parts, recycling, staffing costs and disposals.
- d. Offer best value and protect the Council from any loss arising from the failure of a contractor to perform the contract.
- e. Ensure that the Council pays a fair and proper price (or receives a fair and proper price in the case of concessions).
- f. Follow procurement guidance which provides further advice and support pursuant to these Regulations (found on Financial Services - Procurement intranet pages).

STANDARDS

2. The following standards must be adopted:

- a. The Strategic Procurement Team (SPT) must be involved in all procurement processes where the whole life contract value over £25,000.
- b. The highest standards of probity and ethical governance are always maintained and adhered to.
- c. All Officers and Councillors must declare any personal interest or conflict of interest in any procurement or contract where any failure to do so could be deemed to be either corrupt practice or maladministration or could not withstand public scrutiny.
- d. All suppliers are treated equally, and procurement takes place in an open and transparent manner which does not favour unfairly one supplier over another.
- e. No disaggregation or fragmentation of requirements is allowed if the purpose is to circumvent procurement thresholds.
- f. That, where the contract is a combination of goods, services and works the element which has the greatest estimated value will determine the category of supply.
- g. The advice of the SPT to ensure adequate timescales are applied depending on the scale and complexity of the requirement, unless where minimum timescales are specified by legislation.
- h. Legal, Finance, IT, Human Resources, Property, Sustainability Team, Insurance and other professional advice appropriate to the individual procurement exercise will be obtained.
- i. The tender and procurement processes are as accessible as possible to SME suppliers.
- j. In accordance with the General Data Protection Regulation (GDPR) 2016 (or as amended), the commissioning officer must determine if personal data processing activities are relevant to the procurement and must consult with SPT.
- k. All goods, services, works thresholds refer to the whole life value of the contract, including any optional extensions not the annual value and excludes VAT.
- l. For contracts over £25,000, standard tender processes or documentation cannot be changed without the approval of the Head of Strategic Procurement.
- m. After a tender or quotation has been accepted in writing (via BCP Councils e-tendering system if over £25,000) it must have a written contract and/or proper Council purchase order completed before goods are supplied, services delivered or works begins.

PROCUREMENT CYCLE

3. Pre- Procurement Planning Process

- a. The commissioning officer must consider the following options to determine the procurement process required:
 - i. Corporate contract
 - ii. Contracts Register – SPT to identify if similar contracts are being let, or due to be let, with a view to aggregate requirements and or modify existing contracts
 - iii. Existing In-House Services availability
 - iv. Tendering
 - v. Framework
- b. The commissioning officer in consultation with the SPT must ensure:
 - i. Sustainability requirements are considered and built into the specification.
 - ii. The Sustainability Decision Impact Assessment form (available from the Sustainability Team) must be completed on all procurements.
 - iii. A standard selection questionnaire (SQ), that includes questions on environmental and equalities standards. Potential bidders must demonstrate that they comply with these requirements.
 - iv. All procurements over £25,000 are to be assessed with a minimum of 10% of the quality score being allocated to sustainability and social value.
- c. The commissioning officer must consult the SPT on how the requirements of The Public Services (Social Value) Act 2012 will be applied to service contracts over £25,000 where appropriate.
- d. The commissioning officer must ensure:
 - i. The Council's equality impact assessment (EIA) screening tool is used to determine if a full EIA is required.
 - ii. That every key decision change to policy, service provision or service provider demonstrates that it has considered, understood and reflected the positive or negative impact it will have in terms of equality and the nine protected characteristics of the Equality Act 2010.
 - iii. Third parties providing services to the Council are able to demonstrate that they have considered the needs and characteristics of service users including the appropriateness and accessibility of the services being offered.

4. Market Research and Pre- Market Engagement over £25,000

The commissioning officer with advice from the SPT must ensure:

- a. Appropriate early market research or Pre-Market Engagement is undertaken
- b. Risks and opportunities associated with the potential procurement are reviewed.
- c. The pre-market engagement exercise is not treated as a call for competition and no contract(s) will be awarded.

5. Finalise Sourcing Strategy & Procurement Documents over £25,000

The commissioning officer must ensure:

- a. That corporate contracts for all procurements are considered for suitability before undertaking a procurement exercise. If the decision to not use a corporate contract is

made a waiver will be required (although such contracts are available to them, this is not a requirement for BCP maintained schools).

- b. That, where the Council has an in-house provision, external suppliers can only be used when the Service Director providing such in-house provision confirms that they are unable to meet the requirements due to insufficient resources, skills or capacity.
- c. That, where grant funding is either fully or part funding Council expenditure and the supplier is named as a condition of that funding, the conditions of the funding agreement must be recorded on the Procurement Decision Record (PDR)
- d. That, where the Council has no influence over the supplier and that supplier has a contractual or other statutory or exclusive right to supply such as a utility company, these must be recorded on the PDR.
- e. That, where the Council has no influence over the supplier and a subscription is to be paid for a particular service, these must be recorded on the PDR.

6. Whole Life Value

The commissioning officer must ensure all goods, services and works contracts refer to the whole life value from implementation to contract end.

7. Competition Requirements for Procurements Under £5,000

The commissioning officer must:

- a. Obtain at least one written quote preferably from a local supplier prior to placing order provided there is not an established corporate contract. A local supplier is defined, for this purpose, as operating within the BH, DT and SO postcode regions.
- b. Ensure verbal quotes are retrospectively followed up by a written quote (by email if preferred) before placing the order.

8. Competition Requirements for Procurements between £5,000 & £25,000*

The commissioning officer must:

- a. Complete a relevant and proportionate process, meeting business requirements. This will involve obtaining three comparative written quotations (by email if preferred) from suppliers prior to placing order.
- b. Ensure at least one of these quotes, where possible, must be from a local supplier. A local supplier is defined, for this purpose, as operating within the BH, DT and SO postcode regions.
- c. Complete a PDR for all contracts let between £5,000 and £25,000. A copy must be sent to the SPT who will complete an entry on the council's Contract Register where applicable.

*For BCP maintained schools the Department for Education statutory guidance in respect of schemes for financing schools (normally updated annually) requires three quotes to be obtained for all spend to exceed £10,000 in any one year.

9. Advertising and Competition Requirements for all Procurements over £25,000 up to OJEU values.

The SPT must ensure:

- a. A fully advertised tender process is undertaken including all required standard documentation and timelines using the Councils e-tendering System.
- b. That a separate pre-qualification stage is not used in any tender which is less than the PCR15 supplies and services threshold.

- c. The use of a standard selection questionnaire (SQ) that includes questions on environmental, social and equalities standards that must be appropriate and proportionate and that potential bidders must demonstrate that they comply with the minimum requirements stated.
- d. An advert is placed on the government Contracts Finder system and the Council's e-tendering portal.
- e. An award notice is placed on the government Contracts Finder system and record the contract in the Council's Contract Register.

10. OJEU Threshold - Procurement Process (including Concessions)

The SPT must ensure:

- a. OJEU processes are undertaken, including all standard documentation and timelines using the Council's e-tendering System.
- b. All adverts are placed on OJEU, government Contracts Finder system and the Council's e-tendering portal.
- c. An award notice is placed in the OJEU, government Contracts Finder System and BCP Council's e-tendering portal.
- d. The contract must be recorded on the Council's Contract Register.

11. Light Touch Regime

- a. The commissioning officer must ensure that all procurement processes covered by the Light Touch Regime are agreed by the SPT and that only services contracts defined under the regulations can use this process.

12. Concessions

The commissioning officer must ensure:

- a. Concessions contracts, at all threshold levels must be let in conjunction with the SPT
- b. All concession thresholds refer to whole life turnover, not income or value received by the Council.
- c. For concessions requiring investment (from the concessionaire) this investment must be considered in the tender evaluation in addition to income and quality
- d. Concessions have fixed contract periods with no options to extend
- e. Concessions that do not require investment (from the concessionaire) are capped at 5 years duration.

13. Use of Frameworks and Dynamic Purchasing Systems (DPS)

The commissioning officer must ensure:

- a. That prior to using an external Framework agreement (or DPS) for the first time, the SPT must be consulted and the use of The Framework (or DPS) must be authorised by the Head of Strategic Procurement.
- b. Where use of a Framework (or DPS) requires the Council to sign an access agreement (or similar) with an external contracting authority, the access agreement and the Framework (or DPS) Agreement must be reviewed by the SPT and Legal Services and authorised by the Head of Strategic Procurement.
- c. When accessing a Framework all of the requirements detailed within the agreement must followed. The PDR(s) will still be required.
- d. That the use of a framework (or DPS) with further competition (mini competition), is only open to the framework (or DPS) providers listed.

- e. Direct call off from a framework (direct award to a single supplier), where permitted under the terms must be authorised by Head of Strategic Procurement.

14. Specification

The commissioning officer must

- a. Complete a specification template that describes the Councils requirements in sufficient detail to enable the submission of competitive bids.
- b. Avoid references within specifications which have the effect of favouring or eliminating any particular suppliers by specifying a particular material or a specific make.

15. Transfer of Undertakings (Protection of Employment) Regulations (TUPE)

The commissioning officer must:

- a. ensure that when any employee either of the Council or of a service provider may be affected by any transfer arrangement, the TUPE regulations are considered and legal advice is obtained before proceeding with inviting tenders or quotations.
- b. provide specific documents including costs relating and including pension liabilities to bidders at the time of tender.

16. Evaluation Matrix Criteria

- a. The commissioning officer with support from SPT must ensure the evaluation criteria and weightings in the quotation or tender reflects the requirements within the specification.
- b. The SPT will prepare an evaluation matrix incorporating the quality and price elements.

17. Payment in Advance

The commissioning officer is responsible for ensuring:

- a. That any payment in advance proposal must be approved within the PDR to publish. Examples that may apply, but not limited to, include lease arrangements, ICT software licensing and support agreements, subscriptions, maintenance agreements and works, goods or services received from utility companies.
- b. Requirements of such must be included in the relevant T&C's and the payment in advance is limited to the actual requirement of the T&C's and no more. Whilst a contract and agreement may be for longer than 12 months, no payment in advance may exceed 12 months.

18. Contract Conditions – Common to all types of Supply

The commissioning officer must ensure:

- a. No goods will be delivered, nor services or works begun without a proper contractual commitment or purchase order being in place.
- b. All contracts must have a clearly defined duration, including extensions where required, provision(s) for termination and must not have a provision to automatically renew.
- c. Industry and/or Council standard contracts/terms/conditions must be used wherever possible as approved by Legal Services.
- d. Where bespoke advice, drafting or modifications of contracts is required, the MO must approve the document prior to tendering or obtaining quotes and in any event before

any contract is executed and any terms and conditions must not be held against the best interests of the Council.

- e. No cap on liability or contract terms in relation to insurance can be accepted without the approval of the MO and the Insurance Manager.

19. Contract Conditions – Specific to Goods & Services

The commissioning officer must ensure:

- a. Where a contract for the supply of goods and services or the purchase of goods amounts to £150,000 or more in value, a clause be inserted to ensure that should the contractor fail to deliver the goods or services or any portion thereof within the time or times specified in the contract, the Council, without prejudice to any other remedy for breach of contract, reserves the right to either:
 - i. determine the contract either wholly or to the extent of such default, and/or:
 - ii. to purchase other goods, or services or provision of information technology of the same or similar description to make good the default, or in the event of the contract being wholly determined, to procure any additional goods or services required from any other party without any obligation in respect of the original contract.

20. Contract Conditions – Specific to Works

The commissioning officer must ensure that:

- a. In a contract for the execution of works valued in excess of £150,000, the contract provides for the payment of liquidated/delay damages by the contractor where they have failed to complete the works within the time specified. (Except for 'schedule of rates' contracts or any other contract exception agreed by the MO and CFO).
- b. In a contract for the execution of works valued in excess of £500,000, the contract specifies retention of a proportion of the contract sum until the work has been satisfactorily completed. (Except for 'schedule of rates' contracts and agree any other exceptions with the MO and CFO).
- c. Every formal contract contains a clause requiring the contractor to permit appropriate and properly authorised and trained representatives of the Council to enter upon a construction site and/or site of operation of the work at any reasonable time and have free and unfettered access to each and every part of the area covered by the contract of work affected thereby.

21. Performance Bonds

The commissioning officer must ensure that:

- a. In a contract for the execution of works the requirements for any performance bond or guarantee are as follows:
 - i. £0 to £500,000 - consider the requirement, or not, for and value of performance bond or guarantee further to his/her risk assessment.
 - ii. £500,000 up to OJEU works threshold - consult the CFO and MO to consider the requirement, or not, for and value of performance bond or guarantee further to their joint risk assessment.
 - iii. Over OJEU works threshold - Bond or guarantee is normally required, the terms to be approved by the MO. The CFO must agree the value or percentage value of the contract of such a bond or guarantee.

- b. The risk assessment considers other ongoing contracts with the same contractor and the aggregate contract values in determining the need for a performance bond or guarantee.
- c. Such bonds or guarantees be taken up by the contractor with an insurance company, bank or other financial institution or body approved by the CFO. (Except for 'schedule of rates' contracts or any other contract exception agreed by the MO and CFO).
- d. Where the works contract has been let via an available Framework Agreement, then any retention or performance bond requirements of that framework agreement must prevail.

22. Procurement Decision Record (to Publish) – Gateway One

- a. The Commissioning Officer must ensure that in accordance with the SPT guidance a 'Procurement Decision Record' (PDR) to publish must be considered, completed and signed before advertising (or at the release of tender documents in the case of a Framework/DPS Contract further competition stage) for all tenders over £25,000.

23. Tender Process Clarifications

- a. The SPT must ensure that clarification questions (direct or public) during the tender period be answered within the set tender timeline and appropriate answers are given by the Commissioning Officers.

24. Evaluation

The SPT must ensure that:

- a. Compliance and due diligence checks are undertaken before evaluation begins.
- b. Evaluators are provided with the compliant tender(s) and electronic scorecards with instructions for individual evaluation purposes.
- c. A date and time is agreed with the evaluators for the return of all evaluation scores and the evaluators record responses/comments against all criteria and are concise and accurately recorded for audit and transparency purposes.
- d. Evaluation of price and quality is in accordance with the tender and that evaluator scores are based on the question asked against the requirement (specification) and not a predefined opinion or experience.

25. Tolerances

- a. For tenders or quotes originally estimated to be under £25,000, the Commissioning Officer must ensure that, where the value of a requirement has subsequently been identified as being over £25,000, advice from the SPT must be sought.

26. Financial Appraisals

SPT and Accountancy must ensure:

- a. Financial appraisals must be completed for suppliers for contracts in excess of £150,000, using a method agreed by the CFO, before the contract is awarded.
- b. A record showing the results of each financial appraisal check is retained.

27. Procurement Decision Record (to Award) – Gateway Two

- a. The commissioning officer must ensure that in accordance with the SPT guidance a 'Procurement Decision Record' (PDR) to award is completed and signed once the

evaluation has been completed and the successful supplier identified for all tenders over £25,000

28. Standstill Period

The SPT must ensure:

- a. The mandatory standstill period of 10 calendar days (minimum) for all OJEU threshold tenders is followed.
- b. Issue the intention to award letter(s) to the successful supplier(s) and the unsuccessful suppliers are also be informed, giving the reasons for the decision and time to challenge the decision within the standstill period.
- c. No Officer of the council, other than those authorised from the SPT or Legal Services, should be in contact with the suppliers during the standstill period.

29. Award for all contracts over £25,000

The SPT must ensure that:

- a. Where a standstill period was applied to the procurement and provided it has ended without challenge, SPT will issue an award letter to the successful supplier(s).
- b. Where a standstill period was not applied to the procurement, SPT will issue the unsuccessful and successful letter(s).

Commissioning Officers must ensure:

- c. That Legal Services support the drawing up of the contract documentation to be signed by both BCP Council and the successful supplier.
- d. That where certain contracts must be executed by deed (and sealed accordingly), this is done so in accordance with Appendix 3 or otherwise required by the MO.
- e. A signed acceptance of award is received from the Contractor.

30. Record Keeping

The Commissioning Officer and SPT must ensure:

- a. Sufficient documentation is kept in accordance with the PDR to Publish and Award.
- b. A copy of the contract (including pricing and specification) must be sent to the SPT for recording on the Contracts Register.
- c. Proportionate records are maintained and retained throughout the life of the contract and retained for a further minimum of 7 years after the contract end date.

31. Contract Mobilisation and Implementation

- a. The Commissioning Officer must engage with the Contractor after the contract has been awarded to ensure the implementation requirements are delivered, activities identified, timescales established and expectations met as set out in the tender.

32. Contract Management

Commissioning Officers must:

- a. Review and manage essential measures or key performance indicators (KPI's) where applied that ensure compliance with the contract and commitments.
- b. Identify and promote potential areas for contract improvements and where necessary, agree an action plan for improvement with timeframes and responsibilities.
- c. Consider whether to extend a contract (if applicable) terminate or re-tender in advance as required in consultation with the SPT.

33. Extensions, Modifications & Variations

- a. The Commissioning Officer must consult with the SPT on all proposed contract extensions, modifications or variations. No contract modification or variations is permitted if it will:
 - i. Render the original agreement materially different in character or value.
 - ii. Introduce conditions which had they been included initially would have allowed for the admission of other candidates; allowed for the acceptance of a different tender; or attracted additional participants.
 - iii. Changes the economic balance in favour of the contractor in a manner not provided for in the initial conditions of contract.
 - iv. Extends the scope of the contract considerably.
 - v. Replaces the existing contractor with a new contractor.

34. Review & End of Contract or Renewal

The Commissioning Officer must ensure:

- a. A re-procurement is planned well in advance of the end of the contract in consultation with the SPT who will also advise on the timescales required.
- b. When exiting a contract and not conducting a re-procurement, preparation must be made for the end of the contract in advance of the expiry date and must consider how to:
 - i. Ensure the transfer of any data from the supplier back to the Council
 - ii. End any joint arrangements with the supplier(s)
 - iii. Collect passes from supplier(s) (if applicable)
 - iv. Return suppliers' equipment (if applicable)
 - v. Remove or dispose of any unwanted items
 - vi. TUPE implications are considered
- c. When ending a contract early, the exit process detailed in the contract must be followed and in consultation with the SPT.

EMERGENCIES, WAIVERS AND BREACHES RELATING TO PART G

- 35 If it is not possible to comply with the normal financial regulations relating to procurement activity, service managers can request a 'waiver' from the CFO. Such requests must be submitted in advance of the procurement.
- 36 The ability of the CFO to approve waiver/exemption requests will be limited at all times by the specific requirements of UK legislation and/or Directives.
- 37 The **Service Director** will inform the **Cabinet Member** of his/her intention to seek a waiver or exemption if the amount of the waiver/exemption exceeds £150,000 or if in his/her opinion the granting of **any other** waiver may warrant **Cabinet Member** approval.
- 38 Where it is evident that any part of the financial regulations has not been followed then a breach has occurred.
- 39 The CFO will be responsible for producing an annual report on emergency expenditure, breaches and waivers of financial regulations and submit this report to the Audit & Governance Committee for scrutiny and potential follow up action.

EMERGENCIES (serious risk to life or serious and immediate risk of loss or damage)

- 40 In the case of an extreme emergency where there is immediate danger to the safety of persons or serious risk of immediate loss or damage to the Council's assets or interests, or the interests of another party, the Chief Executive, **Corporate Director**, CFO, MO or **Service Director**, may place such emergency contracts/orders as necessary by means that are reasonable under the circumstances.
- 41 The Chief Executive, **Corporate Director**, CFO, MO or **Service Director** may delegate another officer of the Council to place such emergency contracts/orders but remains accountable for any resulting expenditure or activity.
- 42 The CFO and appropriate **Cabinet Member** must be advised of any emergency contract/order within 5 working days.
- 43 This section of the financial regulations is limited to responding to extreme major incidents or unforeseen events such as a natural disaster and does not allow for accelerated procurement due to urgency. (In which case the waiver process applies, see below).

WAIVERS

- 44 Waivers must be obtained in advance of any procurement, in sufficient time for proper consideration by the SPT and CFO. Waivers will not be granted retrospectively and any such requests will be treated seriously and constitute a breach and may result in disciplinary action.
- 45 **Service Directors** are responsible for ensuring that a 'Waiver e-Form' is completed by the appropriate service manager, as guided by the e-Form process, before submission to the SPT and CFO. (If e-Form is not available use paper form)
- 46 The CFO may approve a waiver in the following procurement circumstances:
- a) Accelerated procurement (in the case of urgency for example) where the Council would suffer significant negative impact if the full operational or strategic procurement approach is applied.
 - b) A known number of limited suppliers in the market, prior to commencement of the procurement process (unable to invite or obtain 3 quotes or tenders).
 - c) Propose not to use an available Corporate Contract or available and existing in-house service.
 - d) Payments in advance for goods and services exceeding £25,000 or six months (and also over £1,000) (except where T&C's approved by Legal Services apply).
 - e) Any payment in advance for works (except where T&C's approved by Legal Services apply).
- 47 Waiver approvals by the CFO are for a time limited period, normally not more than 2 years, in exceptional circumstances the CFO may agree to a period of up to 4 years.
- 48 Where a waiver has been granted, by the CFO, it is the responsibility of the service manager to review arrangements before the waiver period elapses to ensure that a subsequent breach does not occur.
- 49 It is recognised that managers often have to estimate the waiver value. If final or actual contract values exceed the CFO approved estimated waiver value:
- a) By less than 10% and as long as the amount is less than £100,000 then no further action is required.

- b) By more than 10% and/or if the amount exceeds £100,000, then inform the CFO.
(This is to ensure the CFO reporting to Audit & Governance Committee remains accurate)

BREACHES

- 50 Breaches of financial regulations (Part G) are extremely serious matters and will be fully investigated and reported on following referral or discovery. Any breach of these Regulations could lead to disciplinary action being taken against the individual(s) concerned.
- 51 Service Directors and managers are responsible for reporting all known or discovered breaches of these Regulations to the CFO as soon as they become aware of such instances.
- 52 Service Directors may be required to supplement the CFO's annual report on waivers, exemptions and breaches to the Audit & Governance Committee with a more detailed report explaining the circumstances of the breach and the remedial action taken or planned by way of remedy.

PART H EXTERNAL ARRANGEMENTS

PRINCIPLES

- 1 All partnerships, shared services and joint working arrangements with outside bodies must be properly evaluated for risk before they are entered into and be supported by clear governance, accounting and audit arrangements.
- 2 External funding can prove an important source of income but funding conditions must be carefully examined and evaluated for risk before any agreement is entered into to ensure they are compatible with the aims and objectives of the Council.
- 3 Legislation enables the Council to trade and/or to provide discretionary services to third parties including the general public, in the main through the establishment of trading companies/other delivery models. All such work must be within the legal framework and the respective risks and financial benefits associated with such work must be properly considered and a proportionate business case approved before any trading activities take place.

PARTNERSHIPS, SHARED SERVICES AND JOINT WORKING

- 4 The CFO is responsible for advising on the financing, accounting and control of partnership, shared service and joint working arrangements including:

- a. Financial viability in current and future years.
 - b. Risk appraisal and risk management arrangements.
 - c. Resourcing and taxation.
 - d. Audit, security and control requirements.
 - e. Carry forward arrangements (between accounting periods).
- 5 The Monitoring Officer (MO) is responsible for advising on legal and legislative arrangements and for promoting and maintaining the same high standards of conduct in such arrangements as normally apply throughout the Council.
- 6 Managers are responsible for:
- a. Ensuring that the CFO and MO are involved in the planning for any such arrangements at an early stage.
 - b. Ensuring that any such arrangements do not impact adversely upon Council services, that risk assessments have been carried out and that appropriate approvals have been obtained before entering into any agreements.
 - c. Ensuring that agreements and arrangements are properly documented.
 - d. Maintaining local registers of partnerships entered into.
 - e. Providing appropriate information to the CFO to enable relevant entries to be made in the Council's accounts.
 - f. Ensuring that appropriate mechanisms are in place to monitor and report on performance.
 - g. Consulting with the Corporate Property Officer (the Chief Executive) and CFO if there is any proposal to utilise Council land or buildings in pursuit of a partnership, shared service or joint working initiative.

EXTERNAL FUNDING

- 7 The CFO is responsible for:
- a. Approving bids for external funding that may be put forward by **councillors** or managers prior to submission of any bid.
 - b. Ensuring that any match funding or part funding requirements are considered prior to entering into any agreement, that future Revenue Budgets reflect these requirements, and that any longer term sustainability costs have been properly assessed.
 - c. Approving bids where delegated to do so in line with the requirements of the Corporate Scheme of Financial Delegations (Appendix 1).
 - d. Ensuring that all external funding is received and properly recorded in the Council's accounts and in the name of the Council.
 - e. Maintaining a central register of external funding/grant arrangements.
 - f. Ensuring that all audit requirements are met.
- 8 Managers are responsible for ensuring that:
- a. The CFO is involved in preparing for, and approving, any bid for external funding prior to submission of such bids. (This includes joint bids where the Council is not lead body)
 - b. The sustainability of funding is assessed for risk; all agreements entered into are consistent with and support the Council's service priorities.
 - c. The necessary approvals are obtained to accept funding in line with the requirements of the Corporate Scheme of Financial Delegations (Appendix 1).

- d. All claims for funds are made by the due date.
- e. Work is progressed in accordance with the agreed project plan and all expenditure is properly incurred and recorded.

TRADING (including providing discretionary services to third parties and the public)

- 9 The MO is responsible for providing or obtaining all necessary legal advice to ensure that all such proposals are undertaken within the legal framework.
- 10 The CFO is responsible for:
 - a. Issuing guidance on the assessment of trading opportunities and options.
 - b. Advising on and approving the financial implications of any proposed trading arrangements between the Council and third parties.
 - c. Advising on the establishment and operation of trading accounts to ensure that the accounting and control processes comply with Council and statutory requirements and that the results of trading operations are properly recorded and reported.
 - d. Ensuring appropriate insurance arrangements are in place.
- 11 Managers are responsible for:
 - a. Identifying trading opportunities and evaluating the respective risks and financial benefits in accordance with the guidance issued by the CFO.
 - b. Obtaining all necessary legal advice to ensure the terms and conditions of all trading contracts are reasonable and are proportionately documented.
 - c. Obtaining business case approval, in line with the requirements of the Corporate Scheme of Financial Delegations (Appendix 1), before any negotiations are concluded to trade or work for third parties.
 - d. Maintaining a local register of all trading contracts entered into.
 - e. Collecting all contractual income due and ensuring the Council is not put at risk from any bad debts.
 - f. Ensuring that no contract will be subsidised by the Council providing financial assistance either directly or indirectly.
 - g. Ensuring that such contracts do not impact adversely upon services provided by the Council.
 - h. Ensuring that the service has the appropriate expertise to undertake the contract.
 - i. Complying with guidance issued by the CFO in relation to the operation of trading accounts and the proper recording and reporting of trading results.

Glossary of Common Terms

Budget	A plan expressed in financial terms that is an estimate of the resource required to deliver the services/priorities of the Council
Budget Heads	A main area of revenue or capital spend as defined by the Budget and/or Capital Programme
Business Plan	A plan defined for the purposes of service planning and reporting at the Council as specified by the Chief Executive
Cost centre	A budgeting level which usually reflects a whole service area, or main sub-category of a service. It encompasses a number of standard 'subjective' coding areas such as those used for staffing related costs, supplies & services, income etc.
Capital	The organisation's total assets less its liabilities
Capital expenditure	Expenditure to acquire fixed assets that will be of use for more than the year in which they are acquired and which adds to the Council's tangible assets rather than simply maintaining existing ones
Intra Vires	Acting within the statutory powers of the organisation
Joint Venture	Collaboration between two or more economically independent organisations (in practice one of which will be from the private sector) to achieve a joint aim, either contractually (gain/share) or through setting up a separate jointly owned entity
Outsourcing	The entering into of a contract with a provider (private sector, social enterprise/third sector, mutual or joint venture) to deliver services
Corporate purchase to pay system	An end to end system for managing Purchase Orders, receipts and invoices
p-cards	A term to describe all forms of 'purchasing/payment cards' including credit cards, debit card, store cards (excludes pre-loaded card)
Revenue	Income or expenditure, arising from or spent on, day to day activities and short-lived commodities or consumables
Service plan	A plan setting out priorities and service ambitions
A service specific financial system	Any system that supplements, integrates or interfaces with the main accounting system – examples (but not limited to) HR system, social care records system, asset management systems
Shared Service	A voluntary collaboration between public sector bodies to deliver services/provide facilities
Ultra Vires	Acting beyond the statutory powers of the organisation
Value for Money (VFM)	The simple National Audit Office definition is 'Optimal use of resources to achieve intended outcomes and purpose'. The more complex Audit Commission definition is 'obtaining maximum benefit over time with the resources available, achieving the right local balance between economy, efficiency and effectiveness, or spending less, spending well and spending wisely to achieve local priorities. VFM is high when there is optimum balance between all three elements, when costs are relatively and comparatively low, productivity is high and successful outcomes have been achieved'.

Acronyms

AGS	Annual Governance Statement
CFO	The Chief Finance Officer
CIA	The Chief Internal Auditor
CPO	Corporate Property Officer (the Chief Executive Officer)
CPV (code)	Common Procurement Vocabulary Code
CPQ	Construction Pre-qualification Questionnaire
FMS	The budgeting and <u>financial management system</u> used at the Council (FUSION)
HHR	Head of Human Resources
HMRC	Her Majesty's Revenue and Customs
HPS	The Head of Paid Service (designated as the Chief Executive)
ICE	Institution of Civil Engineers
ITQ	Invitation to quote
ITT	Invitation to tender
LEA	Local Education Authority
LMS	Local Management for Schools Scheme
MO	The Monitoring Officer
MLRO	The Money Laundering Reporting Officer (the Chief Internal Auditor)
MTFP	Medium Term Financial Plan
NI(C)	National Insurance (contributions)
OJEU	Official Journal of the European Union
PAYE	Pay as you earn
PCR (2015)	Public Contract Regulations 2015
PCN	Penalty Charge Notice
SOPPs	Accounting <u>Standards of Professional Practice</u> (Code of Practice on Local Authority Accounting:)
SORP	Statement of Recommended Practice
SQ	Selection Questionnaire
TMS	Treasury Management Strategy
SeRCOP	Service (expenditure)Reporting Code of Practice
SPT	Strategic Procurement Team
VFM	Value for Money
VAT	Value Added Tax

CORPORATE SCHEDULE OF FINANCIAL DELEGATIONS

INTRODUCTION

- 1 The Corporate Schedule of Financial Delegations sets out the powers and duties delegated to various senior officers in the Council. Senior officers may appoint appropriate 'authorised officers' to act on their behalf (see 3 below), these delegations must be recorded in local **Service** Schemes of Delegation. (This schedule (appendix 1) does not apply to BCP maintained schools who will operate their own schemes of delegation).
- 2 This Corporate Schedule also sets out the approved financial limits within which senior officers may conduct the Council's business. Changes to the limits/values contained within this Corporate Schedule may only be made with the approval of the Chief Executive Officer. Additionally, any changes to **councillor's** approval levels also require the approval of Council.
- 3 For those items marked * (asterisk) the relevant senior officer has discretion to appoint appropriate authorised officers to act on his/her behalf. In all cases the relevant senior officer remains accountable for the effective operation of the financial thresholds and authorities and must:
 - Maintain a local written record of delegations to authorised officers and post this on the Council's intranet pages.
 - Provide the MO/CFO with the local written record of delegations to authorised officers at any time they require it (if not transparently posted on the intranet).
 - Ensure that an appropriate segregation of duties is in operation, for example between ordering and paying for goods, between claiming and approving expenses.
 - Ensure compliance (from those authorised officers) with the financial limits in this Schedule and any within the Financial Regulations (e.g. limits relating to waivers, extensions and variations) and HR Policies (e.g. limits relating to overtime, allowances, honoraria and expenses).

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Note – If an individual has a formal 'Power to Deputise' delegation via a properly job evaluated Job Description then this Corporate Schedule of Financial Delegations can be read as apply to them (i.e. without formal delegation recording requirements as per 3 above).

- 4 This Corporate Schedule is not a standalone document and should be read in conjunction with the relevant section of the Council's Financial Regulations and Constitution which is shown in brackets at the top of each section within this Corporate Schedule. The 'Approver' is responsible for obtaining all appropriate advice from support services such as Human Resources (HR), Legal, Finance, ICT, Property services before making decisions to approve.
- 5 Legacy Councils in this schedule mean Bournemouth Borough Council, Christchurch Borough Council and Borough of Poole (but not Dorset County Council (DCC)).
- 6 The term **cabinet member**, in the approver column, means the appropriate or relevant cabinet member pertaining to the decision (not any available cabinet member). Alternatively, the Leader may determine who the appropriate or relevant cabinet member is.

FINANCIAL MONITORING AND CONTROL (FINANCIAL REGULATIONS – PART D)

REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER
Revenue Virement (RV) - the term 'either individually or in aggregate for the financial year' is being used to prevent disaggregation or fragmentation of virement to circumvent the required approvals			
RV1	To approve any virement (either individually or in aggregate for the financial year).	Over £1M	Council (after advice from the CFO)
RV2	To approve any virement (either individually or in aggregate for the financial year).	Over £500k and up to £1M	Cabinet / cabinet member (after advice from the CFO)
RV3	To approve virement within or between Service/Business Plans and/or projects/programmes in their portfolio areas (either individually or in aggregate for the financial year).	Over £100k and up to £500k	Corporate Director (after advice from the CFO*)
RV4	To approve virement within their Service/Business Plans and/or within or between projects/programmes for which they are responsible (either individually or in aggregate for the financial year).	Up to £100k	Service Director* (after advice from the CFO*)
RV5	To approve virement from within existing Service/Business Plans or between Service/Business Plans, projects or programmes within their areas of responsibility into new or otherwise unplanned functions and activities if savings are available to be re-directed into the new activity.	Up to £100k	Service Director* (after advice from the CFO*)
RV6	To approve the correction of errors to initial budget load or approved virement within the main Financial System	Unlimited	CFO*
Revenue virement is only permissible in the following circumstances: <ul style="list-style-type: none"> to reflect a reorganisation/restructure to reflect a change in corporate priorities the receipt of additional grant or other funding (and the associated expenditure) the distribution or redistribution of centrally held budgets the correction of errors to initial budget load 			The following virement are generally not permitted <ul style="list-style-type: none"> virement between capital and revenue virement between controllable and non-controllable (recharges and capital financing) codes

FINANCIAL MONITORING AND CONTROL (FINANCIAL REGULATIONS – PART D)

REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER
<u>Capital Virement (CV)</u>			
CV1	To approve virement between individually approved schemes	Over £1M	Council (via Budget Monitoring Report after advice from the CFO)
		Over £500k and up to £1M	Cabinet / cabinet member (after advice from the CFO)
		Over £100k and up to £500k	Corporate Director (after advice from the CFO*)
		Up to £100k	Service Director * (after advice from the CFO*)
CV2	To approve re-phasing between years of individually approved schemes.	Any value	Service Director * (after advice from the CFO*)
CV3	To approve the correction of errors to initial budget load or approved virement within the main Financial System.	Any value	CFO*
<u>The Capital Programme (CP) (approving new schemes in-year and approving changes to external funding in-year)</u>			
CP1	To approve a new project, programme or scheme that is not in the Capital Programme (as approved as part of the annual budget setting process) and where a new external capital grant(s) is awarded to cover the costs of the project, programme or scheme, or it is proposed to transfer a scheme from one Council Fund to another (e.g. General Fund to HRA)	As per CV1 above	As per CV1 above
CP2	To approve a new project, programme or scheme that is not in the Capital Programme (as approved as part of the annual budget setting process) and CP1 does not apply – so new borrowing or other new external funding sources is required to cover the costs of the project, programme or scheme.	As per CV1 above	As per CV1 above
CP3	To approve a project, programme or scheme if the external funding or borrowing sources are different from the external funding or borrowing sources agreed at the original approval point. (e.g. prudential borrowing approved but borrowing required is now greater/less)	As per CV1 above	As per CV1 above

FINANCIAL SYSTEMS AND PROCEDURES (FINANCIAL REGULATIONS – PART F)

INCOME

REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER
INC1	Sundry debt write-offs (not cancellation) (where these sundry debts have been raised on the Sundry Debtors System(s) the Service Director * is responsible for ensuring the write off, after approval, is passed to The Head of Revenues and Benefits * for processing) (Sundry debt 'cancellation' can only occur in circumstances where the original debt was raised in error, in all other circumstances this write-off procedure applies)	Up to £1k	Service Director *
		£1k to £25k	Service Director
		£25k to £100k	Corporate Director in consultation with CFO and cabinet member
		Over £100k	Head of Paid Service in consultation with the CFO and Leader
INC2	Council tax, NDR, write offs and housing benefits overpayment recovery	Up to £1k	The Head of Revenues & Benefits*
		Over £1k and up to £10k	The Head of Revenues & Benefits
		Over £10k	CFO
INC3	Council Housing tenant rent arrears write offs (including former tenants)	Up to £1k	Service Director (for Housing) *
		Over £1k and up to £5k	Service Director (for Housing)
		Over £5k	Service Director, CFO and MO
INC4	Fees & charges	Increase/decrease of existing	Service Director in consultation with cabinet member & CFO
		Any waiving, suspending or refunding of existing	Service Director
		Agreeing any new	Cabinet (and Council if over £1M annual value)
INC5	Any means tested or assessed financial contributions	Waiving, suspending or refunding up to £1k (aggregate not individual)	Service Director *
		Waiving, suspending or refunding over £1k (aggregate not individual)	Service Director in consultation with CFO *
INC6	Penalty Charge Notices (PCN) write offs	Unlimited	Service Director (responsible for Parking Services) *

EXPENDITURE (all approvals assume the availability of an approved budget/allocation, except EX7)			
REF	DESCRIPTION	CATEGORY	APPROVER
EX1	<p>Approving capital scheme details prior to the placement of any initial order/contract to start on site or commit to purchase a service.</p> <p>Such approval shall reference back to the 'three categories' of approvals agreed in the 'Annual Approval of The Capital Programme Report' or other such report where Council agreed The Capital Programme.</p> <p>The three categories of approval are Unconditional, Conditional, Requires subsequent Cabinet approval - in most cases the agreed Capital Programme is only a broad allocation of funding and not approval to proceed (unless the 'unconditional' category was approved by Council.</p>	Unconditional	Service Director *
		Conditional	Service Director and CFO to agree conditions have been met
		Requires subsequent approval	Cabinet / cabinet member
REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER
EX2	Approving placement of orders (any commitments including contract award letters) with suppliers/contractors for goods and services	Any value	Service Director *
EX3	Receiving and receipting goods, services and works	Any value	Service Director *
EX4	Approving payment of invoices or contract stage payments (where the corporate purchasing system has not been used)	Any value	Service Director *
EX5	<p>Approving expenditure on P- Cards+ Individual transaction limit</p> <p> Monthly transaction limit</p> <p> Variations to transaction limits above (individual or monthly)</p>	Up to £1000	Service Director *
		Up to £5000	Service Director *
		Any variation	CFO *
EX6	<p>Approving individual client cash floats (exceptional use) (client cash floats should not be confused with petty cash which have been abolished)</p>	Up to £500	Service Director *
		Over £500	Service Director and CFO *
EX7	<p>Approving 'Emergency expenditure' – incurring such expenditure by any means that is reasonable in the circumstances</p> <p>(in response to a major civil emergency, disaster or similar such event)</p>	Any value	<p>Any one of the following in rank order</p> <p>BCP Gold Commander, Chief Executive, any Corporate Director, CFO, MO</p>
EX8	Approving all expenditure on salaries, wages, allowances and expenses, for establishment posts , in compliance with the Council's HR policies	Any value	Service Director*
<p>+ the term p-card means purchasing card, payment card, credit card or whatever card type BCP Council chooses to use.</p> <p>EX5 does not apply to pre-loaded cards which must be approved by the CFO</p>			

REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER
EX9	<p>Appointment of Interim Staffing (contract of employment or contract for service)</p> <p>Individuals used to fill any temporary new post and existing posts, where there is a need to pay above the job evaluated rate, in circumstances where for whatever reason it is not possible and/or desirable to make a permanent appointment into the post. Such posts will generally be senior managerial or of a specialist professional nature, but where the post-holder is appointed on a temporary basis. The focus is on the individual and their specialist skills and knowledge. Interims may be considered appropriate at a time when the service or team concerned or the wider Council is in a phase of rapid transition or when there are specific legislative or national drivers for change which need to be implemented in a defined time period. Interims may be employed directly by the Council on a fixed-term contract (including by way of the Professional Register) or via a procurement process, either as an employee, if retained through the Professional Register, or as an agency worker, or on a self-employed basis under a contract for services. In the latter case, payment is normally negotiated on a day rate as opposed to an hourly rate and must be approved by the HHR.</p> <p>Business case must include identification of previously agreed budget source</p>	Up to £25k	Service Director * Additional approval of HHR if contract for service is preferred over a contract of employment to ensure IR35 tax compliance
		Over £25k and up to £100k	Service Director to complete a business case for approval by Corporate Director Additional approval of HHR if contract for service is preferred over a contract of employment to ensure IR35 tax compliance
		Over £100k (or if the day rate is greater than £750 per day)	Corporate Director complete a business case for approval by the Chief Executive Additional approval of HHR if contract for service is preferred over a contract of employment to ensure IR35 tax compliance
EX10	<p>Appointment of a Consultant (contract for service)</p> <p>Individuals or organisations used to provide objective advice and assistance of a specialist nature, where existing Council employees do not have the necessary relevant expertise or where in-house capacity is insufficient. Such arrangements may relate to the strategy, structure, management, or operations of the Council, or specific professional input to a project in pursuit of the Council's purposes and objectives (typically, there will be no corresponding Council post on the authorised staffing establishment). Consultancy assistance is provided outside the Council's established staffing structure and "business as usual" environment when in-house skills are not available. As a result, the use of consultants will be for a defined (and preferably short-term) period and to achieve specific outcomes.</p> <p>Business case must include identification of previously agreed budget source</p>	Up to £25k	Service Director *
		Over £25k and Up to £100k	Service Director to complete a business case for approval by Corporate Director
		Over £100k (or if the day rate is greater than £750 per day)	Corporate Director complete a business case for approval by the Chief Executive
EX11	<p>Approving where a 'Contract for Service' is to be offered to a bona fide self-employed individual who has held employment with the Council (or legacy Councils) in the last 3 years.</p>	Any value	Chief Executive (with advice from CFO and HHR)

EX12	Approving where a permanent or fixed term (exceeding 18 months) 'Contract of Employment' is to be offered to any individual made redundant (compulsory or voluntary) within the last 12 months from any role within the Council (or legacy Councils)	Any Value	Corporate Director (after advice from CFO and HHR)
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TREASURY MANAGEMENT, FINANCING & LEASING

REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER
TM1	Placing of treasury investments and all approvals to borrow	In line with Treasury Management Strategy (TMS) and appended policies and within any operational lower limits	CFO* as authorised to transact in accordance with TMS. Any variation from TMS requires Council sign off.
TM2	Approving all leases, credit arrangements or hire purchase arrangements	All such arrangements	CFO* to determine approval route specific to the individual circumstance
TM3	Approving any funds (and the system of administration) to be held on behalf of third parties.	All such arrangements	Service Director* and CFO*

ASSET MANAGEMENT

REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER
AM1	Writing off deficiencies in stocks, stores & inventories (limits/value/threshold is 'book' value/accounting value not estimated sales value)	Up to £1,000	Service Director *
		£1k to £50k	Service Director * and CFO
		Over £50k	Cabinet / cabinet member (after advice from CFO)
AM2	Acquisition of freehold & leasehold land & buildings. The acquisition of a freehold, leasehold, or any other interest in land or buildings subject to the purchase being no more than market value unless 'Special Purchaser' assumptions can be made.	Up to £350k (capital value)	Corporate Property Officer *
		£350k to £500k (capital value)	Cabinet / cabinet member
		Over £500k (capital value)	Council
AM3	Acquisition of freehold & leasehold land & buildings at more than market value and 'Special Purchaser' assumptions cannot be made.	Any value	Council
AM4	Disposal of freehold & leasehold land & buildings. Disposal by way of a sale, lease, licence, wayleave, easement, deed of variation, renewal, surrender, modification of covenant, or other disposal of an interest in land or buildings using any method that achieves best consideration.	Up to £350k (capital value)	Corporate Property Officer *
		£350k to £500k (capital value)	Cabinet / cabinet member
		Over £500k (capital value)	Council

AM5	Agreeing disposals of any land or building asset not to the highest bidder or where there is a difference between the estimated open market value (or best consideration) and the actual sales price. (Seek legal advice if land is open space).	Up to £350k (capital value)	Corporate Property Officer in consultation with the CFO
		£350k to £500k (capital value)	Cabinet / cabinet member
		Over £500k (capital value)	Council
AM6	Value for including items in fixed assets register	Over £10k	Service Director *
AM7	Disposal of surplus or obsolete plant and machinery or other non-land or buildings asset (and excluding ICT equipment) ** (limits/value/threshold is 'book' value/accounting value not estimated sales value)	Any disposal not to the highest bidder (or gifted at nil value)	Service Director* and CFO*
		Any disposal £0k to £100k to the highest bidder	Service Director* and CFO*
		Any disposal £100k to £500k to the highest bidder	Corporate Director* and CFO*
		Any disposal over £500k	Cabinet / cabinet member and CFO
AM8	Any acquisition of ICT equipment and ICT services	All acquisitions	By ICT services or with the approval of the Head of ICT *
AM9	Any disposal of ICT equipment including donations to schools or charities **	Any or nil value, no exceptions	All disposals through ICT Services
AM10	Approving the use of Council assets outside of normal Council business activity and after obtaining MO* and insurance advice from the CFO*	Any land or buildings	Corporate Property Officer *
		Non land or buildings (and excluding ICT equipment)	Service Director *
		ICT equipment	Head of ICT *

**Also refer to the Council's Corporate Disposals Policy

EXTERNAL ARRANGEMENTS (FINANCIAL REGULATIONS – PART H)

REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER (after obtaining advice from the CFO, MO and HHR)
EA1	Entering the Council into partnership, shared service or joint working arrangements (including Memoranda of Understanding)	Any (including where a direct financial contribution is not obvious)	In accordance with the Council's Constitution Part 2, Article 12 - Decision making, Section 3 - Types of decisions .
EA2	External trading contracts, arrangements or concepts – business case approval, (providing discretionary services to a third party, including the public, in exchange for a fee)	Any contract up to £100,000	Service Director *
		New contracts between £100,000 and £0.5M	Corporate Director
		Incremental contracts between £100,000 and £0.5M	Service Director
		All Contracts over £0.5M	Cabinet / cabinet member
EA3	Submitting any bid for external funding (including joint bids where the Council is not lead body)	Any value	Service Director * with the agreement of the CFO *
EA4	Accepting external funding (BCP aggregate total including any 'match-funding' element and partner(s) share(s) if BCP is lead body or 'host')	Up to £100,000	Service Director * and CFO *
		Between £100,000 and £1.0M	Cabinet / cabinet member (with advice from the CFO)
		Over £1.0M	Council (with advice from the CFO)

For the purposes of EA2 above the following definitions apply:

- New (trading) contracts = the contract, arrangement/concept has not previously been traded
- Incremental (trading) contracts = the contract, arrangement/concept has already been approved applying the approval thresholds above, subsequent incremental trading growth through a series of additional contracts

OTHER DELEGATIONS - BUSINESS RATE RELIEF

REF	DESCRIPTION	APPROVER
BR1	To implement Central Government fully funded business rate relief schemes where implementation requires the Council to use its discretionary powers under either Section 47 of the Local Government Finance Act 1988 or Section 13A of the Local Government Finance Act 1992.	CFO

BCP COUNCIL - FUNCTIONS OF THE AUDIT & GOVERNANCE COMMITTEE

Functions of the Audit & Governance Committee are set out below. The Audit & Governance Committee cannot delegate for a decision any issues referred to it apart from any matter that is reserved to Council.

Statement of Purpose

Our Audit & Governance Committee is a key component of Bournemouth, Christchurch and Poole (BCP) Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of our Audit & Governance Committee is to provide independent assurance of the adequacy of the risk management framework and the internal control environment. It provides independent review of BCP Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, Risk & Control

To consider the arrangements for corporate governance including reviews of the Local Code of Corporate Governance and review and approval of the Annual Governance Statement (AGS).

To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.

To consider arrangements for risk management including the approval of the Risk Management Strategy and review of the Council's corporate risk register.

To consider arrangements for counter-fraud and corruption, including 'whistle-blowing' including approval of the Counter Theft, Fraud & Corruption Policy and the outcomes of any investigations in relation to this policy.

To review the governance and assurance arrangements for significant partnerships or collaborations.

Internal Audit

To approve the Internal Audit Charter.

To approve the risk-based Internal Audit Plan, including Internal Audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

To approve significant interim changes to the risk-based Internal Audit Plan and resource requirements.

To consider reports from the Head of Internal Audit on Internal Audit's performance during the year, including the performance of external providers of internal audit services. These will include: a) updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work b) regular reports on the results of the Quality Assurance Improvement Programme (QAIP) c) reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN), considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement (AGS).

To consider the Head of Internal Audit's annual report: a) The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit. b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the AGS.

To consider summaries of specific internal audit reports as scheduled in the forward plan for the Committee or otherwise requested by Councillors.

To receive reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every 5 years.

To commission work from the Internal Audit Service (with due regard to the resources available and the existing scope and breadth of their respective work programmes and the forward plan for the Committee).

External Audit

To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by Public Sector Audit Appointments Ltd (PSAA).

To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.

To consider all other relevant reports from the External Auditor as scheduled in the forward plan for the Committee as agreed with the External Auditor or otherwise requested by Councillors.

To comment on the scope and depth of external audit work and to ensure it gives value for money.

To commission work from External Audit (with due regard to the resources available and the existing scope and breadth of their respective work programmes and the forward plan for the Committee).

To liaise with the national body (currently Public Sector Audit Appointments (Ltd)) (PSAA) over the appointment of the Council's External Auditors.

To consider reports dealing with the management and performance of the External Audit function.

To consider and approve the Annual Plans of the External Auditor.

Financial Reporting

To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

To consider the external auditors report to those charged with governance on issues arising from the audit of the accounts.

Accountability Arrangements

To report to full council and publish an annual report on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

To report to full council and publish an annual report on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

Other Functions

To consider arrangements for treasury management including approving the Treasury Management Strategy and monitoring the performance of this function.

To maintain an overview of the Council's Constitution in respect of financial regulations, working protocols and codes of conduct and behaviour (not otherwise reserved to the Standards Committee).

To consider breaches, waivers and exemptions of these Financial Regulations.

To consider any relevant issue referred to it by the Chief Executive, Chief Finance Officer (CFO), Chief Internal Auditor (CIA), Monitoring Officer (MO) or any other Council body or cabinet member.

To consider arrangements for information governance, health and safety, fire safety, emergency planning (including business continuity).

To consider any issue of Council non-compliance with its own and other relevant published regulations, controls, operational standards and codes of practice.

To consider gifts and hospitality registers relating to officers.

CONTRACTS TO BE EXECUTED BY DEED (& SEALED ACCORDINGLY)

MINOR AMENDMENTS AND EDITING LOG (during 2020-21)

The Chief Finance Officer (CFO) has primary responsibilities for maintaining the Financial Regulations as outlined in Part A page 5. Where changes affect the powers or responsibilities of **councillors**, approval of Council is required.

It is recognised there may be a need to clarify certain elements of the Financial Regulations from time to time, this may require minor amendments or editing. The CFO has delegated to the Chief Internal Auditor (CIA) and Strategic Procurement Manager (SPM) the ability to make minor amendments and editing changes. Any such changes are logged in the table below.

No.	Description of amendments or editing	Page	Date
1			
2			
3			
4			

FINANCIAL REGULATIONS

BACK COVER ONLY

AUDIT AND GOVERNANCE COMMITTEE



Report subject	Annual review of Whistleblowing Policy, Anti-Fraud & Corruption Policy and Declarations of interests, gifts & hospitality Policy
Meeting date	12 March 2020
Status	Public Report
Executive summary	<p>An annual review of the Council's Whistleblowing Policy and Anti-Fraud & Corruption Policy has taken place to ensure they are updated in line with best practice and legislation.</p> <p>Best practice suggests both policies should be approved by Audit & Governance Committee.</p> <p>Some minor amendments have been made to both policies including reformatting to corporate BCP requirements.</p> <p>A key change to the Anti-Fraud & Corruption Policy has been made with the addition of the Criminal Finances Act (CFA) 2017 Requirements policy appendix. This is to ensure the Council is able to demonstrate adequate procedures are in place to prevent the corporate criminal offence of facilitating tax evasion.</p> <p>A new Declaration of Interests, Gifts & Hospitality Policy has been created and approved by the Corporate Management Board.</p> <p>This policy was previously seen in draft form by the Audit & Governance committee at its 23 January 2020 meeting and the resulting comments and suggestions have been incorporated.</p>
Recommendations	<p>It is RECOMMENDED that Audit & Governance Committee:</p> <ul style="list-style-type: none"> • approve the Whistleblowing Policy and the Anti-Fraud & Corruption Policy • endorse the Declaration of Interests, Gifts & Hospitality Policy as approved by the Corporate Management Board.
Reason for recommendations	To ensure Council policies are regularly reviewed and updated in line with best practice and legislation.

Portfolio Holder(s):	Cllr Vikki Slade, Leader of the Council
Corporate Director	Julian Osgathorpe – Corporate Director Resources
Report Authors	Nigel Stannard Head of Audit & Management Assurance ☎01202 451969 / ☎01202 633123 ✉ nigel.stannard@bcpcouncil.gov.uk
Wards	Council-wide
Classification	For recommendation approval

Background

1. Audit & Governance Committee Terms of Reference state the committee should “consider arrangements for counter-fraud and corruption, including ‘whistle-blowing’ including approval of the Anti-Fraud & Corruption Policy”.
2. This report provides an updated Whistleblowing Policy and the Anti-Fraud & Corruption Policy following an annual review to ensure they are in line with best practice and current legislation.
3. The Audit & Governance Committee were requested to provide feedback on the adequacy and robustness of the draft Declaration of Interests, Gifts and Hospitality Policy (for officers) at a previous meeting (23 January 2020).
4. This report also provides an updated Declaration of Interests, Gifts and Hospitality Policy following the feedback from the Audit & Governance Committee.
5. All three Policies have been previously considered by the Corporate Management Board (3 March 2020).

Whistleblowing Policy

6. The Council’s Whistleblowing Policy seeks to enable individuals to feel confident in raising concerns in the public interest about suspected serious wrongdoing in the Council and its services without fear of reprisals or victimisation even where the concern or allegations are not subsequently confirmed by the investigation.
7. Some minor changes have been made to the policy including reformatting to BCP corporate requirements and reference to the Department for Business Innovation and Skills has been changed to the Department for Business, Energy and Industrial Strategy to reflect Government departmental changes.

Anti-Fraud & Corruption Policy

8. The purpose of the Council’s Anti-Fraud & Corruption Policy is to; highlight relevant legislation; set out the Council’s approach to countering fraud and corruption; detail roles and responsibilities of officers and councillors; and provide further detailed guidance for officers and managers.

9. A key change to the policy has been the addition of the Criminal Finances Act (CFA) 2017 Requirements (new Appendix E).
10. The CFA 2017 introduces a new Corporate Criminal Offence of failure to prevent the facilitation of tax evasion. Under the CFA 2017, the Council, if found to be facilitating tax evasion, could face an unlimited fine and consequent damage to its reputation.
11. It is a defence to the corporate criminal offence of facilitating tax evasion if the Council can prove that it has in place such prevention procedures as it is reasonable to expect in the circumstances. The new policy appendix has been introduced to demonstrate adequate prevention procedures are in place.
12. Some minor changes have been made to the policy including a new definition of Corruption and reformatting to BCP corporate requirements. Also included is updated legislation/link: The Money Laundering, Terrorist Financing (Amendment) and Transfer of Funds (Information on the Payer) Regulations 2019.

Declaration of Interests Gifts & Hospitality Policy

13. For the 2019/20 financial year, the first operating year of BCP Council, legacy Council Declaration of Interests, gifts and hospitality policies and procedures have been followed by officers.
14. Several issues were identified with the current arrangements which were largely inherent, existing as a result of the formation of BCP Council, such as inconsistent approaches, out of date information and the ability of some managers to access any declarations made. These issues are addressed in the new Policy.
15. Following comments received during the 23 January 2020 Audit & Governance Committee meeting on the draft Declaration of Interests, Gifts and Hospitality Policy an updated version has been produced and approved by the Corporate Management Board (3 March 2020).
16. Procedural flowcharts and new corporate forms have been created (Appendices to the Policy) to facilitate compliance and consistency.

Training and Awareness

17. A training and awareness programme will now commence to ensure the policies are widely communicated recognised and available.

Options Appraisal

18. An options appraisal is not applicable for this report.

Summary of financial implications

19. There are no direct financial implications from this report. All three policies seek to establish strong governance arrangements to prevent financial loss through error or wrongdoing.

Summary of legal implications

20. The relevant legal implications (including non-compliance) are included in the attached policies.

Summary of human resources implications

21. The Council Policies apply to all relevant individuals acting on behalf of the Council.

Summary of sustainability impact

22. There are no direct sustainability impact implications from this report.

Summary of public health implications

23. There are no public health implications from this report.

Summary of equality implications

24. The equality implications have been considered as part of the development of the policies attached to this report.

Summary of risk assessment

25. There are no direct risk assessment implications from this report

Background papers

None

Appendices

Appendix A - Whistleblowing Policy

Appendix B - Anti-Fraud & Corruption Policy

Appendix C - Declarations of Interests, Gifts & Hospitality Policy

Whistleblowing Policy

Live from 1 April 2020

Finance

Author: Head of Audit & Management Assurance
Version: V2
Review Date: Annual evolution, next due April 2021



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1 PURPOSE OF THIS POLICY

- 1.1 Bournemouth, Christchurch and Poole Council (BCP) (hereafter referred to as 'the Council') is committed to high standards of conduct and to compliance with legal obligations and good practice. The Council's intent is to expose and deal with malpractice and it expects its employees, and others who help to deliver its services, to report all instances where they have reasonable suspicions of wrongdoing.
- 1.2 The term whistleblowing is generally used only with reference to workers (referred to in Law as making a protected disclosure) and has a specific legal definition pursuant to the Public Interest Disclosure Act 1998 (PIDA), i.e. a disclosure of information which, in the reasonable belief of the worker, is made in the public interest and tends to show serious misconduct. The information must always be more than an un-particularised allegation or mere opinion.
- 1.3 The Council recognises that as a public body, it might receive a disclosure of information not just from its workers but from members of the public as well. Whilst disclosures made by any person who is not a worker of the Council does not meet the legislative definition of whistleblowing (a protected/qualifying disclosure) the resolution procedures within this policy may be used as a guide.
- 1.4 This policy incorporates the requirements of PIDA into the Council's governance framework and provides managers with the necessary information to consider cases of whistleblowing. The legislation is contained in Part IV A of the Employment Rights Act 1996 sections 43A to 47B and section 103A and secondary legislation identifying the prescribed persons to report concerns to and the specific areas each covers.
- 1.5 In addition, this policy aims to ensure that those covered by this policy:
 - feel confident in raising concerns in the public interest about suspected serious wrongdoing in the Council and its services without fear of reprisals or victimisation even where the concern or allegations are not subsequently confirmed by the investigation;
 - can raise concerns in confidence and receive feedback on any action taken;
 - receive a response to concerns and are aware of how to pursue them if they are not satisfied;
 - and are protected from possible reprisals or victimisation where they have reported concerns in the public interest.
- 1.6 The Council will take any action necessary in proportion to the nature of the complaint. The Policy's intent is to ensure that whenever a qualifying person (see 3.1-3.3) has a reasonable belief that their disclosure is in the public interest and meets with one or more of the circumstances in paragraph 3.7 (a to f), they will be protected from detriment (for example victimisation, bullying or being disciplined).

2 WHO MUST COMPLY WITH THIS POLICY?

- 2.1 This policy applies to:
- any person who is currently employed by Bournemouth, Christchurch and Poole Council (BCP),
 - Elected or co-opted councillors,
 - Any other individual who undertakes activities on behalf of the Council including for example, volunteers, partners, contractors, foster carers etc.
- 2.2 It is expected that all organisations that are part or wholly owned by the Council will have their own whistleblowing arrangements which ensure that proper reporting arrangements are in place which are consistent with the requirements of the PIDA and that staff are fully protected in line with this legislation. If such organisations do not have their own Whistleblowing Policy arrangements, then the Council's will apply.
- 2.3 All organisations that carry out activities on behalf of the Council, for example providers of commissioned services, are expected to have appropriate and robust whistleblowing arrangements which are consistent with the requirements set out in legislation and in this policy.
- 2.4 Maintained schools are required by the Department for Education to have their own [in-house whistleblowing procedures](#). Maintained schools can make representation to the Head of Audit and Management Assurance (HAMA) to act as an external representative.
- 2.5 The [Academies Financial Handbook \(September 2019\)](#) sets out the requirements for Academies in respect of their whistleblowing arrangements. In doing so, the Handbook (section 2.41) states that "The academy trust **must** have procedures for whistleblowing, to protect staff who report individuals they believe are doing something wrong or illegal."

3 WHAT IS THE POLICY?

Who is protected

- 3.1 An employee* is protected by the legislation from any detriment as a result of having made a qualifying protected disclosure and/or from being dismissed where it could be found that the main reason for their dismissal (if there is more than one) was because they had made such a disclosure.
- *The terms 'worker' and 'employee' are interchangeable for the purposes of this policy.
- 3.2 Other people protected are:
- Most agency employees,
 - Some trainees such as apprentices,
 - Former employees who have made disclosures whilst still employed (and they suffer a detriment after employment).
- 3.3 The people described in 3.1 and 3.2 will be referred to as 'qualifying individuals' in the rest of this policy.

Who is not protected

- 3.4 The following individuals, whilst having to comply with this policy, are not protected by the relevant legislation:
- Councillors
 - Volunteers
 - Public appointments
 - Self-Employed persons
 - Foster Carers/Shared Lives providers
 - Interns
 - Former employees who have made disclosures after leaving the Council.
- 3.5 These people will be offered support, confidentially as far as possible, and will be provided with a contact who can receive complaints which might otherwise be considered whistleblowing type concerns. Members of the public maybe signposted to a relevant 'prescribed person' to send their concern to if the Council is not the appropriate body.
- 3.6 Councillors are not employees of the Council and are therefore not protected under whistleblowing legislation. However, Councillors should raise any concerns via the proper democratic processes of the Council, by contacting one or more of the following:
- Leader of the Council
 - Head of Paid Service
 - Monitoring Officer
 - The relevant Overview and Scrutiny Board

Types of disclosure covered by this policy

- 3.7 PIDA specifies what 'Qualifying Disclosures' are. The qualifying individual disclosing information must have a reasonable belief that their disclosure is made in the public interest and tends to show that any of the following apply:
- (a) that a criminal offence has been committed, is being committed or is likely to be committed,
 - (b) that a person has failed, is failing or is likely to fail to comply with any legal obligation to which he/she is subject,
 - (c) that a miscarriage of justice has occurred, is occurring or is likely to occur,
 - (d) that the health or safety of any individual has been, is being or is likely to be endangered,
 - (e) that the environment has been, is being or is likely to be damaged, or
 - (f) that information tending to show any matter falling within any one of the preceding paragraphs has been, is being or is likely to be deliberately concealed.
- 3.8 There can be some confusion between grievances and whistleblowing. Whistleblowing is the raising of a concern about a danger or risk so that it may be investigated, while a grievance seeks redress for a wrong done to oneself (or a group of employees if the individual is also one of those employees).

- 3.9 This policy does not apply to raising grievances about a person's personal situation and thus, does not replace existing procedures for resolving personal differences or conflicts. If an employee has concerns in respect of a personal grievance (e.g. bullying, harassment, discrimination) they should consult the Grievance Policy, their immediate manager, Human Resources (HR) and/or Legal Services who can advise them about the correct procedure to follow.

Safeguarding Concerns raised by Council Employees

- 3.10 Employees have a duty to report in a timely way any concerns or suspicions they may have that an adult or child at risk, is being, or is at risk of being, harmed. Such safeguarding concerns are almost certainly 'qualifying disclosures' under whistleblowing legislation and the employee will be protected under this policy but the Council has specific arrangements in place to address concerns raised, which are summarised below:

If you think someone may be at immediate risk of serious harm contact the Police.

- 3.11 Children's Safeguarding:

To report Children's safeguarding concerns staff should contact the Multi Agency Safeguarding Hub via email MASH@bcpcouncil.gov.uk or via telephone on 01202 735046.

An allegation against someone who works with children and young people or a concern about their suitability to work with children and young people should be reported direct to the Local Authority Designated Officer (LADO) - lado@bcpcouncil.gov.uk or via telephone 01202 456744

For emergency safeguarding concerns outside of office hours contact can be made with the children's social care Emergency Duty Service on 01202 738256

- 3.12 Adults Safeguarding:

For safeguarding concerns relating to Bournemouth or Christchurch residents, Bournemouth Care Direct is responsible for receiving and assessing Adults safeguarding concerns. To report Adults safeguarding concerns staff should contact Care Direct via email caredirect@bcpcouncil.gov.uk or via telephone: 01202 454979.

For safeguarding concerns relating to Poole residents, Helpdesk is responsible for receiving and assessing Adults safeguarding concerns. To report Adults safeguarding concerns staff should contact Helpdesk via email sshelpdesk@poole.gov.uk or via telephone: 01202 633902

For emergency safeguarding concerns outside of office hours contact can be made with the adult social care Emergency Duty Service on 01202 657279

- 3.13 If a safeguarding concern is raised by an employee and that safeguarding concern is a disclosure in the public interest (as per paragraph 3.7), the matter

will be reported to the Head of Audit & Management Assurance (HAMA) who is responsible for annual reporting (see paragraph 6.6).

4 WHAT IS EXPECTED FROM THE WHISTLEBLOWER?

- 4.1 Employees will normally raise their concerns with their line manager. The matter will then be dealt with in line with the six-stage procedure at Appendix 1.
- 4.2 If a qualifying individual makes a disclosure within the Council, they are expected to:
- have reasonable grounds for suspicion about the malpractice;
 - have a reasonable belief that the disclosure is in the public interest; and
 - not make the disclosure for personal gain.
- 4.3 Failure to comply with the expectations above, including, making a frivolous or malicious disclosure may result in disciplinary action being taken.

Disclosures that are not proved

- 4.4 A qualifying disclosure that is not confirmed by subsequent investigation will not lead to any action, penalty or detriment against the person making the allegation or disclosure providing the proviso's contained in 4.2 apply.

Disclosures to other organisations

- 4.5 Disclosures should be made to the Council first as this policy encourages individuals to raise genuine and serious concerns to the Council. However, if a qualifying individual feels unable to use the procedure described in this policy the disclosure should be made to a prescribed person, so that their employment rights are protected.
- 4.6 If a qualifying individual decides they cannot go to the Council with the disclosure first, they should contact a [prescribed person or body](#).

Anonymous disclosures

- 4.7 Whilst this policy is intended to deter people from making anonymous disclosures, they will be considered to the extent that it is reasonable and practicable to do so. It is often difficult to attach equal weight to anonymous allegations due to the investigator's difficulty in confirming or following up evidence.

5 HOW IS THE WHISTLEBLOWER PROTECTED?

- 5.1 The following safeguards and principles should be applied in all cases.

Confidentiality and Anonymity

- 5.2 The Council's Whistleblowing Policy seeks to protect the identity of the individual making a disclosure. However, in alleged cases of serious wrongdoing, it must be appreciated that the Council cannot guarantee that this will be maintained particularly if external legal action results from the disclosure. In some cases, a

qualifying individual's concern may require further action and they may have to act as a witness and/or provide evidence, for example serious criminal offences which are referred to the Police.

- 5.3 If a disclosure relates to a child at risk or abuse of a vulnerable adult, then the Council is required to investigate this under separate procedures and this takes priority over any request for anonymity.

Harassment and Victimisation

- 5.4 The Council acknowledges that the decision to report a concern can be a difficult choice for an individual to make, not least because of the fear of reprisal from those responsible for the malpractice. Any qualifying individual who makes a 'qualifying disclosure' which meets the requirements of the PIDA is legally protected against victimisation or harassment for whistleblowing.
- 5.5 Anyone within the Council who harasses or victimises a whistleblower will be subject to disciplinary action which may lead to dismissal.
- 5.6 Managers are responsible for monitoring how whistleblowers are subsequently treated after raising a concern. They will ensure that any harassment or victimisation is dealt with under disciplinary arrangements.
- 5.7 Any qualifying individual who believes they have been victimised as a result of making a disclosure or whistleblowing should report their concerns to their Service Director (or the Corporate Director if this is more appropriate).

6 HOW IS THIS POLICY IMPLEMENTED?

Procedure

- 6.1 Disclosures will be dealt with under the following stages. Not all disclosures will follow all stages in the order below, subject to the circumstances of each case. The action taken by the Council will be reasonable and proportionate, depending on the nature of the concern.
- 6.2 Disclosures will be dealt with under the following stages:
- Stage 1 – Informal Resolution
 - Stage 2 – Formal Disclosure
 - Stage 3 – Initial Response to a Formal Discussion
 - Stage 4 – Management Investigation
 - Stage 5 – Responding to a Management Investigation
 - Stage 6 – Confirmation of the Outcome

Further details can be found in Appendix 1 – Six Stage Whistleblowing Procedure.

Implementation and Communication

- 6.3 New staff joining the Council will be given information and guidance on the policy during their corporate induction and it will be integrated into training and documents relating to conduct and behaviour. The policy will be publicised using the Council's intranet site.

- 6.4 All managers will be expected to take note of their responsibilities in relation to allegations and protecting whistleblowers from any adverse treatment. Where appropriate, management should seek advice from HR and/or Legal Services.
- 6.5 The responsibility for ensuring that the Council adheres to this policy rests with all managers, who have an obligation to support and encourage staff to speak out, to protect them from detriment and to take action where staff are subjected to any disadvantage relating to whistleblowing.

How will the policy be monitored?

- 6.6 The Council has a responsibility for registering the nature of all concerns raised and to record the outcome. The Head of Audit & Management Assurance (in liaison with Human Resources) will produce an annual report to the Audit and Governance Committee in respect of the number, type and outcomes reported of whistleblowing allegations.

7 SUPPORTING INFORMATION

- 7.1 Individuals who have major concerns arising from their employment may wish to seek advice from their union or the whistleblowing charity [Protect](#) (02031 172520), to see whether the information which they wish to report would meet the definition of a 'qualifying disclosure' and whether they should be using this procedure, or an alternative.
- 7.2 The [Department for Business, Energy and Industrial Strategy](#) has published '[Whistleblowing: Guidance for Employers and Code of Practice](#)'.

8 FURTHER INFORMATION AND EVIDENCE

Consultees

The following individuals/groups have been consulted during the development of this policy:

Name	Organisation	Date Consulted
Adam Richens, Sorrelle Ford, Internal Audit	Bournemouth & Poole Councils	December 2018
Dan Povey, James Cranston, Internal Audit	Christchurch Council	December 2018

Equalities Impact Assessment

Assessment date	11 th December 2018 (screening tool - no formal assessment required)
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Document Control

Approval body	Audit & Governance Committee
Approval date	12 th ~March 2020
V1 – December 2018	New Policy created (please note any version changes in the future will be shown in red text)
V2 – March 2020	Policy annual review – some minor changes made including reformatting to BCP corporate formatting and changed “Department for Business Innovation and Skills”, to “Department for Business, Energy and Industrial Strategy”.

SIX STAGE WHISTLEBLOWING PROCEDURE

Stage 1 – Informal Resolution

In some situations, the issue may be resolved without the need for a major investigation. If an individual is aware or concerned about misconduct or wrongdoing taking place inside the organisation that he or she thinks may damage or undermine the interests of the wider public they are advised in the first instance to share the details with their line manager or Service Director, who in consultation with the HAMA will see if it can be resolved without a formal procedure.

The individual does not need to declare their disclosure as a “Disclosure in the Public Interest” for it to be acted upon. Management must be aware of their responsibilities in identifying and reporting the disclosure in line with this policy.

When making a disclosure, give as much information as possible about:

- The nature of the problem
- The background (with dates if possible)
- Who is involved
- The reasons you are concerned

The applicable line manager and HAMA will decide on the basis of the information provided how the matter can be resolved. This may include informal resolution or formal consideration. The outcome will be explained to the whistleblower.

Every qualifying disclosure must be notified immediately to the HAMA who will keep a log and register the details (the HAMA can be contacted via email: nigel.stannard@bcpcouncil.gov.uk or via telephone: 01202 451969. In each instance, when the matter is resolved, the HAMA must be notified promptly, and the register will be updated. If the allegation is without foundation or resolved informally, the register will reflect this, but it is crucial that a record is maintained of all allegations for transparency and audit purposes.

Stage 2 – Formal Disclosure

If the individual feels unable to discuss their concerns with their line manager or Service Director, does not accept that the response at the informal stage is sufficient, or believes that senior management is involved in the matter of concern, a formal disclosure may be made to the HAMA, Monitoring Officer or the Head of Paid Service.

If the allegation concerns one or more of these officers, the disclosure may be made to the Council’s External Auditors or any another relevant [prescribed person or body](#).

It should be noted that a qualifying individual making disclosures to a prescribed person, such as an industry regulator, must reasonably believe that the matter falls within the regulator’s area of responsibility and that the information and any allegations contained in it are substantially true.

At this stage, the person making the disclosure (the 'whistleblower'), will be asked whether he or she wishes their identity to be disclosed and will be reassured regarding protection from possible reprisals or victimisation.

He or she may also be asked to consider making a written or verbal statement. In the latter case, a summary of the interview will be made which will be agreed by both parties.

Details of the disclosure will be considered by the HAMA, or the Monitoring Officer or the Head of Paid Service or his/her representative, including any recommendations for further action.

Stage 3 – Initial Response to a Formal Disclosure

The HAMA, Monitoring Officer or the Head of Paid Service or representative who has received the disclosure will take any urgent action they deem necessary and then decide how to respond to the disclosure, having regard to all the circumstances, including the evidence available. Preliminary inquiries will be made to establish the nature of the issue and how best to respond in the public interest.

Depending on the nature of the issue raised and the findings of the preliminary enquiry, the response, in the judgement of the HAMA, Monitoring Officer or the Head of Paid Service will decide whether one or more of the following courses of action is appropriate:

- a management investigation in consultation with HR and Legal Services;
- a disciplinary investigation in accordance with the Council's policies;
- a referral for consideration under other procedures;
- a referral to the Police;
- a referral to the External Auditor;
- an independent investigation;
- amendment of procedures;
- no action due to lack of sufficient evidence; or
- decide as to the non-relevance/significance to this policy.

The whistleblower will be notified of the intended response to the disclosure and the reasons for it. The timeframes for an initial response to a formal disclosure will depend on the nature and complexity of the concern raised.

Stage 4 – Management Investigation

Where the decision has been made to carry out a management investigation, a manager or other person will be appointed as the investigating officer.

He or she will agree terms of reference with the HAMA, Monitoring Officer or the Head of Paid Service or relevant representative and identify a provisional date when the investigation should be completed by. The investigation will be carried out observing the strictest confidentiality. The investigation is essentially a 'fact finding' exercise, to establish the facts and determine what further action may be necessary and make recommendations accordingly. A report will be produced detailing the findings and recommendations for review by the HAMA.

The investigating officer will have regard to the human rights of any individuals affected by the investigation. The investigation may also serve as the information gathering part of the Council's disciplinary procedures. In such cases this will be made clear to any people who may be subject to such investigation and any right to be accompanied will be made clear.

Normal support arrangements - e.g. counselling/unions/HR - will be available as required, to the whistleblower, any person accused of being involved in, or having concealed, wrong-doing and any others affected.

Stage 5 – Responding to Management Investigation

The HAMA, Monitoring Officer or the Head of Paid Service or representative will decide whether any further action is necessary as a result of the investigation report and recommendations. If the result of the investigation is that there is a case to be answered by any individual, the recognised procedure will be followed.

The amount of contact between the officers considering the issues and the employee raising the concern will depend on the nature of the matters raised, the potential difficulties involved, and the clarity of the information provided. If necessary, further information may be sought from the person raising the concern.

The Council will take all steps to ensure that the whistleblower suffers no reprisals or victimisation as required by the Public Interest and Disclosure legislation.

Stage 6 – Confirmation of the Outcome

So far as legally possible and subject to rights of confidentiality, the whistleblower will be informed of the outcome of the investigation and how the matter has been resolved. If he or she is dissatisfied with this response the whistleblower, should put their concern in writing to the Chief Executive and request that the investigation is reviewed.

MINOR AMMENDMENTS AND EDITING LOG

The Chief Finance Officer has primary responsibility for developing, maintaining and implementing the Whistleblowing Policy. Where changes affect the powers or responsibilities of councilors approval of the Audit & Governance Committee is required.

It is recognised there may be a need to clarify or update certain elements of the Whistleblowing Policy from time to time, this may require minor amendments or editing. The Chief Finance Officer (CFO) has delegated to the Head of Audit & Management Assurance (HAMA) the ability to make minor amendments and editing changes. Any such changes will be logged in the table below.

Date	Description of amendments or editing	Page
2 October 2019	Update link to new Academies Financial Handbook	3
2 October 2019	<p><i>Update contact details to reflect merging of some services and new BCP email addresses:</i></p> <p>To report Children's safeguarding concerns staff should contact the Multi Agency Safeguarding Hub for the child's address via email: MASH@bournemouth.gov.uk / MASH@poole.gov.uk or via telephone: Bournemouth 01202 458101 / Poole 01202 735046.</p> <p><u>Changed to:</u></p> <p>To report Children's safeguarding concerns staff should contact the Multi Agency Safeguarding Hub via email MASH@bcpcouncil.gov.uk or via telephone on 01202 735046.</p> <p>An allegation against someone who works with children and young people or a concern about their suitability to work with children and young people should be reported direct to the Bournemouth and Poole Local Authority Designated Officer (LADO) - lado@bournemouth.gov.uk / Tel: 01202 456744</p> <p><u>Changed to:</u></p> <p>An allegation against someone who works with children and young people or a concern about their suitability to work with children and young people should be reported direct to the Local Authority Designated Officer (LADO) - lado@bcpcouncil.gov.uk or via telephone 01202 456744</p> <p>bmth.caredirect@bournemouth.gov.uk</p> <p><u>Changed to:</u></p> <p>caredirect@bcpcouncil.gov.uk</p>	5

Anti-Fraud & Corruption Policy

Live from 1 April 2020

Finance

Author: Head of Audit & Management Assurance
Version: V2
Review Date: Annual evolution, next due April 2021



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1 PURPOSE OF THIS POLICY

Public trust and confidence in the way the Council conducts its business is vital in preserving its reputation as an organisation that operates with integrity and high standards as it strives to achieve its objectives.

Public confidence will be weakened if fraud and corruption occur and will be strengthened if positive action is taken to prevent, detect, and deal with fraudulent acts.

The purpose of this document is to:

- Highlight relevant legislation
- Set out the Council's approach to countering fraud and corruption
- Detail roles and responsibilities of officers and councillors
- Provide further detailed guidance for officers and managers

2 WHO MUST COMPLY WITH THIS POLICY?

This policy applies to:

- Any person who is currently employed, directly or indirectly by Bournemouth, Christchurch and Poole Council (BCP) including those whose relationship is with a wholly-owned entity, including trading companies and Arms length management organisations (ALMOs);
- Elected or Co-Opted councillors; and
- Any other individual who undertakes activities on behalf of the Council including for example, volunteers, partners, contractors, etc.

Failure to comply with the procedures set out in this policy may lead to a criminal offence being committed and disciplinary action being taken against them. Any disciplinary action will be dealt with in accordance with the Council's Disciplinary Policy and Procedure.

3 STATEMENT FROM THE CHIEF EXECUTIVE

I am fully committed to implementing and maintaining the highest standard of corporate and financial governance and ethical behaviour throughout BCP Council's activities and by all councillors and colleagues.

The diverse nature of services provided by the Council means that there are many areas where we could be a target for fraud. BCP Council will ensure that we understand the main fraud and corruption risks we are facing and will strive to ensure we have robust processes in place to prevent it occurring in the first instance. We will also ensure that our anti-fraud measures continue to evolve to meet the changing challenges of potential fraudsters.

We recognise that fraud against the Council harms residents and taxpayers of Bournemouth, Christchurch and Poole and for that reason fraud and corruption will not be tolerated. We will deal openly and forcefully with councillors, employees, contractors,

service providers or the public who act dishonestly or with the intent to defraud the Council or our partners.

All councillors and colleagues have a personal responsibility to promote a culture of good governance by ensuring that effective measures are in place to prevent fraud, corruption and other irregularities and by promptly identifying and reporting potential instances for investigation.

4 LEGISLATION AND DEFINITIONS

FRAUD

The Chartered Institute of Public Finance defines fraud as “any intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss”.

Please note, where this policy refers to ‘fraud’ this also encompasses theft.

The [Fraud Act 2006](#) created a general criminal offence of fraud and identified three main ways in which it can be committed:

- Making false or misleading representations
- Failing to disclose to another person information which he/she is under a legal duty to disclose
- Abuse of a position of trust

CORRUPTION

There is no universally recognised definition of corruption however a good working definition is: Corruption is a form of dishonesty or criminal activity undertaken by a person or organisation entrusted with a position of authority, often to acquire illicit benefit, or, abuse of entrusted power for one's private gain.

WHISTLEBLOWING

The [Public Interest Disclosure Act 1998](#) aims to protect individuals who make certain disclosures of information in the public interest, to allow such individuals to bring action in respect of victimisation, and for connected purposes.

As the types of disclosures covered by the Public Interest Disclosure Act 1998 extend beyond fraud and corruption, the Council maintains a separate Whistleblowing Policy.

MONEY LAUNDERING

Money Laundering is a process by which the illegal proceeds of crime are converted into assets which appear to have a legitimate origin so they can be retained permanently or recycled into further criminal enterprises.

[The Money Laundering, Terrorist Financing \(Amendment\) and Transfer of Funds \(Information on the Payer\) Regulations 2019](#) require the Council to put in place best practice procedures and policies to prevent and protect their services from being used for potential money laundering activities.

The Council's arrangements for complying with these regulations are found at Appendix C.

BRIBERY

The [Bribery Act 2010](#) defines bribery as giving or receiving a financial or other advantage in connection with the "improper performance" of a position of trust, or a function that is expected to be performed impartially or in good faith.

The Council's arrangements for complying with the Bribery Act 2010 are found at Appendix D.

CRIMINAL FINANCES

Part 3 of the [Criminal Finances Act 2017](#) entered into force on 30 September 2017 creates the corporate criminal offence of failure to prevent tax evasion.

The Council's arrangements for complying with the Criminal Finances Act 2017 are found at Appendix E.

THEFT

The [Theft Act 1968](#) defines theft as "a person is guilty of theft if they dishonestly appropriate property belonging to another with the intention of permanently depriving the other of it."

SOCIAL HOUSING FRAUD

The [Prevention of Social Housing Fraud Act 2013](#) made tenancy fraud a criminal act.

OTHER RELEVANT LEGISLATION

Please note there is other related fraud and corruption legislation not detailed here (e.g. Proceeds of Crime Act 2002).

5 COUNCIL RESPONSIBILITIES

The Council has a statutory duty under Section 151 of the Local Government Finance Act 1972 to make arrangements for the proper administration of their financial affairs. BCP has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.

The Accounts and Audit Regulations (England) 2015 require the Council to have appropriate control measures in place to enable the prevention and detection of inaccuracies and fraud. The Council is committed to an effective anti-fraud approach designed to reduce losses by:

- Acknowledging and understanding fraud risks faced
- Preventing fraud happening and detecting it when it does occur
- Pursuing and punishing fraudsters and recovering losses.

All officers and councillors are expected to follow the 'Nolan' [seven principles of public life](#) which are the ethical standards expected of public office holders. The principles are: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Detailed roles and responsibilities in relation to fraud and corruption are set out in Section 13 of this document.

6 FRAUD AND CORRUPTION RISKS

The Council regularly reviews its exposure to the risk of fraud and corruption. Internal Audit supports the maintenance of a risk register of all Council fraud and corruption risks. Management are responsible for ensuring that fraud and corruption risks are identified within their service area, and appropriate mitigating actions are put in place.

All officers and managers have a role in identifying and managing the risks of fraud and corruption within the Council. The risk of fraudulent or corrupt activity is assessed as part of the Council's overall risk management arrangements.

The Internal Audit Plan includes targeted reviews of service areas which have been identified as at high risk of fraud and corruption. Internal Audit also provide specialist investigative resources to support management with some aspects of external fraud risks to the Council.

Internal Audit participates in a number of anti-fraud networks through which they are alerted to new and emerging risks.

7 DETERRENCE, PREVENTION AND DETECTION

DETERRENCE

A strong anti-fraud culture is an effective deterrent to potential fraudsters, whether internal or external to the Council, who may be considering committing or attempting to commit fraudulent or corrupt acts.

The Council is committed to embedding an anti-fraud culture where staff at all levels regard fraud and corruption as unacceptable, are vigilant in the workplace to the indicators of fraud and corruption and are confident in the mechanisms for reporting and investigating fraud. Arrangements include HR policies and procedures, staff fraud awareness training and the Council's Whistleblowing Policy which encourages individuals to raise concerns.

Acts of fraud and corruption by employees are considered to be gross misconduct which, if proven, will lead to dismissal. The Council will consider the full range of sanctions, including prosecution, and where appropriate cases will be referred to the Police for further investigation.

PREVENTION

The Council's codes of conduct, financial regulations, procurement guidance and recruitment procedures have all been designed to reduce the risk of fraud and

corruption. Managers have a responsibility to ensure that employees are aware of, and comply with these and other relevant policies.

Managers are responsible for assessing the potential risk exposure of fraud and corruption within their own service's activities and for implementing strategies to reduce this risk. They are responsible for ensuring that robust systems are in place which meet key control objectives and minimise the potential for fraud and corruption. They must regularly ensure that the controls are appropriate and working as intended.

They must also ensure that opportunities for fraud are identified and eliminated from systems at the earliest opportunity. Further guidance for officers and managers can be found in Appendix A.

Internal Audit provide advice to managers to ensure they are fully aware of the need to consider the preventative aspects of fraud and corruption work.

The recruitment of appropriate personnel to the organisation is essential in maintaining a strong anti-fraud culture. Procedures for recruitment include obtaining references, right to work and criminal record checks.

DETECTION

The implementation and review of robust systems of internal control by management is critical to detecting irregularities. Important controls to detect potential fraud include management checks, reconciliation processes and exception reports.

Internal audit carry out a programme of counter-fraud work every year and report the outcomes to the Audit & Governance Committee.

8 REPORTING CONCERNS

EVERYONE TO WHOM THIS POLICY APPLIES is responsible for

- Contacting the Police immediately if a crime is in progress or an emergency response is required
- Making an immediate note of the concerns (recording all relevant details, such as what was said in phone or other conversations, the date, the time and the names of anyone involved)
- Promptly reporting the suspicions to your line manager or Internal Audit (see contact details below). If the concern falls under the Council's Whistleblowing Policy the employee will be afforded protection from any detriment
- Not telling anyone else about the suspicions
- Not approaching or accusing individuals directly
- Not reporting the matter to the Police (unless under the circumstances above)
- Not carrying out an investigation (as this may damage any subsequent investigation)
- In cases of suspected money laundering, immediately advising the Council's designated Money Laundering Reporting Officer (See Employee Obligations under the Council's Anti Money Laundering Requirements Appendix C)

Concerns can be reported to Internal Audit via the following:

- Fraud Hotline: 01202 451536
- Fraud email: fraud@bcpcouncil.gov.uk

MANAGERS are additionally responsible for

- Ensuring any concerns raised with them are promptly notified to the Head of Audit & Management Assurance. The investigation process will follow the Fraud Response Plan (see Appendix B).

9 INVESTIGATIONS & SANCTIONS

INVESTIGATION

The Chief Internal Auditor is responsible for determining the nature of any investigative work (usually in consultation with the service manager) required in respect of any allegation of fraud or corruption.

Investigations will follow the procedures outlined in the fraud response plan as shown at Appendix B.

Financial Regulations set out rights of access for the Chief Internal Auditor and nominated representatives to enable an effective investigation to be undertaken.

SANCTIONS

Acts of fraud and corruption by employees are considered to be gross misconduct which, if proven, will lead to dismissal. The Council will consider the full range of sanctions, including prosecution, and where appropriate cases will be referred to the Police for further investigation.

The decision to refer cases to the Police will be taken by the Chief Internal Auditor following consultation with the relevant manager, the Monitoring Officer and the Chief Financial Officer. A protocol has been established to guide and document this process, which ensures that the application of sanctions is done in a comprehensive, consistent, and proportionate manner.

Financial Regulations give the Chief Internal Auditor the right to refer cases directly to the Police where it is considered that an internal inquiry would compromise the integrity of the investigation and/or otherwise prejudice the interests of the Council or the general public.

The Council will take all possible action to recover losses from fraud and corruption using criminal and civil law to the fullest extent.

10 FRAUD AWARENESS

Mandatory fraud awareness training is in place for all employees, through an [E-learning portal](#), to reinforce key anti-fraud messages and ensure a consistent level of awareness across the organisation. In addition to this, specialist training is available to officers, in particular those areas identified as at risk from bribery or money laundering.

Regular newsletters are issued by Internal Audit to promote fraud awareness by communicating information on corporate anti-fraud policy and guidance to staff, schools and Councillors including examples of recent frauds.

The Council ensures that those undertaking anti-fraud work, including investigation and systems review, do so within ethical and professional frameworks and with appropriate training, accreditation and resources for the role.

11 WORKING WITH OTHERS

The Council works in partnership with other organisations including other Local Authorities to share knowledge of fraud risks and specialist anti-fraud resources, and also to provide a co-ordinated response.

The Council is committed to exchanging information with other local and national agencies to identify and prevent fraud. The Council is committed to full participation in the National Fraud Initiative and other data-matching exercises.

12 MONITORING

The Council's arrangements for countering fraud and corruption are measured and reported upon in the following ways:

- Records are maintained of whistleblowing reports and fraud Investigations, including the outcome of police investigations, subsequent application of sanctions, and recovery of losses.
- The Council participates regularly in fraud surveys and benchmarking exercises.
- The Council aspires to continually improve its resilience to fraud and Internal Audit measures improvement using the CIPFA 'Code of Practice on Managing the Risk of Fraud and Corruption' tool.
- Annual report to the Audit & Governance Committee covering the outcomes of all anti-fraud work and the effectiveness of the Whistleblowing Policy.

13 DETAILED RESPONSIBILITIES

All Employees	<ul style="list-style-type: none"> • to uphold the highest standards of conduct, propriety and accountability by adherence to legal and Council requirements, rules, procedures and practices including the 'Nolan' seven principles of public life. • to be open, honest and politically neutral in their work • to comply with the Council's Anti-Fraud & Corruption Policy • to ensure that they are familiar with the Employee Code of Conduct and its requirements to declare personal interests and record offers of gifts and hospitality • to be aware of the possibility of fraud and corruption both internal and external • to report any concerns or suspicions regarding fraud, corruption or other irregularities, if need be via the Whistleblowing Policy
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	<ul style="list-style-type: none"> to report any vulnerabilities or suspicions of money laundering in accordance with guidance issued by the Money Laundering Reporting Officer
Managers	<ul style="list-style-type: none"> to create an atmosphere where honesty and integrity are valued highly, and fraud, corruption and dishonesty are not tolerated to comply with the Council's Anti-Fraud & Corruption policy to promote staff awareness and ensure staff understand their own responsibilities to make available appropriate training to employees to ensure that there are mechanisms in place within their service areas to assess the risk of fraud & corruption. to ensure that any systems under their control have been designed to minimise the likelihood of acts of fraud and corruption to notify the Chief Internal Auditor immediately of any suspected fraud, irregularity, improper use or misappropriation of the Council's property and/or resources pending investigation and reporting, managers must take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration to act in accordance with the Whistleblowing Policy to support any employees who have 'blown the whistle' to report any vulnerabilities or suspicions of money laundering in accordance with guidance issued by the Money Laundering Reporting Officer to maintain local staff registers of interest within their own services to instigate the Council's disciplinary procedures where the outcome of an audit or special investigation indicates improper behaviour
Councillors	<ul style="list-style-type: none"> to support and promote the development of a strong Anti-fraud & corruption culture. to adopt high standards of conduct in order to uphold "general principles of conduct" and all other legal requirements, rules, procedures and practices to immediately notify an appropriate officer of any suspicions of fraud or corruption to report any suspected breach of the Code of Conduct by another Councillor to the Standards Board
Audit & Governance Committee	<ul style="list-style-type: none"> to consider arrangements for anti-fraud and corruption, including 'whistle-blowing' including approval of the Anti-Fraud & Corruption Policy and the outcomes of any investigations in relation to this policy
Chief Executive	<ul style="list-style-type: none"> to support and promote the development of a strong Anti-Fraud & Corruption culture.
Chief Finance Officer	<ul style="list-style-type: none"> to develop, maintain and implement an Anti-Fraud & Corruption policy (and associated whistleblowing policy) that stipulates the arrangements to be followed for preventing, detecting, reporting and investigating suspected fraud and irregularity to advise on the controls required for fraud prevention and detection

	<ul style="list-style-type: none"> • to appoint a Money Laundering Reporting Officer and Deputy to ensure that systems are in place to counter opportunities for money laundering and that appropriate reports are made • to ensure that effective preventative measures are in place to reduce the opportunity for bribery occurring in accordance with statutory requirements of the Bribery Act 2010 • to ensure rights and powers of internal auditors and fraud investigators are upheld at all times across the organisation
Chief Internal Auditor	<ul style="list-style-type: none"> • to consider the adequacy of the Council's anti-fraud and corruption arrangements • to support the preparation and maintenance of an Anti-Fraud & Corruption Policy • to liaise with the Police and Courts in the investigation and prosecution of fraud and corruption as necessary • to determine the nature of any investigation work required in respect of any allegation of fraud or corruption. • to ensure that actions are identified to improve controls and reduce the risk of recurrence of irregularities • to produce an annual report to the Audit & Governance Committee covering the outcomes of all anti-fraud work and the effectiveness of the Whistleblowing Policy
Monitoring Officer	<ul style="list-style-type: none"> • to advise councillors and officers on ethical issues, standards and powers to ensure that the Council operates within the Law and statutory Codes of Practice
Standards Committee	<ul style="list-style-type: none"> • to monitor and advise upon the content and requirement of Codes, Protocols and other procedures relating to standards of conduct for councillors
External Audit	<ul style="list-style-type: none"> • to establish an understanding of management processes in place to prevent & detect fraud • to establish an understanding of how the Audit & Governance Committee gain assurance from management over the identification and responding to risks of fraud in the Council. • to respond to whistleblowing disclosures when acting as an external prescribed person or body.
Partners, Contractors, Suppliers, Public	<ul style="list-style-type: none"> • to be aware of the possibility of fraud and corruption against the Council and report any genuine concerns or suspicions to a Manager, Internal Audit, the Chief Executive or a Councillor.

14 FURTHER INFORMATION AND EVIDENCE

Consultees

The following individuals/groups have been consulted during the development of this policy:

Name	Organisation	Date Consulted
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Adam Richens, Sorrelle Ford, Internal Audit	Bournemouth & Poole Councils	December 2018
Dan Povey, James Cranston, Internal Audit	Christchurch Council	December 2018

Equalities Impact Assessment

Assessment date	11 th December 2018 (screening tool - no formal assessment required)
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Document Control

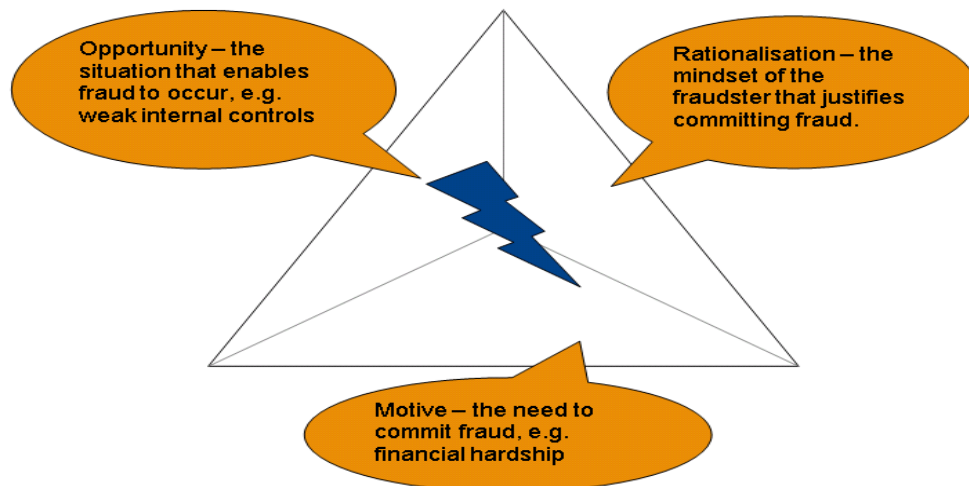
Approval body	Audit and Governance Committee
Approval date	12 th March 2020
V1 – December 2018	New Policy created (please note any version changes in the future will be shown in red text)
V2 – March 2020	Annual policy review. Added Criminal Finances Act 2017 Requirements (new Appendix E). Added new definition of Corruption. Updated legislation/link <u>The Money Laundering, Terrorist Financing (Amendment) and Transfer of Funds (Information on the Payer) Regulations 2019</u> and value to not take any cash payment amended from £12,000 to £10,000 (same as Financial Regulations). Some other minor changes made including reformatting to BCP corporate formatting requirements.

FURTHER GUIDANCE FOR OFFICERS & MANAGERS

WHY DOES FRAUD OCCUR?

Three key elements exist in most acts of fraud and corruption and are shown in the diagram below;

The Fraud Triangle



1. Opportunity

The fraudster will usually look for opportunities to commit fraud. They may have heard stories from others who have cheated an organisation in a certain way before and may seek to copy this. Detailed knowledge of internal systems may make it easier for fraud to occur, particularly if the fraudster is aware of its weaknesses or has excessive control responsibility.

Weak internal controls make it easier for fraud to be successful and reduce the likelihood of it being identified. Managers are therefore responsible for ensuring that any systems under their control have been designed to minimise the likelihood of acts of fraud and corruption.

2. Motive/Incentive/Pressure

A person who commits fraud may be pressured to, or needs to commit fraud. It might be due to a financial need such as living beyond their means, debts, a desire for material goods, or to feed an addiction. The sense of beating the system may also act as a motivator.

3. Rationalisation

A fraudster will often justify to themselves why they have committed fraud. They may see their act as revenge for inadequate pay or excessive workload. They may convince themselves that they'll pay the money back one day; or that the organisation is so big it won't miss the small amount taken.

TRUST & HONESTY

- Almost all internal fraud involves the abuse of trust
- Reliance on trust and honesty is not a fraud control

WARNING SIGNS OF POTENTIAL FRAUD

Supplier Invoices

- There is no record of an official order made
- The invoice contains errors in details such as officer's name and addresses
- Goods have not been received
- Stated website has limited contact information
- Invoices and or supporting documents appear inadequate/photocopied or obviously altered

Customer Applications and Payments

- Gaps in information given
- Unable to supply identification
- Unable to provide original documents
- Unwilling to meet at their home
- Large transactions paid by cash
- Overpayments made and refunds requested

Internal

- A person has a sudden change of lifestyle without apparent reason or unexplained and sudden wealth
- Noticeable personality or routine changes - continually works after hours, comes in frequently on weekends, insists on taking work home, requests for unusual patterns of overtime
- Possessiveness of job and records - reluctant to take holiday, go off sick or share responsibility
- Misfiled or missing documents such as receipts, estimates, correspondence.
- Computer enquiries made which are not necessary/relevant to job role
- Suppliers & contractors insisting on dealing with a particular officer
- Unexplained budget pressures
- Poor audit trails

EXAMPLE KEY CONTROLS

Some "key" controls that should ensure systems are robust are detailed below:

- Pre-employment checks are carried out for all new staff.
- Sound accounting processes, prompt financial reporting, budgets independently monitored, apparent discrepancies investigated, bank accounts promptly reconciled.
- Supervision of high fraud risk areas like cash collection.
- Independent monitoring and checking of data and supporting documentation.
- Proper arrangements for the receipt, recording and checking of goods received or services rendered.
- Responsibility for financial tasks clearly defined, documented and understood.
- Adequate separation of duties ensuring that more than one employee is involved in tasks like income collection and payment processing.
- Proper authorisation procedures which require approval of material transactions
- Physically securing and accounting for controlled stationery and cheques.
- Payment only on production of original supporting documentation.
- Processes to monitor compliance with these controls by, for example, reviewing completion of control documents and reconciliations.

REPORTING CONCERNS – Guidance for EMPLOYEES	
✓	✗
<ul style="list-style-type: none"> • do raise the matter <ul style="list-style-type: none"> ○ the sooner the problem is raised and looked into the sooner any wrong-doing can be stopped. • do make an immediate note of your concerns <ul style="list-style-type: none"> ○ it is important that you make an immediate note of key details such as what caused your suspicion, when things happened and who was involved. • do pass on your suspicions to someone in authority <ul style="list-style-type: none"> ○ for an employee this would normally be your Line Manager, however this may not always be appropriate (see “Reporting Concerns” under the Anti-Fraud & Corruption Policy) • do check the Council’s whistle-blowing policy <ul style="list-style-type: none"> ○ this will give you more information on how you can safely raise a genuine suspicion within the Council and who you should talk to. 	<ul style="list-style-type: none"> • don’t do nothing <ul style="list-style-type: none"> ○ if you are worried that some wrong-doing is happening within the Council, please don’t keep it to yourself. • don’t be afraid to raise your concern <ul style="list-style-type: none"> ○ the Council’s whistle-blowing policy will provide safeguards. • don’t approach or accuse any individual directly • don’t try to investigate the matter yourself <ul style="list-style-type: none"> ○ both the above could only make matters worse and prejudice the official investigation.

N.B. The regulations for Money Laundering have specific and clear guidance for what to do if you suspect Money Laundering is occurring. Check the Anti-Money Laundering Requirements at Appendix C.

REPORTING CONCERNS – Guidance for MANAGERS	
✓	✗
<ul style="list-style-type: none"> • do be responsive to staff concerns <ul style="list-style-type: none"> ○ you need to encourage staff to be able to raise any genuine concerns with you. You should reassure them that if they raise concerns with you, they will be protected from victimisation or reprisal. • do note details <ul style="list-style-type: none"> ○ get as much information as possible from the person raising the concern. If they have made notes or have documentary evidence, ask for copies of these. • do evaluate the information objectively and consult <ul style="list-style-type: none"> ○ before you take the matter further, you need to decide whether the suspicions seem justified. Consider the facts as you have them and consult with Internal Audit about what should happen next. 	<ul style="list-style-type: none"> • don’t ignore concerns raised with you <ul style="list-style-type: none"> ○ as a Manager you should reassure staff about raising concerns. • don’t approach or accuse any individuals directly <ul style="list-style-type: none"> ○ you may inadvertently tip off a fraudster before evidence has been collected. • don’t convey your suspicions to anyone other than those with the proper authority to investigate • don’t try to investigate the matter yourself

<ul style="list-style-type: none"> • do deal with the matter promptly <ul style="list-style-type: none"> ○ the sooner the problem is passed on by you for investigation the sooner the potential fraud or corruption can be stopped • do advise the Chief Internal Auditor who will advise on the appropriate course of action, in line with the Fraud Response Plan Appendix B 	<ul style="list-style-type: none"> ○ both the above could only make matters worse and prejudice the official investigation.
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Further advice can be sought from Internal Audit on any of the above areas by e-mail fraud@bcpcouncil.gov.uk or phone 01202 451536

FRAUD RESPONSE PLAN

Please note that this is intended as a guide and not all stages will be followed in all circumstances or necessarily in the order detailed below.

Stage 1 – Commencing an Investigation

Decisions to proceed with an investigation will be made by the Chief Internal Auditor (in liaison with the appropriate service manager). The Chief Internal Auditor will determine the involvement of other officers including the Chief Finance Officer and the Head of Human Resources, and the applicability of the Council's Whistleblowing Policy.

Stage 2 – Appointment of Investigating Officers

For each investigation, the first step will be to appoint an Investigating Officer. This will usually be an officer from the service concerned who will consult on the detailed investigation process with Internal Audit. The Chief Internal Auditor will appoint a lead officer from Internal Audit and decide on the overall lead for the investigation (depending on its nature/significance).

Stage 3 – Planning the Investigation

The Investigating Officer will need to liaise with the Internal Audit lead officer to ensure that a plan of action is drawn up. Internal Audit will as a matter of priority ensure that all relevant evidence including documentary records pertaining to the investigation are immediately secured.

Stage 4 – Referral to Police

If the investigation relates to a suspected criminal offence, the Chief Internal Auditor will need to consider (in conjunction with the Manager, the Monitoring Officer and the Chief Financial Officer) whether to inform the Police. If they decide that a formal police investigation is necessary, then liaison with the Police will normally be via the Internal Audit lead officer.

Stage 5 – Gathering Evidence

The Investigating Officer will ensure, in conjunction with the Internal Audit lead officer that all evidence of fraud or corruption relating to the investigation is gathered legally, objectively, systematically and in a well documented manner. Where this is being carried out in conjunction with a Police investigation the Internal Audit lead officer will be responsible for preparing any required statement and assembling all evidence and exhibits. The Internal Audit lead officer will keep the Investigating Officer fully informed of all developments with any Police investigation.

Stage 6 – Progress Reviews

During the investigation, the Investigating Officer/lead Internal Auditor will produce interim reports (which can be verbal reports) on progress and findings.

Stage 7 – Conclude Investigation and Improve System Controls

The Investigating Officer/lead Internal Auditor will produce a final report that may be used by management as a basis for disciplinary action, where necessary, in liaison with Human Resources. An issues report will identify any system weaknesses that enabled the fraud to occur and improvements recommended.

Stage 8 – Recovering Losses

The Investigating Officer/Lead Internal Auditor will ensure that all opportunities are followed to obtain compensation for any losses incurred including insurance, voluntary restitution or compensation claims.

Stage 9 – Press Release

The decision to issue press statements about fraud or corruption cases that have been investigated and proven by the Council will be made by the Investigating Officer, Chief Internal Auditor, and Monitoring Officer together with the Council's Communications Team. They will take account of, on a case by case basis, any sensitive and legal issues involved and the need for confidentiality.

ANTI-MONEY LAUNDERING REQUIREMENTS

1 INTRODUCTION

What is money laundering?

Money laundering is a process by which the illegal proceeds of crime are converted into assets which appear to have a legitimate origin, so that they can be retained permanently or recycled into further criminal enterprises.

The source of money, either in cash, paper or electronic form (often referred to as “dirty money”) is disguised and is given the appearance of being clean funds. These are normally used to hide the proceeds of serious criminal activities such as but not limited to terrorism, drug smuggling, theft and fraud.

Legislation

The legislation which is relevant to this Anti-Money Laundering Policy is:

- [The Money Laundering, Terrorist Financing \(Amendment\) and Transfer of Funds \(Information on the Payer\) Regulations 2019](#) (“MLR”)
- The Proceeds of Crime Act 2002 (“POCA”) (as amended by the Serious Organised Crime and Police Act 2005)
- The Terrorism Act 2000 (“TA”) (as amended by the Anti-Terrorism and Security Act 2001 and the Terrorism Act 2006).

Money Laundering Regulations

The Council is not defined as a ‘regulated business’ under the regulations and therefore is not legally obligated to apply the provisions of all of the regulations. However, the Council is committed to complying with the spirit of the legislation and regulations as advocated by the Chartered Institute of Public Finance & Accountancy’s (CIPFA) guidance.

The money laundering legislation, regulations and this policy aim to provide preventative measures to reduce the risk of money laundering occurring and to aid identification of any money laundering activity that may occur.

While the risk to the council of contravening the legislation is low, it is important that all employees are familiar with their responsibilities. Serious criminal sanctions may be imposed for breaches of the legislation.

2 THE COUNCIL’S AND EMPLOYEES’ OBLIGATIONS

Council’s Obligations

Under the legislation and best practice guidance the Council must:

- Appoint a Money Laundering Reporting Officer (“MLRO”) (Compliance and Nominated Officer) to receive disclosures from employees and **councillors** of money laundering activity (Paragraph 3);
- Implement a procedure to enable the reporting of suspicions of money laundering (Paragraph 4);
- Maintain client identification procedures (due diligence) where appropriate;

- Maintain record keeping procedures (Paragraph 5);
- Undertake an assessment of the money laundering risk that the Council is exposed to (Paragraph 6);
- Train relevant employees on their anti-money laundering responsibilities (Paragraph 7).

Employees' Obligations

Under the legislation and best practice guidance employees must:

- Immediately report any suspected money laundering activity to the Money Laundering Reporting Officer (MLRO) as detailed in the Money Laundering Disclosure Procedure section below
- Not take any cash payment over £10,000 (please note this can be a single transaction or a series of related transactions) and formally report any attempt to do so to the MLRO.
- Verbally report any cash transactions over £5,000 but lower than £10,000 to the MLRO (see Money Laundering Disclosure Procedure section below)
- Not discuss money laundering suspicions with anyone other than the MLRO
- Undertake customer due diligence wherever possible.

3 THE MONEY LAUNDERING REPORTING OFFICER (MLRO)

The Money Laundering Reporting Officer (MLRO) for the Council is the Head of Audit & Management Assurance. The MLRO is responsible for receiving disclosures regarding suspicions of money laundering activity, evaluating the information provided and, determining whether to report suspicions of money laundering to the National Crime Agency.

Disclosures of suspected money laundering must be made to the MLRO using the Money Laundering Disclosure Procedure in paragraph 4 below. If the MLRO is unavailable the Deputy Money Laundering Officer (Deputy Chief Internal Auditor) must be contacted in their absence.

4 MONEY LAUNDERING DISCLOSURE PROCEDURE

Disclosure by an Employee

Numerous scenarios could occur where Council employees in the course of their job become aware of potential money laundering activity. In order to prevent the risk of prosecution, employees need to be aware of the need to report these instances.

Where an employee knows or suspects that a money laundering activity is taking/has taken place or becomes concerned that their involvement in a matter may breach legislation, they must disclose this to the MLRO **immediately**.

The suspected money launderer **must not** be informed in any way that a report has been made against them.

The disclosure must include as much detail as possible and should include:

- Names and addresses of persons involved (if a company/public body please include nature of business)
- Nature, value and timing of activity involved
- Suspicions regarding the activity

Once the employee has reported the matter to the MLRO they must follow any directions they are given. The employee **must not** make any further enquiries into the matter.

Consideration of Disclosure by the Money Laundering Reporting Officer

Upon receipt of a disclosure, the MLRO must note the date and acknowledge it.

The MLRO will consider the disclosure and any other available internal information they think relevant. This may include:

- Reviewing other transaction patterns and volumes
- The length of any business relationship involved
- The number of any one-off transactions and linked one-off transactions
- Clarification of events with the discloser
- Any identification evidence held.

The MLRO will undertake such other reasonable enquiries they think appropriate in order to ensure that all available information is taken into account in deciding whether a report to the National Crime Agency (NCA) is required (such enquiries being made in such a way as to avoid any appearance of “tipping off” those involved).

Once the MLRO has evaluated the disclosure report and any other relevant information, they must make a timely determination as to whether:

- There is actual or suspected money laundering taking place; and
- There are reasonable grounds to know or suspect that this is the case; and
- Whether he needs to seek consent from the NCA for a particular transaction to proceed.

5 CUSTOMER DUE DILIGENCE

The Council is not defined as a ‘regulated business’ under the regulations but as the Council is committed to complying with the spirit of the regulations customer due diligence best practice should be followed wherever possible:

- Identify the person seeking to form the business relationship or conduct the transaction (this could be an individual or a company)
- Verify their identity using reliable, independent sources of information
- Identify who benefits from the transaction
- Monitor transactions to make sure they are consistent with what you understand about that person or company
- Understand the source of their funds
- Ensure there is a logical reason why they would want to do business with the Council

6 MONEY LAUNDERING RISK

The Council will produce a risk assessment to identify and assess the risk of money laundering and terrorist financing that the Council faces. In addition, money laundering will form part of the Council's Fraud Risk Register.

7 TRAINING

In support of this policy, the Council will:

- Make all staff aware of the requirements and obligations placed on the Council and on themselves as individuals by the anti-money laundering legislation; and
- Give targeted training to those most likely to encounter money laundering.

8 OFFENCES UNDER THE ACTS

The broad definition of money laundering means that potentially anybody (and therefore any Council employee, irrespective of what sort of Council business they are undertaking) could contravene the money laundering regulations if they become aware of, or suspect the existence of criminal property, and continue to be involved in the matter without reporting their concerns.

Primary money laundering offences:

1. Concealing, disguising, converting, transferring criminal property or removing it from the UK
2. Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person
3. Acquiring, using or processing criminal property

Secondary money laundering offences:

- Failure to disclose any of the three primary offences
- "Tipping off" whereby somebody informs a person or persons who are, or who are suspected of being involved in money laundering, in such a way as to reduce the likelihood of their being investigated or prejudicing an investigation

Failure to report suspicious money laundering activities or be involved in money laundering activities may lead to a criminal offence being committed and disciplinary or legal action being taken against you. Any internal disciplinary action will be dealt with in accordance with the Council's Disciplinary Policy and Procedure.

9 PRACTICAL GUIDANCE

Possible Indicators of Money Laundering

The success of money laundering often depends upon a transaction appearing 'normal' however there are a number of ways to identify possible money laundering.

Beware of potential transactions where the other party:

- Enters into transactions which make little or no financial sense, or which go against normal practice;
- Cancels transactions without good reason and requests a cheque for previously deposited funds;
- Makes any large cash payments / deposits;
- Makes large overpayments of fees or money on account;
- Is happy to enter into an apparent bad deal for them;
- Is unwilling to explain the purpose of a transaction or method of payment or refuses to provide information requested without reasonable explanation;
- Suddenly changes their pattern of activity or method of payment;
- Enters into arrangements beyond their apparent financial means or if the Buyer or Seller's financial profile does not fit (particularly in relation to property transactions);
- Unnecessarily routes funds through third party accounts or has overly complicated financial systems; and / or
- Uses more than one Solicitor / Conveyancer in the sale or purchase of a property or land or if there is an unexplained and unusual geographic use of a solicitor in relation to a property's location

Similarly, you will need to be wary if information about the customer reveals criminality or association with criminality (e.g. previous benefit fraud or suspected benefit fraud).

ANTI-BRIBERY REQUIREMENTS

1 INTRODUCTION

This policy appendix is in place to ensure compliance with the Bribery Act 2010. It explains the process through which the Council intends to maintain high standards and to protect the organisation, employees, councillors and business partners against allegations of bribery and corruption.

The Council is committed to the highest possible standards of openness, probity and accountability and to conduct its business in an honest and open way, and without the use of corrupt practices or acts of bribery to obtain an unfair advantage.

The Council attaches the utmost importance to this policy and any breach of this policy will be regarded as a serious matter and is likely to result in disciplinary action and possibly criminal prosecution.

2 WHAT IS BRIBERY?

The [Bribery Act 2010](#) defines bribery as giving or receiving a financial or other advantage in connection with the "improper performance" of a position of trust, or a function that is expected to be performed impartially or in good faith.

The Bribery Act 2010 introduced the following criminal offences:

- **The offence of bribing another person (section 1).** This can occur where a person offers, promises or gives a financial or other advantage to another individual to perform improperly a relevant function or activity, or to reward a person for the improper performance of such a function or activity. It is not an issue whether the person given the bribe is the same person who will perform the function or activity concerned.
- **The offence of being bribed (section 2).** This is where a person receives or accepts a financial or other advantage to perform a function or activity improperly. It does not matter whether the recipient of the bribe receives it directly or through a third party, or whether it is for the recipient's ultimate benefit or not.
- **Bribery of a foreign public official (section 6).** This is where a person directly or through a third party offers, promises or gives any financial or other advantage to a foreign public official in an attempt to influence them as a public servant and to obtain or retain business, or any other related advantage in the conduct of business.
- **A corporate offence of failure to prevent bribery (section 7).** A commercial organisation* could be guilty of bribery where a person associated with the organisation, such as an employee, agent or even a sub-contractor, bribes another person intending to obtain or retain business for the organisation or to obtain or retain an advantage in the conduct of business for the organisation.

*The Council accepts that public bodies (in particular its commercial activities) may be classed as a "commercial organisation" in relation to the corporate offence of failing to prevent bribery. In any event, it represents good governance and practice to have adequate procedures in place to protect the Council, councillors, employees and partners from reputational and legal damage. It is in the interests of everybody connected to the Council to act with propriety at all times.

3 WHAT ARE THE CONSEQUENCES?

An individual guilty of a criminal offence under sections 1, 2 or 6 of the Bribery Act, in addition to potential disciplinary action, is liable on conviction in:

- A magistrates court, to imprisonment for a maximum term of 12 months (six months in Northern Ireland), or to a fine not exceeding £5,000, or to both.
- A crown court, to imprisonment for a maximum term of ten years, or to an unlimited fine, or both.

The Council, if convicted under sections 1,2, or 6 will also face the same level of fines and if guilty of an offence under section 7, is liable to an unlimited fine.

4 WHAT DO I NEED TO DO AS AN EMPLOYEE?

- **Be aware of the Bribery Act 2010** and this document
- **Declare any conflicts of interests** that could apply (see Employee Code of Conduct)
- **Record any gifts or hospitality** in your service area register (see Employee Code of Conduct)
- **Abide by separation of duties** in systems
- **Comply with delegated authority limits** for decisions
- **Ensure transparency of all activities** by retaining sufficient documentation for all transactions
- **Complete the Fraud Awareness e-learning module**
- **Speak up if you have any concerns** (see 'Reporting Concerns' section of the Council's Anti-Fraud & Corruption Policy and/or the Council's Whistleblowing Policy)

5 WHAT HAS THE COUNCIL PUT IN PLACE TO PREVENT BRIBERY OCCURRING?

The Council has put in place robust arrangements which comply with Ministry of Justice Guidance which focuses on the Six Principles for Bribery Prevention:

1. Proportionate Procedures

There are several policies and procedures which are in place that contribute towards prevention, detection and investigation of bribery including:

- Constitution and Scheme of Delegation
- Financial Regulations
- Procurement Guidelines
- Anti-Fraud & Corruption Policy
- Whistleblowing Policy
- Internal Audit Plan
- Risk Management Framework
- Codes of Conduct for councillors and Employees
- Disciplinary Procedures and Rules

2. Top level commitment

- A strong anti-fraud culture is established and outlined in the Council's Anti-Fraud & Corruption Policy. Councillors and senior management are committed to ensuring anti-bribery arrangements are robust and adequate.

3. Risk Assessment

- An annual Fraud and Corruption Risk Assessment is undertaken which considers the risk of bribery across all service areas
- **Service Directors** are responsible for regularly reviewing the risks from Fraud and Corruption in their business

4. Due diligence

- All necessary efforts are made to ensure that business partners are known and that business relationships are transparent and ethical

5. Communication (including training)

- Commitment to embedding anti-bribery within the Council is in place via policies, procedures and anti-fraud training arrangements.
- Consistent and proportionate sanctions are applied in line with disciplinary policies and the Anti-Fraud & Corruption Policy

6. Monitoring and review

- Internal Audit regularly review systems assessed as at high risk of bribery
- The relevant policies and procedures are regularly reviewed

CRIMINAL FINANCES ACT 2017 REQUIREMENTS

1 INTRODUCTION

This policy appendix is in place to ensure compliance with the Criminal Finances Act 2017 (CFA 2017).

The CFA 2017 introduces a new Corporate Criminal Offence of failure to prevent the facilitation of tax evasion. Under the CFA 2017, the Council, if found to be facilitating tax evasion, could face an unlimited fine and consequent damage to its reputation.

The Council aims to conduct its financial affairs in a law abiding way and does not tolerate either the commitment or facilitation of tax evasion.

The Council attaches the utmost importance to this policy and any breach of this policy will be regarded as a serious matter and is likely to result in disciplinary action and possibly criminal prosecution.

2 LEGISLATION

Part 3 of the CFA 2017 entered into force on 30 September 2017, and creates the corporate criminal offence of failure to prevent tax evasion.

Tax evasion is the illegal non-payment or under-payment of taxes, usually as the result of making a false declaration (or no declaration) of taxes due to the relevant tax authorities, which results in legal penalties if the perpetrator is caught.

Tax avoidance, by contrast, is seeking to minimise the payment of taxes without deliberate deception. This is often legitimate but is sometimes contrary to the spirit of the law, e.g. involving the exploitation of loopholes.

Importantly the corporate criminal offence of facilitation only applies to tax evasion. The third party must be found guilty of tax evasion before the Council can be found to have facilitated it.

It is a criminal offence for anyone to evade paying tax of any kind, and also to help anyone to do so. Any individual found to be guilty of this could be subject to criminal proceedings under existing legislation. However, under the Criminal Finances Act 2017 in the event of there being both:

- a) Criminal tax evasion by either a UK or overseas taxpayer (as an individual or an entity) under existing law, and,
- b) Criminal facilitation of this offence by an 'associated person' of the Council

then the Council will automatically be charged with the corporate offence of failing to prevent its representatives from committing the criminal act of facilitation unless it can demonstrate that it had 'adequate' or 'reasonable procedures' in place to prevent that facilitation. If found guilty, the typical consequences for the Council could be an unlimited fine and reputational damage and the potential disbarment from public/governmental contracts.

The scope of 'associated persons' is widely drafted and includes Council officers, its employees, workers, agents, sub-contractors and other people/organisations that provide services for, or on behalf of Council.

3 WHAT DO I NEED TO DO AS AN EMPLOYEE/ASSOCIATE?

Staff and associates are reminded that they are required at all times to abide by the Council's policies, procedures and guidance.

Failure to comply with these policies, procedures and guidance, including in particular failure to comply with the obligations detailed in this policy, may result in disciplinary action for staff and the termination of arrangements with associates.

Should staff or associates be concerned that another employee or associate is facilitating a third party's tax evasion, they should report this to their (own) manager. The Council's Whistle-Blowing Policy can also be engaged.

4 WHAT HAS THE COUNCIL PUT IN PLACE TO PREVENT FACILITATION OF TAX EVASION?

It is a defence to the corporate criminal offence of facilitating tax evasion if the Council can prove that it has in place such prevention procedures as it is reasonable to expect in the circumstances.

Government guidance suggests an appropriate set of prevention measures which gives due recognition to the following:

1. Risk assessment

The Council's systems of risk and control are designed to ensure regularity. The Council's Internal Audit Team conduct regular compliance checks paying specific attention to areas of high risk (as identified from the Council's Fraud Risk Register) and report any concerns to management and the Audit & Governance Committee.

The following are common Council tax evasion risks which management and employees have a duty to prevent. This list is by no means exhaustive:

- **Incorrect VAT treatment/reclaim**
 - Employee agrees to mis-describe services provided to a third-party in order to facilitate a VAT reclaim by them.
 - Employee authorises a VAT invoice from a supplier knowing that they are not VAT registered.
- **Income Tax\National Insurance Payments**
 - Off payroll working (IR35) - Council fails to identify workers and associates that should be paid via the payroll system rather than the creditors system. A supplier wishes to be treated as a self-employed contractor so that payments to them are paid gross and they can evade paying the appropriate income tax and national insurance liabilities. Council officer helps the supplier by falsifying information on the Employment Status Questionnaire

- Failure to deduct the tax and NI at the correct rate. For example, a manager agrees to allow one of their staff to claim home to work travel through an expense claim. However, knowing that it is against Council policy and to help their employee from having to pay tax which is properly due, they allow their employee to describe the claim as travel away from the office.
- An employee is rewarded by way of a gift voucher over and above HMRC trivial gift limits (currently £50).
- **Incorrect Expense claims**
Employee authorises an expense claim with photocopied receipts knowing that the claimant will use the original receipts to support a tax reclaim.
- **Construction Industry Scheme**
Supplier submits an artificially low labour breakdown on their invoice to avoid tax being deducted on the labour element or no tax being deducted at all. A lack of understanding as to what work comes within the scope of the scheme or the implications of not applying the scheme.
- **Paying the wrong entity**
Employee accepts request to pay one entity knowing that the goods/services have been provided by another entity and that the purpose of the change is to evade tax.
- **Incorrect gift aid**
Employee allows a payment for goods/services to be described as a donation so that the donor can claim tax relief.
- **Payment in Kind**
Third parties not employed by the Council perform work in return for a payment in kind e.g. travel to a conference or use of facilities, knowing that no tax will be paid on the payment.
- **Direct Payments (for Care & Support Services)**
Failure to ensure deduction of Income Tax and National Insurance from payments made to personal assistants by recipients of Direct Care Payments.
- **Grants**
Failure to ensure that grant funding is used for its intended purpose. The Council gives a grant to an organisation for a specific project or service which may include the employment of staff. Staff are paid without the appropriate deduction of Income Tax and National Insurance.
- **Payment to overseas workers**
Using a third-party to pay in-country workers on the Council's behalf, where you know that there is a withholding obligation, and that the third-party will not comply with that obligation.

2. Proportionality of risk-based prevention procedures.

The Council has systems of controls in place to address specific risks. These controls include policy and guidance documents such as the Council's Whistle-Blowing Policy and Anti-Fraud & Corruption Policy.

3. Top level commitment.

This policy appendix has been endorsed by the Corporate Management Board and the Audit & Governance Committee as part of the Anti-Fraud and Corruption Policy.

4. Due diligence.

Reasonable care and caution is exercised when processing all transactions particularly high value/high risk area payments. Regular monitoring takes place and particular caution is exercised when making payment to new suppliers.

5. Communication (including training).

All staff, especially those involved in processing and approving financial transactions, will be made aware of this policy via their induction. Information is also available on the Council's intranet.

6. Monitoring and review

Regular monitoring and review of systems of controls and policies is carried out by Internal Audit and any findings/concerns reported to management and the Audit & Governance Committee.

GUIDANCE NOTE FOR SCHOOLS

The 'Schools Financial Value Standards' issued by the Department for Education contains the following advice:

1	<p>What are adequate arrangements against fraud and theft?</p> <p>Schools need a robust system of controls to safeguard themselves against fraudulent or improper use of public money and assets. Arrangements should both prevent malpractice and enable prompt detection should it nonetheless occur.</p>
2	<p>What are possible types of fraud and theft?</p> <p>The list below gives examples but cannot be exhaustive:</p> <ul style="list-style-type: none"> • theft (e.g. retaining cash collected for school dinners, trips, etc. for personal use; taking away school assets for personal use); • false claims (e.g. for travel which did not take place, for un-worked overtime etc.); • unauthorised purchase of equipment for personal use; • improper use of petty cash for personal purposes; • failing to charge appropriately for goods or services (e.g. not charging for school rooms used for private functions) or providing improper gifts or hospitality; • processing false invoices for goods or services not received and pocketing the proceeds; • making false entries on the payroll, such as inventing a fictitious employee and arranging to be paid an additional salary; • payment of inappropriate bonuses; • misusing school financial systems to run a personal business; • improper recruitment (e.g. employing a family member or individual known personally to an employee without following appropriate recruitment procedures); • buying from a supplier or contractor known personally to an employee without following required procurement procedures or declaring a business interest; • separating purchases to avoid tendering thresholds; and • suppliers or contractors failing to deliver the agreed goods or services but still being paid in full
3	<p>Noting any instance of fraud or theft detected in the last 12 months</p> <p>All schools should keep a written log of any instances of fraud or theft detected. This should include attempted fraud or theft, so long as this wouldn't prejudice any ongoing action such as legal action against the perpetrator(s). This log will help the school to identify patterns of misconduct and any weaknesses in their current arrangements which need to be addressed.</p>
4	<p>Why you need to have adequate arrangements in place to guard against fraud and theft</p> <p>Schools manage substantial sums of public money and consequently need to safeguard public funds. Local authorities would be likely to take strong action against maintained schools that appeared persistently vulnerable to fraud and theft.</p>
5	<p>How to ensure that your school has adequate arrangements in place to safeguard against fraud and theft</p> <p>The governing body will expect the head teacher and other senior staff to assure them that adequate arrangements are in place, rather than seeking to put operational arrangements in place themselves. The main features of such arrangements are likely to include:</p> <ul style="list-style-type: none"> • financial management checks, reconciling accounts at the end of each month and keeping an audit trail of documents; • separation of duties – no one employee should be responsible for both validating and processing a transaction, for example certifying that goods have been received and

	<p>making the payment for them;</p> <ul style="list-style-type: none"> • strictly limited access to systems for authorising and making payments; • spot checks on systems and transactions – this will help identify new risks and measure the effectiveness of existing controls. It also indicates to staff that fraud prevention is a high priority; • investigation and logging of every incident of irregularity, including instances of attempted fraud; • careful pre-employment checks on staff who will have financial responsibilities; and • making employees' financial responsibilities clear through written job descriptions and desk instructions.
6	<p>Make the information available to all staff</p> <p>The governing body and head teacher should inform all staff of school policies and procedures related to fraud and theft, the controls in place to prevent them, and the consequences of breaching these controls. This information should be included in induction for new school staff and governors. Staff should be reminded of this information if an incident occurs.</p>
7	<p>What to do if adequate arrangements are not in place in your school</p> <p>Adequate arrangements will need to be put in place as soon as possible. If you are unsure how to do this and are a maintained school, you should contact your local authority urgently. You need to identify which arrangements are not adequate and agree an action plan to address them with a deadline for implementation. Once the new arrangements are in place, you should evaluate their effectiveness and regularly review the school's full arrangements to make sure they remain adequate.</p>
8	<p>What to do if fraud or theft is suspected or discovered (including any instances of attempted fraud or theft)</p> <p>Maintained schools should contact their local authority (LA) for help and support in instances where fraud or theft is suspected or discovered and should always report the matter to the LA's Internal Auditors.</p>
9	<p>Further information</p> <p>For maintained schools, your Local Authority should be able to provide further information and support on establishing adequate arrangements to safeguard against fraud and what should happen if fraud is suspected or discovered. In addition, these websites\contacts provide help and advice:</p> <ol style="list-style-type: none"> 1. <u>School Fraud Risk - CIPFA</u> This self-assessment checklist can be used by organisations in order to check their own health against the fraud risk areas 2. Department for Education (DfE) – <u>www.education.gov.uk</u> – this website contains a wide range of information and resources for schools. <u>Here</u> you can access information on the supporting legal framework for school revenue funding, audit and whistle-blowing policy. 3. Action Fraud – <u>www.actionfraud.police.uk</u> this website is the UK's national fraud reporting centre and provides information of what fraud is and the different types of fraud. 4. National Association of School Business Management (NASBM) – <u>www.nasbm.co.uk</u> – provides information and training for all those involved in school business management including on fraud. 5. Internal Audit is able to provide advice to Maintained Schools on financial control systems. <p>Telephone 01202 633122\451971 or e-mail simon.milne@bcpcouncil.gov.uk</p>

MINOR AMMENDMENTS AND EDITING LOG

Minor Amendments and Editing Log

The Chief Finance Officer has primary responsibility for developing, maintaining and implementing the Anti-Fraud & Corruption Policy. Where changes affect the powers or responsibilities of councilors approval of the Audit & Governance Committee is required.

It is recognised there may be a need to clarify or update certain elements of the Anti-Fraud & Corruption Policy from time to time, this may require minor amendments or editing. The Chief Finance Officer has delegated to the Head of Audit & Management Assurance the ability to make minor amendments and editing changes. Any such changes will be logged in the table below.

Date	Description of amendments or editing	Page
-	-	-

Declaration of Interests, Gifts and Hospitality Policy

Date – Live from 1/4/2020

This policy has been produced collaboratively by Internal Audit, Human Resources and Law & Governance

Author: Nigel Stannard, Head of Audit & Management Assurance

Version: V2020.1

Review Date: Subject to (at least) annual evolution



1. Purpose Statement

- 1.1 The purpose of the policy is to protect the Council and employees against conflicts of interest and allegations of impropriety. The public must be confident that decisions made by employees of whatever nature are made for good and proper reasons and are not influenced inappropriately by the interests of individual employees, their relatives or friends.
- 1.2 The Council is entitled to put in place a series of precautionary measures to ensure that conflicts or potential conflicts of interest are notified to the Council at an early stage.

The Bribery Act 2010, and the Local Government Act 1972 are relevant.

The Bribery Act 2010 makes it an offence for an employee to give advantage to someone in return for favours in relation to the Council's business.

Section 117 of the Local Government Act 1972 requires that employees notify the authority in writing of any direct or indirect financial interests which they have in any Council contracts, or proposed contracts, of which they become aware. Breach of Section 117 is a criminal offence subject to a fine.

- 1.3 All but incidental gifts and hospitality received by a council employee may be perceived as a potential conflict or may be viewed as a potential bribe. The Council generally requires all but incidental gifts and hospitality to be declared on Form 1 or Form 2 as appropriate.

2 Who the policy applies to

- 2.1 This policy applies to all BCP Council employees, including casual, part-time and temporary staff including those supplied by employment agencies.
- 2.2 This policy does not apply to BCP 'maintained' schools' employees where an individual school policy exists. A BCP 'maintained' school may use all or parts of this policy if they wish to do so.

3 This policy replaces

- 3.1 This policy replaces sections of any legacy Councils' respective Code of Conduct or any standalone policies, procedures or guidance of legacy Councils relating to conflicts of interest and or accepting/declaring gifts or hospitality.
- 3.2 This policy operates in conjunction with the BCP Council Code of Conduct for employees and the disciplinary procedure. The BCP Code of Conduct states – 'Employees are required to follow the 'Declaration of interests, gifts and hospitality policy' (this policy).

4 Approval process

- 4.1 This policy is approved by the Corporate Management Team.
- 4.2 The Audit & Governance Committee review the policy as part of their role to ensure the adequacy of governance arrangements in place to prevent fraud and corruption.

5 Links to Council Strategies

- 5.1 This policy supports BCP Council's [Corporate Strategy](#), specifically the core value – “we have integrity” and also so supports “we are a modern, accessible and accountable council”.

6 The Policy

In relation to Conflict of Interest

- 6.1 A conflict of interest is a conflict between the public duty and the private interest of an individual in which that individual private capacity interest could improperly influence the performance of their Council duties and responsibilities.
- 6.2 Employees may hold interests for which they cannot see obvious potential conflict. However, caution is always advisable because others may see it differently. It will be important to exercise judgement and to declare such interests where there is otherwise a risk of imputation of improper conduct. The perception of an interest can be as damaging as an actual conflict of interest.
- 6.3 The Council requires all employees to declare the following interests:
- a direct or indirect financial interest in any contracts with the Council or under consideration by the Council. The financial interests of a person with whom you live also counts for this purpose (this is a requirement of Section 117 of the Local Government Act 1972; it is potentially a criminal offence not to declare such an interest);
 - a financial interest or employment or other role in any business or organisation which has a business, funding or regulatory relationship with the Council;
 - any personal membership or their partner/relative/close friend may have with any organisation or association not open to the public without formal membership and/or commitment of allegiance and/or has secrecy about rules or membership or conduct;
 - any partner/relative/close friend who has an interest in an organisation which could have a relationship with the Council; and
 - any partner/relative/close friend who works for the Council or is a councillor.
- 6.4 Appendix A includes the definitions of the terms used in this section.

In general terms – Relating to receiving gifts and hospitality

- 6.5 If it is likely that a typical member of the public would think that a specific gift or incidence of hospitality is inappropriate, then it probably is and should therefore be declined. It is always better to be cautious and politely decline any offer of a gift or hospitality.
- 6.6 The overriding principle is that employees should not compromise their position as public service workers by accepting gifts or hospitality and allowing themselves to reach the position where they might be, or might be thought by others to have been, influenced in making a certain decision as a consequence.
- 6.7 Employees must:
- Treat any offer of a gift or hospitality if it is made to them personally with extreme caution;
 - Not receive any payment or fee other than their salary;

- Never accept cash or cheques or other monetary gifts (including gift vouchers) of any kind*;
- Always refuse offers of gifts, hospitality or services to them (or their family members) from organisations or persons who do, or might, provide work, goods or services, to the Council or who require a decision from the Council**; and
- Always report any such offers above to their line manager.

*Any exceptions to this specific policy bullet point must be agreed in writing by the Chief Executive and lodged with the Monitoring Officer.

**Incidental promotional gifts, such as calendars, diaries, pens, mugs etc. may be accepted, but should be declared if the total estimated value is £25 or more.

In specific terms – Relating to receiving gifts

- 6.8 A gift is any item or service that an employee receives free of charge. It also includes any goods or services which are personally offered at a discounted rate or on terms not available to the general public. It does not include staff offers / discounts which are negotiated corporately.
- 6.9 When deciding whether or not to accept an offer of a gift, the context is very important. An offer from an organisation seeking to do business with or provide services to the Council or in the process of applying for permission or some other decision from the Council should not be accepted, regardless of the value of the gift. By contrast, a gift of modest value given at Christmas by a service user as a gesture of appreciation to an employee will generally be acceptable and could cause offence if returned.
- 6.10 Employees must declare (on Form 1 or Form 2 as appropriate) all instances where gifts are accepted or where they are declined except in these specific circumstances:
- Employees may accept a gift which is a one-off or infrequent gesture, from a service user and which has only a small or token value, estimated to be less than £25 in value, without making a declaration or obtaining the approval of a more senior officer. Please note, employees should always politely and courteously decline a gift from a service user if the estimated value is more than £25 and/or becomes more frequent than one-off.
 - If the gift is from a representative of organisation or persons who do, or might, provide work, goods or services to the Council or who require a decision from the Council and is incidental promotional items such as a calendar, diary, pen etc with an estimated total combined value of less than £25, then these may be accepted without needing to be declared.
- 6.11 If as a result of their employment an employee becomes a beneficiary in a service user's Will, this must always be reported to their line manager and Service Director. The employee must not accept the bequest, regardless of its size or value unless granted explicit permission by their Service Director. Permission will only be granted where the legacy is of little financial value, such as a sentimental item.
- 6.12 In exceptional circumstances a gift from a third-party representative (not a service user) may be accepted if the employee is accepting the gift of behalf of the Council (or residents) and they deem that refusing the gift would cause significant offence; for example, a gift from a 'twinning association'. In this circumstance the relevant Corporate Director or Service Director must be informed as soon as possible, and they will decide what will happen to the gift.

In specific terms – relating to receiving hospitality

- 6.13 Hospitality is the offer of food, drink, accommodation or entertainment or the opportunity to attend any cultural or sporting event offered as a result of being employed by BCP Council.
- 6.14 Employees may accept hospitality including invitation to events or functions where the employee is demonstrably representing the Council. e.g. opening ceremonies, trade shows, events where they are invited to speak, events hosted or sponsored by the Council, working lunches provided to enable the parties to continue to discuss business, refreshments offered in connection with any meeting, meals or refreshments funded by other public sector partners as part of joint working or collaboration, meals or refreshments provided as part of a ceremony or event to promote or launch a project or initiative supported by the Council.
- 6.15 Hospitality accepted, after applying 6.14 above, must be declared (on Form 1 or Form 2) as appropriate if the estimated value is more than £50. Hospitality accepted, as per 6.14 above, does not need to be declared if the estimated value is less than £50.
- 6.16 The following hospitality should not be accepted***:

- hospitality of any kind attended in the employee's own time and/or where the employee is not demonstrably representing the Council;
- hospitality offered to a partner/relative/close friend (of the employee);
- hospitality from a tenderer in the immediate period before tenders are invited or during the tender process. If employees are carrying out site visits as part of the tender process, they can accept the offer of light refreshments (only) provided it is proportionate and not extravagant;
- Lavish or extravagant hospitality including meals; or
- Offers of holidays, overnight stays, air or rail travel, use of a company's own holiday accommodation, after dinner speaker celebrity events, sporting or cultural events (e.g. theatre tickets, football match, golfing event).

***Any exceptions to these specific policy bullet points must be agreed in writing by the Chief Executive and lodged with the Monitoring Officer.

- 6.17 Hospitality declined, after applying 6.16 above, must be declared (on Form 1 or Form 2 as appropriate) if the estimated value is more than £50. Hospitality declined, as per 6.16 above, does not need to be declared if the estimated value is less than £50.

In specific terms – relating to giving hospitality

- 6.18 Only Service Directors, Corporate Directors and the Chief Executive have delegated authority to approve expenditure to give hospitality; where they consider this to be in the interests of the service or the Council and is capable of public justification.

In specific terms – relating to receiving and giving sponsorship

- 6.19 Where an external organisation wishes to sponsor, or is seeking to sponsor, a BCP Council activity, whether by invitation, tender, negotiation or voluntarily, this policy will apply. Particular care must be taken when dealing with contractors or potential contractors who make offers of sponsorship.
- 6.20 From time to time BCP Council sponsors, or gives grants for, sporting and cultural events such as exhibitions, plays or performances, or games. No employee or any member of the employee's family should receive any benefit from such sponsorship or

grant in a direct or indirect way without there being full disclosure to their line manager.

7 How to use this policy

- 7.1 Whilst implementing the requirements of this policy employees must follow the 'Procedures for declaring interests, gifts and hospitality (accepting and declining)' Appendix B.

8 Roles and responsibilities

8.1 Core roles and responsibilities of all Employees

- Make a personal declaration to their Line Manager/Team Leader/Head of Service and keep this declaration up to date as required.
- Work with the Line Manager/Team Leader/Head of Service to agree any mitigation (of conflict risks) actions or strategy.
- Maintain discussion with the Line Manager/Team Leader/Head of Service at one to one meetings to ensure on-going review of the mitigation actions or strategy.
- Declare on Form 1 or Form 2 as appropriate any gifts or hospitality accepted or declined (*One-off gifts from a service user or incidental promotional items such as calendars and pens, with a total estimated value of less than £25, do not need to be declared*).

Additional roles and responsibilities of Line Managers/Team Leaders/Heads of Service

- Promote and ensure Policy compliance in their teams/service areas.
- Where a potential conflict of interest is declared by an employee, assess any risk to the Council and the employee.
- Work with the employee to agree any mitigation (of conflict risks) actions or strategy and document this on the employee's declaration (Form 1 or Form 2 as appropriate).
- Escalate to the Service Director any issues that cannot be satisfactorily agreed.
- Maintain discussion with the employee at one to one meetings to ensure on-going review of the mitigation actions or strategy.
- Lead on any disciplinary action that may be necessary where employees have failed to comply with this Policy.

Additional roles and responsibilities of Heads of Service (Tier 4 officers, including any acting)

- Make a personal declaration on Form 2 of interests, gifts and hospitality (accepted and declined), to the Monitoring Officer; nil declarations are required, and officers must keep this declaration up to date as required.

Additional roles and responsibilities of Service Directors (Tier 3 officers, including any acting)

- Make a personal declaration on Form 2 of interests, gifts and hospitality (accepted and declined), to the Monitoring Officer; nil declarations are required, and officers must keep this declaration up to date as required.
- Promote and ensure Policy compliance in their teams/service areas.
- Securely store (for their Service area) all employee declarations of interest, gifts and hospitality accepted and declined in the prescribed BCP Council format (Form 1).
- Determine any mitigation (of risk) actions or strategy in escalation instances, where the employee, Line Manager/Team Leader/Head of Service have been unable to agree.
- Escalate to the Corporate Director any issues that cannot be satisfactorily agreed.
- In exceptional circumstance, determine what happens to gifts which have been accepted by an employee in their service area, where the employee has made a judgement that refusing the gift would cause significant offence (*in cases where the estimated value of the gift exceeds £25 and is from a service user, or in cases where some other third party has given any gift of any value*).

- Lead on any disciplinary action that may be necessary where a manager/team leader/head of service has failed to comply with this Policy.

Additional roles and responsibilities of Corporate Directors (Tier 2 officers, including any acting)

- Make a personal declaration on Form 2 of interests, gifts and hospitality (accepted and declined), to the Monitoring Officer; nil declarations are required, and officers must keep this declaration up to date as required.
- Promote and ensure Policy compliance in their teams/service areas.
- Review at least annually the declarations made to Service Directors in their directorate.
- Lead on any disciplinary action that may be necessary where a Service Director (Tier 3 officer) has failed to comply with this Policy.

Additional roles and responsibilities of the Monitoring Officer

- Make a personal declaration on Form 2 to the Chief Executive, of interests, gifts and hospitality (accepted and declined); nil declarations are required, and the Monitoring Officer must keep this declaration up to date as required.
- Promote and ensure Policy compliance in their teams/service areas.
- Securely store Service Director, Corporate Director and Chief Executive declarations of interest, gifts and hospitality accepted and declined in the prescribed BCP Council format.
- Prepare an annual report to the BCP Audit & Governance Committee summarising the declarations of interest, gifts and hospitality (accepted and declined) of the Council's Tier 4 officers and above.

Additional roles and responsibilities of the Chief Executive

- Make a personal declaration on Form 2 of interests, gifts and hospitality (accepted and declined), to the Monitoring Officer; nil declarations are required, and the Chief Executive must keep this declaration up to date as required.
- Promote and ensure Policy compliance amongst the Corporate Management Board (CMB).
- Securely store the Monitoring Officer's declarations of interest, gifts and hospitality accepted and declined in the prescribed BCP Council format.
- Lead on any disciplinary action that may be necessary where a Corporate Director (Tier 2 officer) has failed to comply with this Policy.

9 Enforcement and sanctions

- 9.1 Employees must comply with the requirements in this Policy. Failure to do so is a disciplinary matter, and disciplinary action may be taken, regardless of whether the actions amount to a criminal offence.
- 9.2 Criminal charges will apply if an employee fails to declare an interest in a contract or proposed contract or they or a relative have abused their position to influence Council contracts for their or their relatives gain.
- 9.3 It is also a criminal offence for any employee to demand or accept a gift or reward in return for allowing oneself to be influenced as a local government employee.

10 Further information and evidence

- 10.1 Employees should be aware that:

- Under the Bribery Act 2010, both individuals and organisations are liable for conviction in court, imprisonment and/or fines if found guilty of an offence;

- Fraud is defined as “deliberate deception intended to provide a direct or indirect personal gain”; and that
- Corruption is defined as the “deliberate use of one’s position for direct or indirect illegitimate personal gain”.

10.2 Any queries or concerns about whether a particular interest or offer of, or the receipt of a gift or hospitality is appropriate, or if any clarification is required about this policy employees should approach their line manager in the first instance.

10.3 If a line manager is unable to answer the query, the line manager, can seek clarification from the Head of Audit & Management Assurance, the Head of Human Resources or the Monitoring Officer.

Appendix A – Definitions of terms (relevant to para 6.3)

“Partner” means a spouse, civil partner or the other member of a couple consisting of two people who are not married to each other but are living together as a couple.

“Close Friend” means someone who you know well and whom you regard with liking, affection or loyalty. A closer relationship is implied than that of mere acquaintance or work colleague.

“Relative” means a parent, grandparent, child, grandchild, sibling, aunt, uncle, niece, nephew, cousin, step-child/sibling/parent, mother/father/son/daughter/brother/sister in-law. All of the aforementioned include adoptive relationships and relationships of full blood or half blood and including the relatives of the employee’s partner. For these purposes, relative also includes a guardian or special guardian or ward.

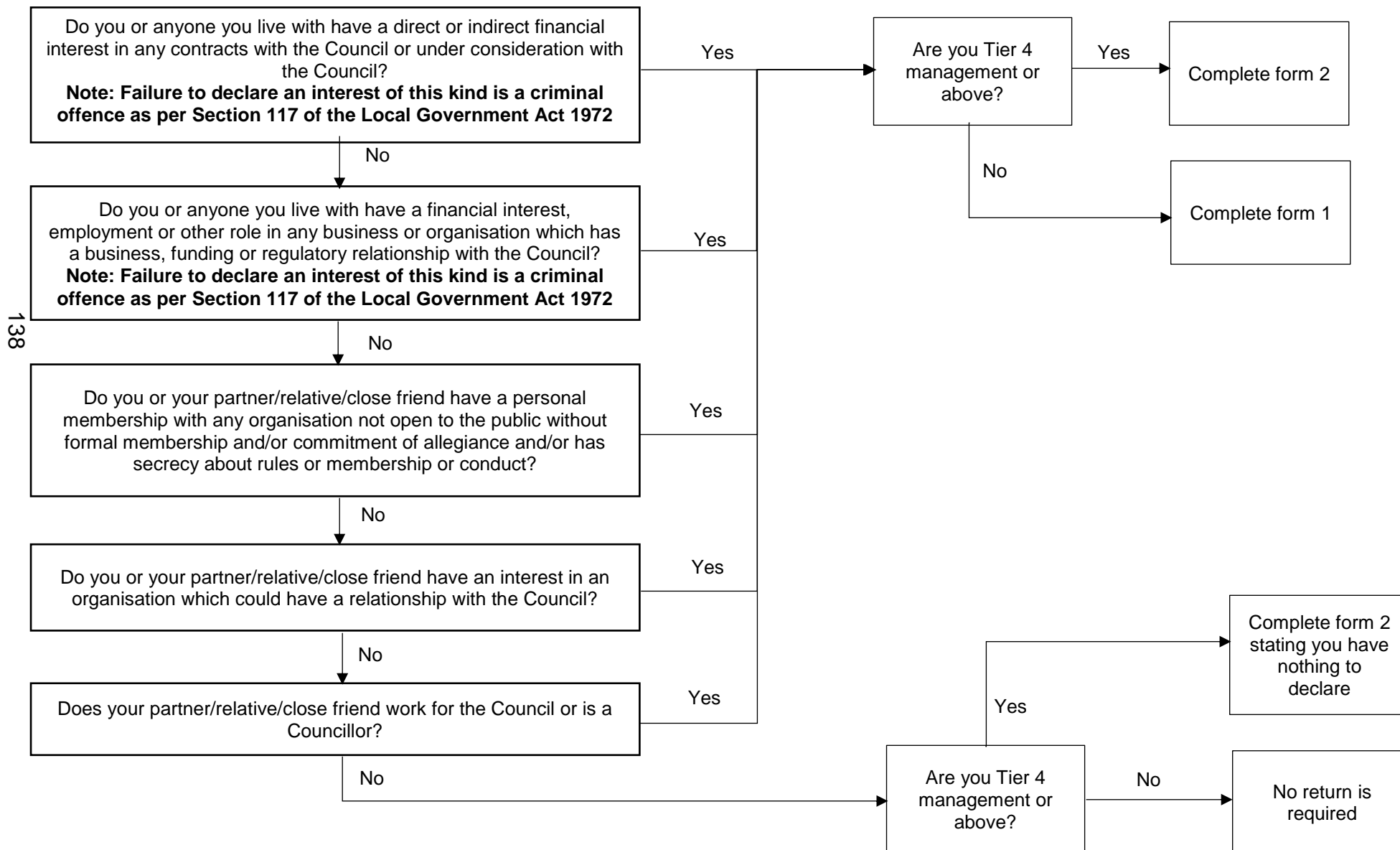
“Business” means any company, partnership or other business arrangement in which the employee has an interest, whether in the form of shares, dividends, bonds, or otherwise and where the value of that interest exceeds 5% of the value of the business. Business also includes any business in which the employee is employed.

“Business Interest” and “business relationship” shall be construed in relation to the terms “Business” and relationship to “Partner”, Close Friend” and “Relative” above.

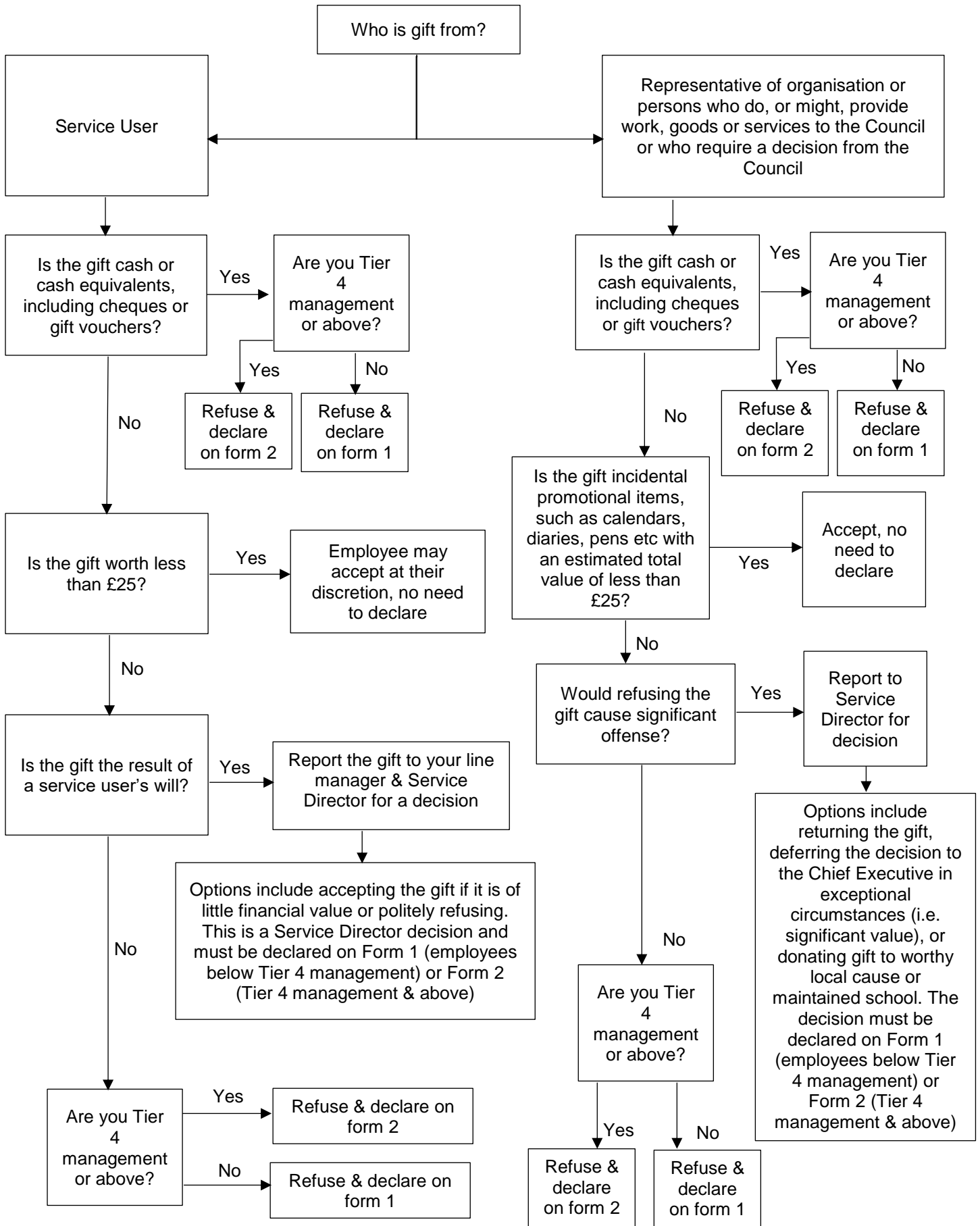
“Business Associate” means a person with whom the employee has a business relationship.

Appendix B – Procedures for declaring interests, gifts and hospitality (accepting and declining)

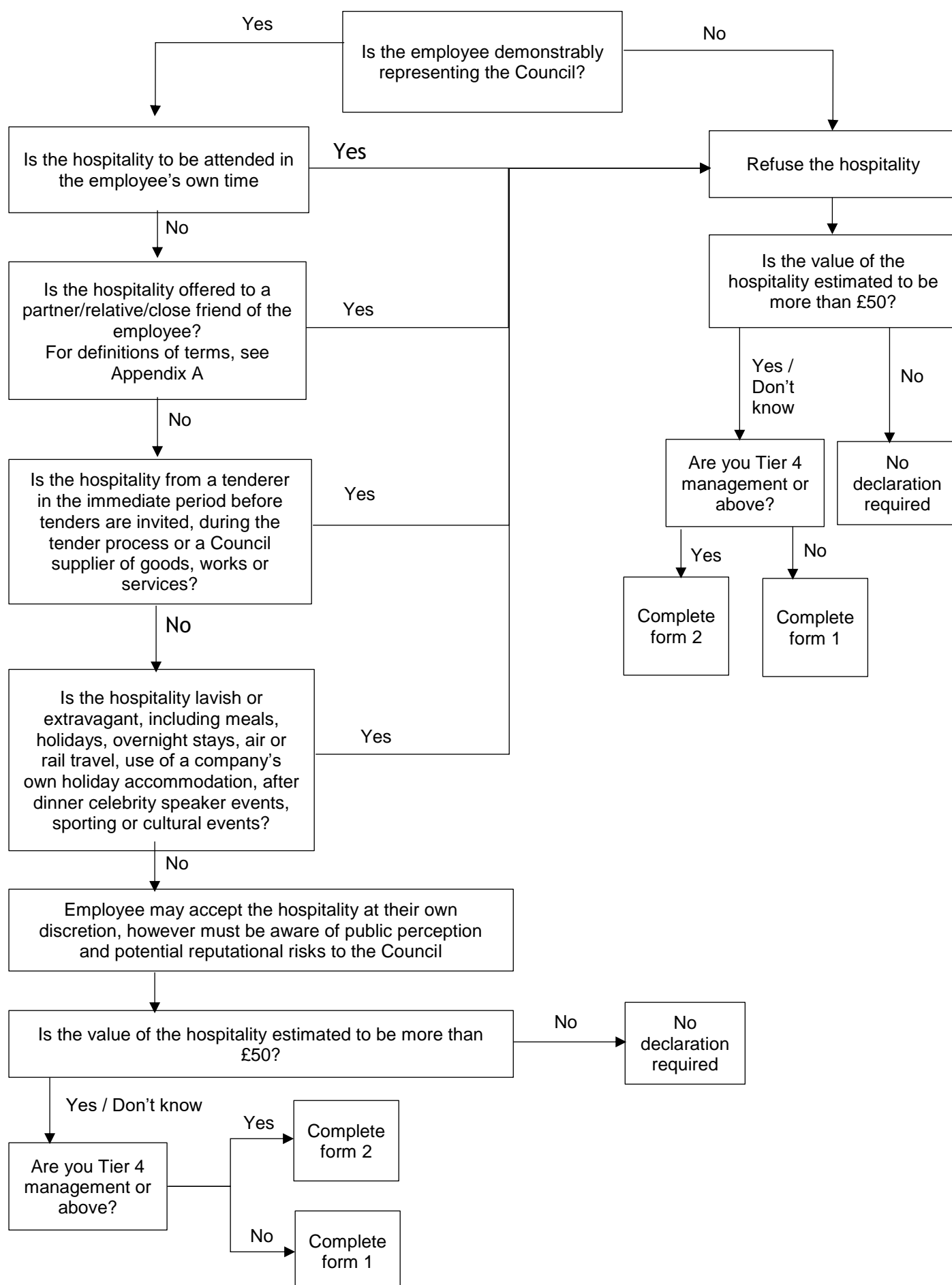
Declarations of Interest procedure



BCP Gifts Flowchart



Hospitality flowchart



DECLARATION OF INTEREST, GIFTS OR HOSPITALITY



FORM 1

PART A – To be completed by the employee making the declaration

Employee Name:																	
Job Title:																	
Service:	Choose an item.																
Section / Team:																	
Date of Declaration:																	
Type of Declaration:	<table><tr><td>Other Employment</td><td><input type="checkbox"/></td><td>Close Personal Relationship</td><td><input type="checkbox"/></td></tr><tr><td>Gift and / or Hospitality</td><td><input type="checkbox"/></td><td>Close Personal Relationship</td><td><input type="checkbox"/></td></tr><tr><td>Business Interest</td><td><input type="checkbox"/></td><td>Close Personal Relationship</td><td><input type="checkbox"/></td></tr><tr><td>Business Interest</td><td><input type="checkbox"/></td><td></td><td></td></tr></table>	Other Employment	<input type="checkbox"/>	Close Personal Relationship	<input type="checkbox"/>	Gift and / or Hospitality	<input type="checkbox"/>	Close Personal Relationship	<input type="checkbox"/>	Business Interest	<input type="checkbox"/>	Close Personal Relationship	<input type="checkbox"/>	Business Interest	<input type="checkbox"/>		
Other Employment	<input type="checkbox"/>	Close Personal Relationship	<input type="checkbox"/>														
Gift and / or Hospitality	<input type="checkbox"/>	Close Personal Relationship	<input type="checkbox"/>														
Business Interest	<input type="checkbox"/>	Close Personal Relationship	<input type="checkbox"/>														
Business Interest	<input type="checkbox"/>																

Please provide as much detail as possible in relation to your declaration.

In the case of other employment, please include details relating to who the other employer will be, the nature of the role (including duties and responsibilities) and the times/days that you are proposing to work.

In the case of gifts and hospitality, please include details of the donor, the reason for the offer and the estimated value.

In the case of a close personal relationship with a fellow employee, please provide details of that person.

Please forward your completed form to your line manager for consideration.

PART B - To be completed by the approving manager

The Manager is responsible for considering the contents of this form and making a decision on the declaration.

I confirm that I consider:	Please tick
The declared personal interest or offer of gift or hospitality to be acceptable within the employee's role and no further action is required	<input type="checkbox"/>
The declared personal interest or offer of gift or hospitality to be acceptable within the employee's role, providing that the changes and/or actions detailed below are completed.	<input type="checkbox"/>
The declared personal interest or offer of gift or hospitality to be unacceptable within the employee's role for the reasons detailed below.	<input type="checkbox"/>

Please include any changes, actions or reasons relevant to the above decision:

Line Manager's Name:	
Job Title:	
Date:	

A copy of the completed form should be e-mailed to the employee and a copy held centrally within the Service Unit

DECLARATION OF INTEREST, GIFTS OR HOSPITALITY



FORM 2 (for Tier 4 Officers and above)

PART A – To be completed by the employee making the declaration																	
Employee Name:																	
Job Title:	Choose an item.																
Service:	Choose an item.																
Date of Declaration:																	
Type of Declaration:	<table border="0"> <tr> <td>Other Employment</td> <td><input type="checkbox"/></td> <td>Close Personal Relationship</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Gift and / or Hospitality</td> <td><input type="checkbox"/></td> <td>Financial Interest</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Business Interest</td> <td><input type="checkbox"/></td> <td>Personal / Other Interest</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Organisation not open to the Public</td> <td><input type="checkbox"/></td> <td>'Nil' Return</td> <td><input type="checkbox"/></td> </tr> </table>	Other Employment	<input type="checkbox"/>	Close Personal Relationship	<input type="checkbox"/>	Gift and / or Hospitality	<input type="checkbox"/>	Financial Interest	<input type="checkbox"/>	Business Interest	<input type="checkbox"/>	Personal / Other Interest	<input type="checkbox"/>	Organisation not open to the Public	<input type="checkbox"/>	'Nil' Return	<input type="checkbox"/>
Other Employment	<input type="checkbox"/>	Close Personal Relationship	<input type="checkbox"/>														
Gift and / or Hospitality	<input type="checkbox"/>	Financial Interest	<input type="checkbox"/>														
Business Interest	<input type="checkbox"/>	Personal / Other Interest	<input type="checkbox"/>														
Organisation not open to the Public	<input type="checkbox"/>	'Nil' Return	<input type="checkbox"/>														
<p>Please provide as much detail as possible in relation to your declaration.</p> <p>In the case of other employment, please include details relating to who the other employer will be, the nature of the role (including duties and responsibilities) and the times/days that you are proposing to work.</p> <p>In the case of gifts and hospitality, please include details of the donor, the reason for the offer and the estimated value.</p> <p>In the case of a close personal relationship with a fellow employee, please provide details of that person.</p>																	
Please forward your completed form to your line manager for consideration																	

PART B - To be completed by the approving manager

The Manager is responsible for considering the contents of this form and making a decision on the declaration. In situations where the declaration relates to a Service Director, approval should be sought from the relevant Corporate Director. For declarations involving a Corporate Director and the Chief Executive, approval should be sought from the Monitoring Officer (i.e. Director of Law & Governance). For the Monitoring Officer's declaration, approval should be sought from the Chief Executive.

I confirm that I consider:

Please tick

The declared personal interest or offer of gift or hospitality to be acceptable within the employee's role and no further action is required.

☐

The declared personal interest or offer of gift or hospitality to be acceptable within the employee's role, providing that the changes and/or actions detailed below are completed.

☐

The declared personal interest or offer of gift or hospitality to be unacceptable within the employee's role for the reasons detailed below.

☐

The declared 'Nil' Return to be acceptable.

☐

Please include any changes, actions or reasons relevant to the above decision:

Line Manager's Name:

Job Title:

Date:

A copy of the completed form should be e-mailed to the employee and to the monitoring officer (i.e. Director of Law & Governance).

Appendix D - Equality Impact Assessment

Public Sector Equalities Duty

Please answer all the questions and provide a summary of the answers in the Summary and Conclusions box below. Please send a copy of this document to the Policy and Performance Team

1. Project Title:	BCP Declaration of Interests, Gifts and Hospitality Policy
2. Service Unit:	Jointly produced by Finance, Organisational Development & Law and Governance
3. Summary of Project:	The purpose of the policy is to protect the Council and employees against conflicts of interest and allegations of impropriety.

Equality Impact Assessment Screening Tool	Response Yes/No/Maybe/Don't Know
4. Will the policy or service change affect service users, employees or the wider community?	Yes
5. Is there likely to be a positive or negative impact in terms of equality? Use the 9 protected characteristics to determine if this decision will affect any characteristic disproportionately.	No
6. Does it relate to a sector or physical area where there are known inequalities?	No
7. Does it relate to a service that is currently underused by people it should reach?	No
8. Does the policy or service change relate to functions that previous consultation has identified as important to a particular group?	No
9. Do different groups have different needs or experiences in relation to the policy/service?	No

Summary and conclusions

Please use this section to support the responses above and to determine if you will/will not carry out a full EIA.

It is important to remember that even when it has been decided not to carry out a full EIA the outcome of this decision record remains subject to the general duties and not carrying out a full EIA places the Council at greater risk of legal challenge

This policy will affect all employees and will apply equally, irrespective of any of the protected characteristics. The policy places more stringent requirements on higher levels of management, but this is due to the employee's position within the organisation and not due to a protected characteristic.

Will this decision record be supported by a full EIA?	No
Assessment Screening Tool completed by: Jon Cockeram & Nigel Stannard	Date: 03/03/2020

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