

FINANCIAL REGULATIONS FOR ESPO

Notes to the regulations

For ‘her’ also read ‘him’

RULE 1

Application of Rules

(a) The Agreement Between Member Authorities (April 1999) states at 4.3 that ‘...the financial instructions will be those currently adopted by the servicing authority (Leicestershire County Council). These Rules set out the main financial management requirements of Leicestershire County Council. They state what these are and who is responsible for preparing, authorising and acting on them. The Rules apply to the ESPO Consortium Management Committee and to management and officers of ESPO. They also apply to any person acting on behalf of ESPO.

(b) The Consortium Management Committee shall make arrangements for the proper administration of the financial affairs and they do this through the Servicing Authority’s Director of Corporate Resources who is the Consortium Treasurer. The Servicing Authority or Corporate Governance Committee on its behalf, may make, amend or revoke the Standard Financial Instructions and the Consortium Treasurer will be responsible for ensuring that they are followed. The Standard Financial Instructions will be proposed by the Director of Corporate Resources as Chief Finance Officer and will not form part of these Rules. The Standard Financial Instructions will cover the more detailed procedures required for the control of capital programme and revenue budgets, contracts, ordering, payments, imprest accounts, stocks and assets, income collection, banking, insurance and unofficial funds.

RULE 2

Responsibility of the Consortium Treasurer

(a) The **Consortium Treasurer** is responsible for the proper administration of ESPO’s financial affairs, on behalf of the Management Committee.

(b) Having informed the Chief Officer Group, the **Consortium Treasurer** will report to the Consortium Management Committee if in his or her opinion any significant failure in the proper administration of ESPO’s affairs is occurring.

(c) To fulfil his or her statutory duty the Consortium Treasurer may issue Accounting Instructions to complement these Rules and the Standard Financial Instructions.

(d) ESPO's Assistant Director - Finance will be responsible for the provision of corporate budgeting and accounting systems, including the establishment of reserves and provisions.

(e) In monitoring the application of these Rules and the Standard Financial Instructions, the Consortium Treasurer will identify (and propose) any amendments to them which would enable ESPO to take advantage of developments in electronic methods, provided that any such amendments would retain a degree of security which is similar to that provided by traditional paper-based systems.

RULE 3

Responsibility of the ESPO Director

(a) The ESPO Director is responsible for the management of the resources made available to her to achieve ESPO's objectives and to meet the ESPO Business Plan. When doing this she must act in accordance with these Rules and Standard Financial Instructions. She should also follow any financial requirements laid down in the Contract Procedure Rules and the General Scheme of Delegation. Where responsibilities for management of resources are delegated, the ESPO Director should ensure that the authorised person is familiar with these Rules, the Contract Procedure Rules, and the Standard Financial Instructions.

(b) The ESPO Director should also make authorised persons aware of financial requirements contained in Acts and associated Parliamentary directives specific to the services for which they are responsible.

(c) The ESPO Director when deciding to delegate authority to a representative should consider the duties of that representative in relation to the level of delegated authority. She may choose to place financial limits on the authorisation levels allowed.

(d) The ESPO Director must consult and take into account financial advice given by the Consortium Treasurer including guidance on delegation of budgets. The ESPO Director is also responsible for providing financial information when requested by the Consortium Treasurer.

(e) The ESPO Director should ensure that corporate guidance is followed with respect to the governance and financial aspects of partnerships.

(f) The ESPO Director must ensure that a financial control framework is in place for the operation of key partnerships.

RULE 4

Application to subsidiary accounts

These Rules and the Standard Financial Instructions will apply to all accounts maintained by ESPO including subsidiary accounts. The Management Committee may make special arrangements, however, to take account of the different needs of such accounts.

RULE 5

Changes to service provision

Where the Management Committee considers there may be a need to change the policy on provision or delivery of services, it shall consider a written report by the Director of ESPO and Consortium Treasurer. In this the ESPO Director will be required to set out the need for the change and the resources implications. The expected financial implications should include both part year and full year effects. In addition, if material changes are expected to occur in the longer term a financial assessment of these should be included. If necessary, the statutory authority to incur expenditure or raise income should also be included.

RULE 6

Changes in expenditure levels

Any new or increased level of expenditure, unsupported by equivalent changes in income whether capital or revenue, shall be properly authorised before any commitments are entered into. Funding arrangements must be agreed in accordance with these Rules or the Standard Financial Procedures.

RULE 7

Capital programmes

(a) The ESPO Director will prepare proposals for capital expenditure programmes, in consultation with relevant technical advisors, covering the categories and years and within any guidance and guidelines specified to them by the Management Committee. These proposals will be in a form prescribed by the Chief Officers' Group and will include both the capital costs and an estimate of the full additional annual revenue implications. The Management Committee will consider these.

(b) Inclusion of projects in a capital programme shall not override any requirement to obtain approval to new policies or changes in policies.

(c) When the full Management Committee has given its approval, capital expenditure included in the first year of the programme may commence without further approval unless this is required by Government Departments or other outside bodies.

(d) Commencement before the planned programme year can be approved by the Consortium Treasurer provided he/she is satisfied that resources are available within the overall programme.

(e) A renewals reserve will be maintained for the replacement of operational capital assets. The annual charge to replenish this fund will be included within ESPO annual budgets and subject to Management Committee approval.

(f) The routine replacement of minor value operational capital assets that are fully funded within the renewals reserve are excluded from (a) to (c) above and may be replaced subject to the ESPO Director's approval

RULE 8

Implementation and amendment of approved capital programme

- (a) When the capital programme has been approved, the ESPO Director will be responsible for controlling expenditure on each project agreed.
- (b) Amendments to the capital programme, including their revenue implications, will be subject to the arrangements outlined in the Standard Financial Instructions.

RULE 9

Capital expenditure - accountability and performance

The Management Committee will make arrangements through the Consortium Treasurer to control and monitor total capital spending. The Management Committee will receive financial statements. The Consortium Treasurer will also report the final position to the Consortium Management Committee.

RULE 10

Financial planning

- (a) The Management Committee may require that the ESPO Director prepares estimates within any specified guidelines of future expenditure and income to cover a stipulated time period. The plans will be prepared in a form specified by the Consortium Treasurer. The plans will be considered by the Management Committee and they will include such additional information and explanations as may be required by the Management Committee.
- (b) Where Government Departments and other bodies require submissions of estimates of expenditure and income in future years, these shall be in accordance with plans and policies approved by the full Management Committee or the Consortium Treasurer. They must also comply with any guidance given by the Consortium Treasurer. No new expenditure shall be committed in advance of the approval of the annual budget unless this is agreed by the Management Committee or the Consortium Treasurer. Where necessary expenditure to ensure continuation of services to Member Authorities and other customers is required this will be done with the agreement of the Consortium Treasurer and reported to the Management Committee.

RULE 11

Annual budgets and medium term financial plans

- (a) The ESPO Director will be responsible for preparing annual revenue budgets of expenditure and income and for the preparation of medium term financial plans. These will be prepared following such guidance and within such limits as specified by the Management Committee or Consortium Treasurer.
- (b) The medium term financial plan including the annual revenue budget will be approved by the Management Committee.

RULE 12

Implementation and amendment of approved budgets and plans

- (a) When the annual budget has been approved the ESPO Director will be responsible for ensuring that budgeted expenditure remains compatible and appropriate to volume of business and the level of incomes to ensure that ESPO continues to generate an operating surplus. Expenditure that is not directly dependent upon business volumes must remain within budget.
- (b) The Management Committee will be responsible for maintaining a control over the organisation's trading surplus and for ensuring that expenditure remains appropriate to the level of income.
- (c) Amendments to the approved annual Budget will be subject to the virement arrangements specified in the Standard Financial Instructions.

RULE 13

Accountability and performance

- (a) Procedures for the collection of income and making of payments against approved expenditure will be laid down in the Standard Financial Instructions.
- (b) The ESPO Director will be responsible for ensuring that appropriate arrangements are made, on a regular basis, to monitor performance against budgets and financial forecasts. Any potential significant financial difficulties or exceptional benefits shall be reported in writing immediately to the Consortium Treasurer who will notify the Chief Officer Group.
- (c) The Management Committee will receive regular budget monitoring reports from the ESPO Director and will monitor overall performance.
- (d) The ESPO Director will prepare annual management accounts and statutory Statements of Accounts under the guidance of the Consortium Treasurer who will ensure they meet appropriate accountancy standards and comply with relevant legislation. The ESPO Director and Consortium Treasurer will prepare a summary of these accounts for approval by the Management Committee

RULE 14

Reviews

- (a) The ESPO Director is responsible for undertaking regular reviews of services under her control. In particular, consideration should be given to actual performance against approved targets for the service and the requirements of Best Value.
- (b) When undertaking reviews the ESPO Director will need to take into account guidance provided by the Management Committee in their capacity of review co-ordinator.

(c) The Management Committee may require the ESPO Director to report on the performance of any aspect of the services within her area of responsibility. This would include the results of comparative performance and value for money studies. The extent of the review will be bound by the terms of reference and the rules relating to the ESPO Management Committee. In addition it may require them to provide explanations on performance indicators and other related information published by the Government..

RULE 15

Internal audit

(a) Responsibility for arranging a continuous internal audit of the ESPO's financial management arrangements will be delegated by members of the Management Committee to the Consortium Treasurer.

(b) The Consortium Treasurer or an authorised representative has authority to:-

- (i) enter any ESPO building or land at all reasonable times;
- (ii) have access to all records, documents and correspondence relating to any transactions of ESPO;
- (iii) receive such explanations as he or she considers necessary on any matter under examination; and
- (iv) require any employee of ESPO to produce cash, stores or any other ESPO property under his or her control.

(c) The ESPO Director will be responsible for considering and taking appropriate action on matters drawn to her attention by audit reports.

RULE 16

Internal control and check

The duties of staff concerned with financial transactions should, as far as is practicable, be distributed with regard to the principles of internal control and check. The ESPO Director should consult the Consortium Treasurer (or authorised representative) when this is not considered practicable or when changes to financial arrangements are being proposed so that the Consortium Treasurer or his or her authorised representative can ensure proper financial systems will still be in place.

RULE 17

Financial irregularities

The Management Committee and the Consortium Treasurer shall be notified immediately by the ESPO Director of any financial irregularities, or of any circumstances which may suggest the possibility of an irregularity, affecting any asset of ESPO or that may result in a legal claim or an insurance claim or that represents a risk to the organisation.

RULE 18

Appointment of employees

Proposals made by the ESPO Director to appoint employees or alter grades need to take into account both current and future years funding and potential termination costs, where the proposals relate to a fixed time scale and the pay and conditions of the Servicing Authority.

RULE 19

Redeployment or redundancy

(a) Prior to making a decision which has redundancy implications the Management Committee should be informed by the ESPO Director of the potential number of staff involved and the funding arrangements to pay the redundancy and associated costs.

(b) When preparing an Action Plan, the ESPO Director will have due regard to the requirements of Organisational Change Policy and Procedure and policy of the Service Authority on Termination in the Interests of the Efficiency of the organisation. The ESPO Director shall consult the Consortium Treasurer over the funding arrangements for the Action Plan proposals.

RULE 20

Personnel rules

The ESPO Director must abide by any rules approved by the Management Committee under powers delegated to her, which are mandatory to the organisation.

RULE 21

Property records and deeds

(a) A terrier of all land, buildings and interests owned by the Servicing Authority in trust for the benefit of the Consortium will be maintained by the Consortium Treasurer in a form approved by the Consortium Secretary.

(b) The Consortium Secretary will be responsible for the custody of all title deeds.

RULE 22

Property acquisition, disposal and review

(a) The Management Committee will be responsible for acquisition, disposal and allocation of land and buildings as requested by the Consortium Treasurer.

(b) The Consortium Treasurer will be responsible for a continuing review both of the purpose for and the efficient utilisation of all land and buildings owned or used by the organisation. He or she will provide regular reports on these subjects to the Management Committee.

(c) The Consortium Treasurer will regulate the administration of the purchase, lease or disposal of land and buildings.

RULE 23

Property management

(a) The ESPO Director will undertake the responsibilities of a tenant for the properties used including management, repair and maintenance, unless specifically agreed otherwise with the Consortium Treasurer.

(b) She shall take advice from the Consortium Treasurer on leasing, letting and changes in use of property. She should also take advice from him or her on maintenance and property management. It is important that special attention is given to compliance with Fire Certificates and Health and Safety Regulations.

(c) The Director of Corporate Resources of the Consortium Servicing Authority will act as the landlord for consortium properties held in trust by the Service Authority. In addition where buildings have joint use he or she may also undertake some of the responsibilities of the tenant.

RULE 24

Information and communication technology

(a) **Corporate ICT Strategy** The ESPO Director will comply with those sections of the Servicing Authority's Information and Communication Technology Strategy that are mandatory for the provision of ESPO IT service including links with the Servicing Authority ICT service. When appropriate, the Servicing Authority's Head of ICT should be consulted on proposed new computing systems and on significant enhancements to systems and equipment. He or she may provide specialist advice or stipulate the technical standards and specifications which will apply and will ensure there will be satisfactory links with the Service Authority systems.

(b) **System Developments and Amendments** Where developments of/or material amendments to systems take place that affect financial procedures, the ESPO Director

shall inform the Consortium Treasurer. The Consortium Treasurer or his or her authorised representative will stipulate the standards of control required.

(c) **Control and Security** ESPO's Assistant Director finance is responsible for the control of ESPO computer systems, and also responsible for the security and privacy of data held by these systems. Where the Servicing Authority's and other users' systems are accessed, they are responsible for ensuring proper controls are maintained. Guidance on how to carry out these responsibilities is included in the Servicing Authority ICT Strategy, together with supplementary advice from the Servicing Authority's Head of ICT.

RULE 25

Purchasing and income collection

Purchasing and collection officers must follow the requirements laid down in these Rules, the Contract Procedure Rules, the Standard Financial Instructions, the General Scheme of Delegation to Directors, and any specific delegated powers of Directors.

RULE 26

Inventories of assets

(a) The ESPO Director will be responsible for the safe keeping and condition of ESPO assets under her control. She will also maintain an up to date inventory. The ESPO Director and Consortium Treasurer will issue instructions on which assets should be included in these other than Property (Rule 21).

(b) The Management Committee will have power to make Standard Financial Instructions on the checking, usage and disposal of assets.

RULE 27

Stocks and stores

(a) The ESPO Director will be responsible for the custody and physical condition of the stocks and stores under her control. The levels of stocks shall not exceed reasonable requirements.

(b) The Management Committee will have power to make Standard Financial Instructions on the control, checking, valuation and disposal of stocks.

RULE 28

Pension fund investments – N/A

RULE 29

Treasury management – N/A

RULE 30

Risks and liabilities

The ESPO Director should have due regard to operational and financial risks and liabilities when considering policies. She also needs to consider potential physical risks to persons and assets. In doing so she needs to follow the ESPO risk management framework.

RULE 31

Insurance

The ESPO Director will be responsible for arranging or amending insurance cover. This will be in accordance with policies laid down by the Management Committee.

[End of Financial Procedure Rules]

Standard Financial Instructions

These instructions are included here for the sake of completeness and will be updated as necessary to reflect any amendments made.

Standard Financial Instructions

(made under Rule 1(b) of the Financial Procedure Rules)

INSTRUCTION 1

Capital - expenditure in excess of approved amount

(a) Where a specific approval given in the capital programme is likely to be exceeded additional approval must be sought by the Consortium Treasurer and reported to the Management Committee.

(b) The ESPO Director may approve increases in expenditure where compensating savings are being made and there is no change in policy. In any particular instance, the ESPO Director may decline to give approval and instead refer the proposal to the Management Committee.

INSTRUCTION 2

Capital - substitution

Following consultation with the Consortium Treasurer the ESPO Director may make written recommendations to the Management Committee that it substitute items of capital expenditure. This may only be done if the capital expenditure of the department and the resulting revenue costs are not increased. Substitutions of up to £100,000 may be approved by the Consortium Treasurer.

INSTRUCTION 3

Grants and External Funding

Unless already included in the ESPO Budget bids for external funding must be agreed with the Consortium Treasurer. He or she can approve bids where there is no additional one off or ongoing costs to ESPO for which there is no budget, capital programme or other provision.

Approval must be obtained from the Consortium Treasurer to any contingent liabilities for repayment should any conditions not be met, with any associated agreement being made with the approval of the Consortium Secretary.

In other cases the approval of the Management Committee is required.

INSTRUCTION 4

Revenue - virement

(a) In order to maintain effective and responsive services it is acknowledged that spending on individual budget heads may vary from the approved budget. This is permissible (subject to (b) and (c) below) so long as the total surplus complies with Rule 12 of the Financial Regulations.

(b) Virement (either between individual lines or sections of the approved budget) is allowed except where it would involve:-

- i. a change in an existing policy;
- ii. a reduction in service;
- iii. on-going net costs which might not be containable;
- iv. funding capital expenditure from revenue (except for items and exceptions agreed by the Management Committee); or
- v. expenditure which has been included in that year's budget for service improvements above the limit of £20,000 or 5% whichever is the greater.

The above will require the prior approval of the Management Committee.

(c) Before submitting a virement proposal which falls under (b) above to the Management Committee for approval, the ESPO Director shall consult the Consortium Treasurer and shall include in her report to the Management Committee the justification for the change in priorities and any comments of the Consortium Treasurer. If the expenditure proposal is for longer than the current financial year, the ESPO Director must demonstrate that the proposed corresponding saving will also be continuing. This change will then be built into the ongoing budget.

(d) Regular budget monitoring reports shall be made to the Management Committee by the ESPO Director identifying the main variations in expenditure in order that virement can be questioned as appropriate.

INSTRUCTION 5

Revenue - supplementary estimates

(a) A supplementary estimate approval means that not only do individual budget approvals increase, but the total approved ESPO budget increases beyond the limit imposed by Rule 12 of the Financial Regulations. Requests must be approved by the Management Committee. The Consortium Treasurer must be consulted before a report written by the ESPO Director is submitted to the Management Committee.

(b) Requests should result only from new legislation or other unforeseen and exceptional circumstances. The ESPO Director would be expected to show virement is not available to fund the proposal. Supplementary estimates may be approved but budget adjustments deferred whilst it becomes clearer whether costs can be met from elsewhere within the relevant budget.

(c) No expenditure should be committed prior to Management Committee approval.

INSTRUCTION 6

Revenue - carry forward of over or underspendings

(a) The Management Committee may authorise adjustments in ESPO's current year's capital or revenue budgets for underspendings or overspendings incurred in the previous financial year.

(b) For exceptional circumstances, the Consortium Treasurer may agree the carry forward of an underspending on all budgets subject to any guidelines laid down by the Management Committee. He or she may do this only when the total budget is underspent by more than the requested carry forward.

INSTRUCTION 7

Contracts

(a) All contracts should be dealt with in accordance with the Contract Procedure Rules for ESPO.

Capital Contracts (Excluding routine replacements from Renewals Reserves)

(b) The ESPO Director will be responsible for the maintenance of all financial as well as technical records for contracts of a capital nature.

(c) Where building, construction or other capital contracts provide for payment to be made by instalments on the certificate issued by an authorised employee, the records must show the state of account on each contract between ESPO and the contractor together with other payments and related professional fees.

(d) Payments to contractors in respect of all contracts must be authorised only by a certificate signed by the person made responsible by the contract for issuing such certificates (i.e. "the Certifying Employee" or authorised deputy). In the case of Private Architects, Quantity Surveyors, Engineers or Consultants, certificates must be countersigned as to validity by the appropriate Director who appointed them. The form of the certificate must be agreed by the Consortium Treasurer. The Certifying Employee will be responsible for the correct certification of all aspects of contract payments and for ensuring the correct completion of all associated contract documentation.

(e) The Certifying Employee will ensure that all contract documentation is properly completed before the contractors final account is paid.

(f) Prior to issue of final certificates the Consortium Treasurer will, to the extent he or she considers necessary, audit accounts for contracts. He or she will be entitled to

make all such enquiries and receive such information and explanations as he or she may require in order to satisfy himself or herself as to the accuracy of the accounts.

(g) The ESPO Director should actively try to promote an agreement with contractors on outstanding issues, where work was completed over two years ago.

(h) Claims from contractors in respect of matters not clearly within the terms of any existing contract must be referred to the Consortium Secretary for consideration of ESPO's legal liability before a settlement is reached. The Consortium Treasurer must also be informed of the amount of such claims before final settlement to enable him or her to consider the financial implications.

(i) Where completion of a contract is delayed beyond the due date for completion by more than one-sixth of the contract period, it will be the duty of the responsible employee under the contract, after consultation with the Consortium Secretary and spending department, to take appropriate action in respect of any claim for liquidated damages. The responsible employee may decide that liquidated damages should not be applied. This should be reported to the Management Committee subject to any guidelines set down by the Management Committee.

Professional Fees

(j) Where staff are not charged to projects on a fee basis, the ESPO Director will supply the Consortium Treasurer with details of the cost of staff and private consultants employed on capital work.

(k) In all cases an agreement with a private firm or individual shall require them to comply with the Contract Procedure Rules and to give the same facilities to the Consortium Treasurer as required of the ESPO Director by its instructions and procedures.

(l) Where private consultants are to supervise work, the ESPO Director is responsible for ensuring that she receives regular written reports covering the physical and financial progress of that work and for taking any appropriate action on the basis of progress reports.

INSTRUCTION 8

Orders for work, goods and services

(a) Orders for work, goods and services must not be placed unless the expenditure to be incurred is in accordance with the Financial Regulations and these Instructions.

(b) Orders on official forms must be issued for all work, goods and services to be supplied to ESPO, except for supplies of public utility services such as gas, electricity and water, for periodical payments such as rent and rates, for petty cash purchases, for procurement card and e-procurement transactions allowed under the scheme approved by the Consortium Treasurer, or for such other exceptions as the Consortium Treasurer may approve.

(c) Where urgent orders are given orally they must be confirmed by a written official order not later than the next working day following the day in which the oral order is given. Confirmation orders should be clearly marked as confirmation only.

(d) Some agreements or contracts for goods or services provide for payment by instalments. To show the state of the accounts of each such agreement or contract, the ESPO Director will ensure such records are maintained in a manner agreed with the Consortium Treasurer.

(e) Official order forms will be used unless the Consortium Treasurer has agreed in particular cases to the use of other forms for specific classes of transaction. Orders must be signed only by employees designated by the ESPO Director who will maintain a list of employees authorised to sign on his or her behalf and their relevant financial approval limits. Before placing an order the certifying employee must satisfy

himself or herself that this would be proper expenditure and would be within the appropriate approved estimate. To provide segregation of duties at as early a stage as possible, it is recommended that a second employee should be responsible for making out the order.

(f) The ESPO Director will be responsible for ensuring the validity of all orders issued the control process and for obtaining alternative quotations or tenders as required before orders are placed. He or she will also be responsible for ensuring that the expenditure being incurred can be met from the approved estimates.

(g) ESPO must obtain goods, works or services in a manner and from sources which demonstrate best value for money.

INSTRUCTION 9

Payments of invoices and claims

(a) Invoices should be on suppliers printed forms except where alternative arrangements have been agreed by the Consortium Treasurer. The system within spending departments should ensure that expenditure has been certified by an employee authorised by the ESPO Director.

(b) Suppliers invoices and claims shall be checked, initialled and certified in accordance with arrangements agreed with the Consortium Treasurer before payment is made.

(c) The ESPO Director will ensure that a list of officers authorised to certify accounts is maintained. The verification and certification of accounts must be in accordance with instructions issued by the Consortium Treasurer.

(d) Before certifying an invoice or claim the certifying employee must satisfy himself or herself that it is allocated to the correct expenditure head.

(e) ESPO's Assistant Director - Finance will examine, so far as he or she considers necessary, invoices and claims passed for payment and he or she will be entitled to receive such information and explanations as he or she may require. For this purpose all books and documents relating to the payment must be placed at his or her disposal.

(g) All claims for the payment of vehicle and subsistence allowances, travelling and incidental expenses, must be certified and submitted to the ESPO Director. These will be on a form approved by her, unless alternative arrangements have been agreed by her. Claims must be submitted promptly each month for the preceding month. Travel and subsistence claims which are for a period over 3 months old will not be paid unless there are extenuating circumstances.

(h) Where ESPO's Assistant Director - Finance considers it appropriate he or she will call the attention of the Consortium Treasurer and, if necessary, the Management Committee to any item which has been passed for payment. He or she will also report to the Management Committee on any such item which he or she considers for any good reason should not be paid.

INSTRUCTION 10

Imprest accounts and Procurement Cards

(a) The ESPO Director may in consultation with the Consortium Treasurer, provide imprest accounts where necessary for defraying petty cash and other minor expenses. Persons responsible must maintain a record of their receipts and payments in the form and manner prescribed by the Consortium Treasurer.

(b) ESPO's Assistant Director – Finance may in consultation with the ESPO Director, provide Procurement Cards (pCards) or ESPO bank's business cards where the type of spend or the practicalities preclude the purchaser from using the ESPO's usual ordering and invoicing processes in an efficient way. Persons responsible must

ensure the cards are only used in accordance with ESPO's scheme, for the approved purposes of the organisation and that appropriate records are maintained.

(c) The ESPO Director may issue instructions as to the type and level of expenditure which should be met out of the imprest account or with cards. Such expenditure must be supported by receipted vouchers to the extent that the Director may require.

(d) The holder of the card will be responsible for all transactions performed with their assigned card and must support the scheme administrators in the resolution of queried transactions. The card holder is additionally responsible for providing supplementary information required under the scheme to support VAT claims and updates to ESPO's financial systems. The ESPO Director is required to ensure monitoring is in place to verify that cards within ESPO are used in accordance with ESPO's scheme.

(e) An official subsidiary bank account will be opened by the Consortium Treasurer in cases where he or she considers this to be necessary. Where such a bank account is opened in no circumstances will an overdraft be allowed.

(f) ESPO's Assistant Director - Finance must arrange for the ESPO Director or her authorised representative to be notified as early as possible whenever a person holding an imprest account ceases to be responsible for the account. The name of the new holder will be similarly notified when this is known. Equally the ESPO Director must be notified when a card holder leaves ESPO to allow withdrawal or amendment of the card as appropriate.

(g) No income received on behalf of ESPO, other than the reimbursement received from the Consortium Treasurer, may be paid into an imprest account without prior consent of the Consortium Treasurer. Income must be banked separately or paid to ESPO as described elsewhere in these procedures.

(h) Cards and imprest accounts are provided to allow employees to carry out their duties in a more efficient manner and are not provided for personal use. Specifically postal orders or personal or other cheques must not be cashed from monies held in an imprest account. Personal loans must not be made from such accounts, nor should loans be made to unofficial funds. Any accidental use must be reported to the ESPO Director and Consortium Treasurer as soon as it is discovered and ESPO reimbursed.

(i) Reimbursement of monies spent should be made by ESPO Finance staff in line with instructions issued by the Consortium Treasurer, except where he or she agrees to provide payments on account. In all cases imprest accounts will be made up to 31 March each year, subject to any exceptions agreed by the Consortium Treasurer. The Consortium Treasurer will determine the method of payment to settle the outstanding balances on cards.

INSTRUCTION 11

Stocktaking and consequential action for ESPO Central Stores stocks held for resale.

(a) Stocks and stores records must be kept in such cases and in a form as may be agreed by the ESPO Director and subject to approval by the Servicing Authority's internal audit on behalf of the Consortium Treasurer. There must be a complete physical stocktaking at the closure of every financial year following procedures approved with the Servicing Authority's internal audit and approved by ESPO external auditors. The exception to this is where continuous stocktaking arrangements, agreed with the Consortium Treasurer, are operating. Test checks will also be made from time to time.

(b) The value of stocks held at 31 March each year must be certified by ESPO's Assistant Director - Operations or his or her authorised representative and supplied to ESPO's Assistant Director - Finance for inclusion in the Statement of Accounts.

(c) Surpluses or deficiencies revealed during any one stocktaking can be adjusted up to a net book value of £1,000 on approval of the ESPO Director or her authorised representative. Above this amount surpluses or deficiencies must be reported to the ESPO Director who can approve write-offs or adjustments up to £2000. Over this amount, the ESPO Director and Consortium Treasurer will have the right to report any write-off or adjustment to the Management Committee they consider this appropriate.

(d) Surplus or obsolete items of stocks and stores up to a total book value of £1,000 at any one time may be disposed of by the ESPO Director or her authorised representative. Where the book value is over this figure but the resale value is considered to be below this, the ESPO Director should report this expected loss to the Management Committee for approval. The method of disposal of surplus stocks will be subject to approval by the Consortium Treasurer. A record should be kept of all details relating to disposals.

INSTRUCTION 12

Inventories and consequential action

(a) All inventories will be kept in a form approved by the Consortium Treasurer. Where a computerised inventory is in use, its method of operation should conform to standards set down by the Consortium Treasurer.

(b) The ESPO Director will be responsible for ensuring that an annual check of all items on the inventory is carried out and for taking action after consultation with the Consortium Treasurer in relation to any surpluses or deficiencies and noting the inventory accordingly. Deficiencies due to irregularity should be reported to the Management Committee, if the Consortium Treasurer considers this appropriate.

(c) The Consortium Treasurer or his or her representative may at all reasonable times have access to all property of ESPO and may make such checks and tests as he or she deems reasonable.

(d) ESPO's property must not be removed from the premises except in the ordinary course of business, or used otherwise than for business purposes except in accordance with specific directions issued by the ESPO Director or her authorised representative and agreed by the Consortium Treasurer. A record of such removals will be maintained at the establishment concerned.

(f) The ESPO Director or her authorised representatives should follow standard corporate procedures for the redistribution, sale or disposal of surplus items of computer and ICT equipment. These procedures will be subject to approval by the Consortium Treasurer.

INSTRUCTION 13

Income records and grant claims

(a) The collection of all monies due to ESPO should be under the control of ESPO's Assistant Director - Finance and must follow procedures approved by the Consortium Treasurer. He or she will require that all monies due are promptly recorded and all monies are promptly banked.

(b) The records kept relating to income will be in such form as may be approved by the Consortium Treasurer.

(c) All official receipt forms, receipt books, tickets and other documents of a similar nature will be ordered, controlled by, and issued by ESPO Finance staff following procedures approved by the Consortium Treasurer. Every issue of any such document

should be authorised by ESPO's Assistant Director - Finance or his or her nominated officer and acknowledged by the signature of the employee receiving the document.

(d) No employee or agent shall give a receipt for money received on behalf of ESPO on any form other than an official receipt form.

(e) ESPO Finance staff must maintain a record of their receipts and bankings in the form and manner approved by the Servicing Authority's internal audit on behalf of the Consortium Treasurer. The Consortium Treasurer will issue instructions regarding the frequency of deposit.

(f) In accordance with the Accounts and Audit Regulations, each officer paying money into a bank account of ESPO must show on the paying slip the amount of each cheque paid in and sufficient information to identify the individual transaction, e.g. receipt number, name of debtor.

(g) Monies received by an accounting officer will be banked intact and must not be used to meet expenditure or to cash postal orders or personal or other cheques.

(h) ESPO's Assistant Director - Finance should ensure that all grants and external funding income is promptly claimed and proper records and working papers are retained to justify claims.

INSTRUCTION 14

Write-offs

(a) An amount due to ESPO must only be discharged by payment or by write-off in accordance with the following system.

(b) Amounts up to £10,000 in any one case may be written-off by ESPO's Assistant Director - Finance with approval of the Consortium Treasurer and the ESPO Director. In special categories of write-offs, the Consortium Treasurer may authorise the ESPO Director to write-off debts on his or her behalf.

(c) Amounts over £10,000 in any one case may be written off by the Consortium Treasurer in consultation with the Management Committee except that, in the case of debts of organisations in liquidation, receivership or bankruptcy where the Consortium Secretary advises there is no reasonable prospect of recovering any monies, or debts partially recovered by means of an out of court settlement where the Consortium Secretary advises there is no reasonable prospect of recovering any further monies. These may be written off directly by the Consortium Treasurer.

(d) The Consortium Treasurer will have the right to report any write-off to the Management Committee if he/she considers this appropriate.

INSTRUCTION 15

Review of charges

(a) The ESPO Director shall ensure that all charges for ESPO services are reviewed at least annually at the time of the preparation of the budget. Rents should be reviewed at least triennially unless they are subject to any longer review period under the terms of the rental agreement.

(b) The ESPO Director will be free to decide on detailed pricing for non-member authority work, though they must seek to make a profit on all such activity. Where services are supplied to a Member Authority differential charges may apply, any charges should not, as a matter of principle, seek to make a profit.

(c) Where it is proposed to introduce, revise, or discontinue a scale of charges, the Consortium Treasurer should be consulted before the proposal is progressed. Where increases are proposed in line with increases in the cost of living these may be approved by the ESPO Director in consultation with the Consortium Treasurer and the Management Committee. Authority to agree changes in charges otherwise than set out

above may be delegated to the ESPO Director subject to guidelines laid down by the Management Committee.

INSTRUCTION 16

Banking arrangements

- (a) Arrangements with regard to the ESPO's bank accounts, including Giro Bank accounts, will be made by the Consortium Treasurer.
- (b) Cheques, except those used by imprest accounts, will be ordered and controlled by ESPO's Assistant Director - Finance who will make proper arrangements for the safe custody of blank cheques and the preparation, signing and despatch of cheques subject to the approval of the Consortium Treasurer.
- (c) All ESPO bank accounts, including imprest accounts, must include "ESPO" in their titles and in no circumstances must an account be opened in the name of an individual or individual establishment.
- (d) Cheques drawn will be signed by the ESPO Director or by an employee duly authorised by the Consortium Treasurer. Cheques over £20,000 will require signing by two authorised employees.

INSTRUCTION 17

Salaries, wages and pensions

- (a) The payment of all salaries, wages, pensions, compensation and other emoluments will be made by the Consortium Treasurer or under arrangements approved and controlled by him or her.
- (b) The ESPO Director will arrange for the Consortium Treasurer to be notified as early as possible, and in the form prescribed by him or her, of all matters affecting the payment of items referred to paragraph (a) above and in particular:
 - (i) appointments, resignations, dismissals, suspensions, secondments and transfers;
 - (ii) absences from duty for sickness or other reason, apart from approved leave;
 - (iii) changes in remuneration, other than normal increments and pay awards and agreements generally applied; and
 - (iv) information necessary to maintain records of service for superannuation, income tax and national insurance.
- (c) Tax, superannuation, national insurance and all other deductions from pay and related matters must be agreed with the Consortium Treasurer
- (d) All time records or other documents relating to salaries and wages will be in a form prescribed or approved by the Consortium Treasurer and shall be checked and authorised. They should be signed by or on behalf of the ESPO Director. The Consortium Treasurer will provide periodic print-outs of employees' pay details to provide a means of verifying the accuracy of the pay records.
- (e) The Consortium Treasurer on proposed payments to non-staff members which may require ESPO to deduct tax.

INSTRUCTION 18

Insurance of risks

- (a) The ESPO Director will arrange that the Consortium Treasurer is notified promptly of all new risks, properties, plant or vehicles which require to be insured. He or she should indicate the amount of cover required and of any alterations required to existing insurances.
- (b) The ESPO Director will arrange that the Consortium Treasurer is notified immediately in writing of any fire, loss, liability or damage, or any event likely to lead to a claim.

(c) The ESPO Director must obtain the prior approval of the Consortium Treasurer and the Consortium Secretary to the terms of any indemnity which ESPO is requested to give.

(d) The ESPO Director may, at her own discretion, arrange to provide insurance cover against risks not normally covered by ESPO as a whole. Such cover must be arranged via the Consortium Treasurer.

INSTRUCTION 18A

Litigation and Disputes Resolution

The ESPO Director will ensure, following consultation with the Consortium Treasurer and Consortium Secretary, that the Committee is advised at key stages in the process of any litigation or disputes resolution where ESPO is at risk of paying damages or costs exceeding £50,000.

INSTRUCTION 19

Security of assets

(a) The ESPO Director is responsible for ensuring that arrangements are made for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, etc. under his or her control. She will consult the Chief Constable and the Consortium Treasurer in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

(b) Maximum limits for cash holdings will be agreed with the Consortium Treasurer and must not be exceeded without his or her express permission.

(c) Safes must be kept locked and the key removed. ESPO's Assistant Director - Finance must ensure that arrangements are made for the safe custody of keys to safes and similar receptacles. The loss of any such keys must be reported to the Consortium Treasurer immediately.

INSTRUCTION 20

Unofficial funds

(a) Where an employee of ESPO, by reason of his or her employment with the ESPO, has any responsibility for a fund other than an official fund, this is deemed to be an unofficial fund under this Rule. It should be the responsibility of the ESPO Director to be aware of the existence of all unofficial funds involving employees under her control, and to arrange for a regular review of the completeness and accuracy of records and arrangements.

(b) The ESPO Director will agree with the Consortium Treasurer the type and extent of audit required for each particular fund, after taking into account the nature of activities covered, and the degree of risk. In no circumstances must unofficial monies be mixed in with official receipts for ESPO. Where several unofficial funds are kept by the same employee, the funds should always be separate and readily identifiable.