



DETAILED FINANCIAL REGULATIONS AND PROCEDURES

These regulations and procedures provide the framework to enable the Head of Resources to fulfil her/his responsibilities for the proper administration of the Council's financial affairs in accordance with Section 151 of the Local Government Act 1972. They are produced under authority given in paragraph 1.3 of Section 6 - Financial Procedure Rules to Part 4 - Rules of Procedure of the Council's Constitution.

Throughout this document, the term "Head of Resources" refers to the officer designated by the Council at the date of compiling this document as responsible for the proper administration of the Council's financial affairs in accordance with Section 151 of the Local Government Act 1972. The term "Head of Resources" also refers to any successor post so designated but given a different title.

Throughout this document, the term "Chief Officer" refers to the Chief Executive, the Strategic Directors and the Heads of Service.

1. Accounting

- 1.1 The Head of Resources shall establish and maintain accounting and financial record systems for: -
 - Compiling detailed accounting records, and
 - Producing financial management information.
- 1.2 Delegated Officers shall keep such records as, in the opinion of the Head of Resources, are necessary to record correctly all the financial operations of their departments/services and to ensure accuracy and promptness in both the recovery of all money due to the Council and the payment of all amounts owing by the Council.
- 1.3 The form of financial records maintained outside the Financial Services Unit shall be under the supervision of the Head of Resources, subject to consultation with the Delegated Officer concerned and shall comply with national financial or accounting codes of practice as far as practicable.
- 1.4 Delegated Officers shall supply the Head of Resources with such information as she/he may require for the purpose of compiling the Council's accounts and estimates.
- 1.5 The following principles shall be observed in the allocation of accounting duties: -
 - The duties of providing information regarding money due to or from the Council and of calculating, checking and recording these amounts, shall be separated as completely as possible from the duty of collecting or disbursing such money.
 - Officers charged with the duty of examining and checking the accounts of cash transactions shall, unless it is unavoidable, not themselves be engaged in handling cash.
- 1.6 Financial records shall not be disposed of other than in accordance with arrangements approved by the Head of Resources.

2. Estimates and Budgetary Control

- 2.1 The Head of Resources shall provide advice on the principles and methodology to be followed when preparing the Capital or Revenue Estimates as part of the Financial Planning and Capital Strategy (or equivalent document) reported to Council each year and also through guidance issued from time to time.
- 2.2 There shall be a Budget Holder or Delegated Officer identified for each budget within the Revenue Estimates and a Project Manager for each scheme within the Capital Programme. They will be responsible for the operation and control of the budget or scheme. The duties and responsibilities of Budget Holders and Delegated Officers in this regard are set out in the annual Financial Planning and Capital Strategy and any guidance issued by the Head of Resources from time to time.

2.3 Delegated Officers, Budget Holders and Project Managers shall provide the Head of Resources with such detailed information as she/he may request to enable the annual estimates to be prepared.

2.4 The Head of Resources will, in consultation with other Delegated Officers, Budget Holders and Project Managers

- Prepare and submit annual capital and revenue estimate information to the Executive Management Team. The Team will recommend action for submission to the Cabinet together with other reports required as part of the annual budgetary process and the various codes that regulate local authority financial activity and reporting.
- Make arrangements for monitoring and reporting on actual performance against budgets. This to be in accordance with any principles or processes recommended by the Head of Resources and agreed by Executive Management Team.

2.5 Revenue Estimates

2.5.1 The inclusion of an item in the Revenue Estimates shall, subject to any other provisions in the Council's Constitution and related documents, or specific instructions of the Council, Cabinet, Executive Management Team and the Head of Resources confer authority on the appropriate Delegated Officers and budget holders concerned to incur expenditure within the Services that are their responsibility.

2.5.2 Any proposal to incur expenditure which exceeds the appropriate Revenue Budget provision, or which is not provided for in the Revenue Budget, or to forego budgeted income, shall be dealt with in accordance with paragraphs 2.6 to 2.8 below. If this is not possible, there shall be a report to the Executive Management Team who shall refer the matter to the Cabinet if appropriate together with a statement of the financial implications prepared by or in consultation with the Head of Resources.

2.6 The Protocol for Supplementary Estimates

2.6.1 Supplementary estimates relating to the General Fund should only be approved in accordance with paragraph 2.6.4 below, if they fall within the categories of expenditure to be allowed as contingencies under the protocol set out in paragraphs 2.6.2 and 2.6.3 below.

2.6.2 Items of expenditure for which budget provision was not made and which cannot be covered by virement and that fall within one or more of the following headings can be allowed as contingencies: -

- Unavoidable legal requirements arising from current service plans, including the need to publish statutory notices.
- External legal costs arising from actions brought by or against the Council or incurred in respect of public enquiries.

- Other inescapable costs or income reductions that could not have been foreseen and arise from current service plans.

2.6.3 For the avoidance of doubt, the following categories of expenditure are not allowed as contingencies under the protocol: -

- Growth or other expenditure over and above current service plans.
- Expenditure that is non-essential or could have been foreseen.
- Income reductions arising from poor management.
- Wilful overspendings.

2.6.4 Subject to compliance with the above protocol requests for supplementary estimates once approved by the relevant Chief Officer shall be submitted to the Head of Resources and: -

- Where the sum does not exceed £10,000 the Head of Resources shall have the authority to grant approval.
- Where the sum exceeds £10,000 but does not exceed £50,000, the Head of Resources shall have authority to grant approval following consultation with either the Leader of the Council or the Cabinet Member for Corporate Policy, Resources and Performance, and
- Where the sum exceeds £50,000 the Cabinet shall have authority to grant approval.

The Head of Resources will include any decisions she/he takes under this protocol in Annexe A of the next Financial Update report made to Cabinet.

2.7 Carry Forward of Unspent Budgets

2.7.1 Any proposal to carry forward unspent budget provisions from one financial year to the next (that are not subject to the provisions of the Building (Local Authority Charges) Regulations 1998 or like Regulations) must be approved by, or under arrangements previously agreed by, the Head of Resources.

2.8 Revenue Budget Transfers of Estimates (Virements)

The rules relating to transfers of estimates (virements) within the Revenue Budget are given below: -

2.8.1 Limitations on the use of virements

- Virements must be applied first to fund any actual or anticipated overspending in any budget or cost centre. No virement would be allowed if the total net expenditure of the Cost Centre from which it is made has overspent or is anticipated to overspend.

- Transfers by way of virements cannot be made from staff related budgets unless they have been referred to the Head of Resources who will review the financial implications and make appropriate recommendations to the Executive Management Team.
- Transfers by way of virements cannot be made from rates, insurances, car allowances and leasing charges.
- Virements are subject to the following general criteria: -
 - (a) The use of 'one-off' savings must be limited to funding 'one-off' items of expenditure;
 - (b) Funding ongoing expenditure requires the identification of ongoing savings;

2.8.2 Prior approval of Cabinet is required where it is proposed to: -

- Use virements to fund expenditure that is chargeable to Section 137 of the Local Government Act 1972.
- Use income to fund increases in expenditure. For the avoidance of doubt, this limitation does not apply to expenditure funded by grants obtained by the Council from external organisations providing the Head of Resources is informed in accordance with procedures issued by her/him from time to time.
- Use virements to fund new services or policies not included in the Policy Framework.

2.8.3 Prior approval of Executive Management Team is required where it is proposed to: -

- Fund changes by virements that are substantial or would have a significant effect on the way in which a service is administered or on the people who receive that service or
- Where money would be transferred from new projects, i.e. those that were agreed for addition to the budget for the same year as the virement is to be made.

2.8.4 All approved virements must be notified to the Head of Resources using the prescribed "Virement Request" form in order that financial control can be maintained. Copies of the Virement Request Form can be obtained from the Council's Intranet by clicking on "Forms" then "Financial Services Forms" then "Budget Forms".

2.8.5 Subject to the above criteria: -

Delegated Officers have authority to approve virements up to £10,000 within or between the cost centres for which they are responsible, or up to £10,000 to cost centres for which other Delegated Officers are responsible, subject to the need for consultation with the relevant Delegated Officer.

Corporate Management Team have authority to approve virements within or between cost centres subject to the need for prior consultation with the Head of Resources and either the Leader of the Council or the Cabinet Member for Corporate Policy, Resources and Performance where the sum exceeds £20,000, but is less than £50,000.

Where virements exceed £50,000 it is necessary to obtain the prior approval of Cabinet.

Unless otherwise provided all virements must be notified to the Head of Resources within 7 days of approval.

2.9 Capital Programme

2.9.1 The inclusion of an item in the capital budget shall not confer authority to incur expenditure until: -

- Subject to paragraph 2.9.2 below, a report has been made to Executive Management Team and Members giving a full description and appraisal of the scheme comprising the item together with its' financial implications and
- A procurement process has been followed as described in the purchasing regulations and conducted in accordance with the provisions of Contract Procedure Rules.

- 2.9.2 Where the description of a scheme in the Capital Programme is sufficient to convey a clear indication of the nature of the work to be undertaken, e.g. central heating at Council properties or removal of asbestos, Project Managers are able to commence work on procuring the project without further report to Executive Management Team or Members. This is providing the estimated capital costs at the time the contract is let are no more than the provision shown in the Capital Programme and the estimated revenue implications do not exceed those contained in the budget.
- 2.9.3 Except as provided in 2.9.6 below, schemes due to commence in later years cannot be undertaken until the Council has formally approved that year's Capital Programme.
- 2.9.4 Where the scheme title in the Capital Programme does not convey a sufficient description of the work to be undertaken, e.g. improvements to the Canvey Island Cash Office, Project Managers should not commence work unless a report has been made to Cabinet, describing in detail the work to be done and reporting on the financial implications.
- 2.9.5 Subject to externally funded schemes that meet the criteria for the fast track option described in paragraph 2.9.6 below, no new capital proposals, including proposals financed from external sources, will be allowed unless: -
- Cabinet has considered and approved details of the proposals, including compliance with all relevant evaluation criteria; affordability and compliance with the Prudential Code for Capital Finance in Local Authorities.
- 2.9.6 Subject to paragraph 2.9.5 above, if during the course of the year either a Member or a Chief Officer wishes to propose the inclusion of a new Capital Scheme in the Programme which is being funded by specific external funding (i.e. earmarked funding from such as lottery money, developers' contributions, or specified government grant), the fast track procedure set out below is to be followed where there is not a convenient meeting of Cabinet that could otherwise consider the proposal.
- A Member, or Chief Officer identifies a capital scheme proposal
 - Details of the scheme, its financial consequences and the Council Key Priority it supports must be set out on a Capital Bid Form (the Form) and sent to the Head of Resources, preferably by e-mail for speed, and to any other relevant party for consultation.
 - The Head of Resources will then verify the financial implications. She/he will also confirm the V.A.T. position to ensure that the Council does not inadvertently incur unrecoverable taxation costs.
 - The Head of Resources will respond as soon as practicable, indicating agreement of the details on the form, amend as appropriate or report on any difficulties that may arise.
 - Once financial clearance is obtained, the relevant Chief Officer will consult with either the Leader of the Council or the appropriate Cabinet Member, and, where appropriate, Ward Members.

- Either the Leader of the Council or the appropriate Cabinet Member, to signify agreement either by signing the Form or, if it has been sent electronically, returning an appropriate e-mail.
- The Chief Officer to send a copy of the authorised Form, or any authorising e-mails to the Head of Resources so that the scheme can be included in the Capital Programme and the appropriate capital codes issued. Capital expenditure codes will not be raised until the relevant approvals have been received.

2.9.7 During the life of a contract it is the responsibility of the relevant Project Manager to continuously monitor expenditure against budget and Programme and take action in order to ensure that schemes are completed on time and within budget.

2.9.8 Where, as a result of unavoidable circumstances: -

- The final outturn for a scheme is predicted to be above, but no greater than 10% or £10,000 in excess of, the original provision and can not be funded by virement, it is necessary for Project Managers to make a report to Cabinet (see paragraph 2.10 below).
- The final outturn is predicted to be greater than 10% or £10,000 in excess of the original provision in the Capital Programme the appropriate Project Manager should make a report to Cabinet, giving details of the reason for the additional expenditure, requesting authority before any additional costs are committed.

2.9.9 In an urgent situation where additional work has to be approved in order to avoid the Council incurring further additional costs, e.g. through extensions of contract time, the Project Manager concerned should follow the current procedure and secure the appropriate approvals as set out in the form headed "Expenditure Allocation from Reserves for Contingencies and Unavoidable Increases" which is available on the Council's Intranet by clicking on "Forms" then "Financial Services Forms" then "Budget Forms", or alternatively on the N drive, at the below link:

<N:\Financial Services items\Forms\Budget Amendment Forms.xls>

2.9.10 To assist Project Managers in meeting their obligations under these regulations, the Head of Resources will, in consultation with relevant Project Managers, produce regular reports to Executive Management Team which monitor the overall progress of schemes included in the Capital Programme.

2.10 Capital Programme Virements

2.10.1 In view of the potential size of capital schemes and the long-term financial commitments that can be incurred it is necessary for the capital virement rules to be significantly less flexible than those for the Revenue Budget.

2.10.2 When considering virements, care should be taken to ensure that the rules relating to ring fencing of the Housing Revenue Account are not breached. For further advice on this point, please contact the Head of Resources.

2.10.3 As stated in paragraph 2.9.8 above, and only to the extent therein specified, virements can be used on capital accounts to transfer unused provision between schemes. Paragraphs 2.8.4 and 2.8.5 above apply to capital virements as they apply to revenue virements but substituting the term "Project Managers" for "Delegated Officers".

2.10.4 With the exception of schemes funded directly from the Housing Revenue Account, capital virements may not be approved where they relate to the transfer of savings or slippage on one capital scheme so that an alternative scheme can proceed except where that scheme is included in a future year's approved capital programme (if any). The term "approved" in this context means that the Council is specifically committed to undertake the schemes included in a future year's programme.

2.11 The Housing Revenue Account (Special Rules)

2.11.1 The Housing Revenue Account (HRA) is a ring-fenced account that records transactions relating to the Council's housing stock. Because of the nature of the account special rules apply regarding supplementary estimates, virements and the operation of the Capital Programme. These apply only if decisions made under these rules would have no financial impact on the Council's General Fund or Council Tax payers. They are set out below: -

HRA Supplementary Estimates

2.11.2 Supplementary estimates can be agreed providing: -

- The additional expenditure contributes towards the achievement of Council Priorities and can be accommodated within the Housing Revenue Account without requiring a supplementary rent increase or breaching the recommended reserves stated by the Head of Resources and
- The Cabinet or, in cases where it is not practicable to convene a quorate meeting of the Cabinet, the Chief Executive has approved the additional expenditure where it relates to the creation of new posts.

HRA Income

2.11.3 The Cabinet has authority to approve any proposals for the foregoing of income within the Housing Revenue Account having regard to a report from the Head of Resources.

HRA Revenue Budget Transfers of Estimates (Virements)

2.11.4 Budget holders within the Housing Revenue Account have authority within or between the Housing Revenue Account cost centres for which they are responsible to: -

- Approve the use of additional income to fund increases in expenditure provided the prior approval of the Cabinet has been obtained.
- Approve virements as detailed in section 2.8.
- Approve virements in respect of savings including salary and car allowance savings resulting from vacancies or maternity leave.
- Approve virements where one-off savings are identified to finance ongoing expenditure providing they are satisfied as to the long-term sustainability of any ongoing expenditure without breaching the agreed reserves level.

HRA Capital Programme

2.11.5 Any changes to the agreed Housing Capital Plan are to be agreed with the Cabinet having regard to a report from the Head of Resources.

3. Financing of Expenditure

3.1 The Council has adopted the Chartered Institute of Public Finance and Accountancy's Code for Treasury Management in Local Authorities, as updated November 2009.

3.2 The Code's requirements include approval of an annual Treasury Management Strategy and Investment Strategy. These strategies shall be adopted by the Council and thereafter implementation and monitoring shall be delegated to the Cabinet. The detailed procedures are set out in the Treasury Management Practices Parts 1 (Main Principles) and Part 2 (Schedules). Copies of the latest version of these documents can be obtained from Financial Services and they are not, therefore, reproduced here.

3.3 All money in the hands of the Council shall be aggregated for the purposes of Treasury Management and shall be under the control of the Head of Resources.

3.4 All executive decisions on borrowing, investment or financing shall be delegated to the Head of Resources or through her/him to her/his staff, who shall all be required to act in accordance with CIPFA's 'Code for Treasury Management in Local Authorities'.

3.5 The Head of Resources shall report to the Cabinet and the Council in accordance with the provisions of the Treasury Management Practices.

4. Leasing and Other Capital Financing Facilities

4.1 The Head of Resources shall be responsible for the evaluation and arrangement of all capital financing facilities and leases, subject to appropriate provision having been made within the approved budget. The only exclusion to this rule is the short term hiring of equipment for periods of less than 12 months.

5. Bank Accounts

- 5.1 The Head of Resources shall open, or authorise the opening of, such accounts as she/he deems necessary with Banks approved by the Council. Arrangements with bankers shall be made by or with the approval of the Head of Resources who shall maintain such bank accounts in the name of the Council's establishments as she/he may consider necessary.
- 5.2 Each Delegated Officer shall ensure that all money received on behalf of the Council is paid promptly into the Council's Cashiers Office or is available for collection in accordance with arrangements approved by the Head of Resources. All payments to be made by the Council shall be made from the bank accounts opened or approved by the Head of Resources.
- 5.3 The Head of Resources shall ensure that the Council's bank accounts are reconciled with the Council's financial records at frequent intervals during and at the end of each financial year.

6. Signing of Cheques

- 6.1 All cheques drawn on behalf of the Council shall bear the facsimile signature of the Head of Resources or be personally signed by the Head of Resources or by another Officer nominated to the bank by the Head of Resources. In addition, all cheques exceeding £10,000 in value must be personally countersigned by the Head of Resources or by another officer nominated to the bank by the Head of Resources.

7. Grants and Subsidies

- 7.1 The Head of Resources shall make arrangements for, and co-ordinate as necessary, the completion of all grant claims and other financial returns required by Government departments and other bodies in relation to claims and returns having particular regard to the "Statement of Responsibilities of Grant-paying Bodies, Authorities, the Audit Commission and Appointed Auditors" and any successor documents published by the Audit Commission. Delegated Officers shall maintain such records as are required to enable such claims and returns to be made.

8. Orders for Work, Goods and Services

- 8.1 See the provisions of the Contract Procedure Rules, contained within the Council Constitution, and the Commissioning and Procurement Strategy.

The contract Procedure Rules contain the below guidance:

Official orders will be issued for all work, goods or services to be supplied to the Council except:

- where a formal Contract is entered into by the Council;
- supplies of public utility services;
- periodical payments, such as rent or rates;
- petty cash purchases;

- where in the opinion of the Appropriate Director a failure by the contractor could result in an adverse impact on Council functions. In such case a formal written contract will be let;
- other exceptions approved specifically in advance by the Head of Resources or Head of Legal Services.

In addition to the above, costs paid for the employment of agency staff, and for the purchase of publications, subscriptions and other memberships are exempt from the requirement for an order to be placed.

Orders shall be placed using the Council's electronic ordering system: eProcurement.

In certain specific emergency situations the Council's procedure for purchasing goods and services can be bypassed. These are detailed in the Procedure for Urgent Orders, at the below link:

<N:\Financial Services items\Reference Materials\Procedure for Urgent Orders.doc>

9. Stocks and Stores

- 9.1 Delegated Officers shall be responsible for the custody and physical control of stocks and stores in their departments. The level of stock carried shall not exceed reasonable requirements as determined by experience.
- 9.2 No issue shall be made from stores except in accordance with a duly authorised requisition.
- 9.3 Stores records shall be in a form approved by the Head of Resources. Adjustments of stores records to write-off deficiencies or to bring surpluses into charge shall be made only on the authority of the Delegated Officer concerned and the Head of Resources.
- 9.4 The Delegated Officer responsible for each store shall arrange for a continuous stock take to be carried out. In addition, the Head of Internal Audit shall conduct an independent stock take on a sample basis from time to time.

10. Controlled Stationery

- 10.1 All controlled stationery including receipts and tickets shall be supplied by departments. Tickets are produced in-house and the process is arranged by the individual departments. No tickets of outside bodies shall be placed on sale at any establishment of the Council without such tickets being first referred to the Head of Resources, or such other officer authorised by her/him, for control purposes.

11. Salaries, Wages, Pensions

- 11.1 The payment of all salaries, wages, pensions and compensation and all emoluments to all employees or former employees of the Council shall be made by the Head of Resources or under arrangements made by her/him having regard to any advice given by the Human Resources Manager or any successor post that has responsibility for Human Resource matters.

11.2 The Human Resources Manager as defined in paragraph 11.1 above shall inform the Head of Resources of any changes to establishment necessary for accountancy purposes.

12. Payment of Invoices and Expenses

12.1 The payment of all invoices, contracts and all claims for reimbursement of expenditure shall be made by the Head of Resources or under arrangements made by her/him.

12.2 All Delegated Officers shall ensure that all necessary checks are made on invoices or claims as laid down by the Head of Resources from time to time and will certify the invoice or claims to that effect before passing them for payment.

12.3 A summary of the main procedures is shown at [Appendix A](#).

13. Petty Cash/Postage Stamps/Change Floats

13.1 Petty cash/postage stamps/change floats shall be held only as approved by the Head of Internal Audit acting on behalf of the Head of Resources.

13.2 Officers responsible for the above shall keep such records as required by the Head of Resources and shall submit such information as required by her/him when requesting reimbursement of amounts expended.

13.3 The Head of Resources shall make arrangements for the reimbursement of all petty cash accounts.

13.4 Petty cash expenditure must not be used in connection with firms having normal creditor arrangements with the Council. The maximum amount of any individual item of expenses shall not exceed: -

- £50 if paid from a Petty Cash float or the amount of the float, if less or
- £100 if paid by the central cashiers located in the Benfleet or Canvey Offices.

Individual amounts in excess of these limits may be paid in cases of urgency where sufficient money is available within the float. Vouchers must be obtained to support all items expended. For the avoidance of doubt, the limits specified in this paragraph do not apply to cases where the Council's cashiers make appropriately authorised cash payments to members of the public relating to the provision of Council services in circumstances where payment by other means would not be practicable (e.g. where the person in question does not have a bank account).

13.5 Delegated Officers responsible for holding floats shall make such safe storage arrangements as are acceptable to the Head of Resources.

13.6 The Head of Internal Audit shall arrange for a reconciliation of each float to be carried out at least once during each financial year and shall secure an appropriate certification of the amount outstanding from the relevant Delegated Officers. Furthermore, all

Delegated Officers shall submit to Financial Services at the end of each financial year a statement providing certification of the amount outstanding in their float as at the 31st March, or preceding working day if the 31st March should fall on a weekend.

13.7 Detailed procedures are shown at [Appendix B](#).

14. Custody and Security of Assets

14.1 Delegated Officers, in consultation where necessary with the Head of Internal Audit, shall be responsible for ensuring that secure arrangements are made for the safe custody of cash, plant, equipment and any other property under their control.

14.2 An inventory shall be prepared and kept up to date by each department for every establishment of the Council in such a manner as shall be approved by the Head of Resources. Physical verification of inventories shall be carried out annually and any variations reported to the Head of Resources. Each Delegated Officer shall notify the Head of Resources of the officers they have designated to be responsible for the control of the inventories.

14.3 Detailed procedures are shown at [Appendix C](#).

15. Insurances

15.1 The Head of Resources through the Head of Internal Audit or any successor post that has responsibility for the Council's insurances shall be responsible for effecting any insurance necessary to provide adequate protection for the Council and the final settlement of claims under those insurances. In doing so, the Head of Internal Audit will have regard to any advice or guidance issued by the Head of Resources in that officer's capacity as the Council's designated Section 151 Officer.

15.2 The Head of Internal Audit as defined in paragraph 15.1 above or any agency that the Head of Resources shall delegate authority to through contract or agreement shall be advised immediately by the appropriate Delegated Officer of any fire, accident, loss, irregularity or other occurrence which may affect the rights of the Council under its policies, and of any purchase or disposal of insurable goods or property or variation of risk or other circumstances which may make desirable any alteration in existing insurances.

15.3 Delegated Officers shall immediately notify the Head of Internal Audit as defined in paragraph 15.1 above of any loss, liability or damage covered by insurance in connection with the services that are their responsibility.

15.4 The standard form of procedures to be used concerning the admission of liability and in dealing with the allegations of third parties are shown at [Appendix D](#).

16. Income

- 16.1 The collection of all monies due to the Council and the raising of all invoices for goods or services provided by the Council shall be carried out under arrangements made by the Head of Resources.
- 16.2 All arrangements for deferred payment of any debt due to the Council must be executed under arrangements made by the Head of Resources. The write-off of debts due to the Council and writing back of income that cannot be identified, allocated or paid out and has not been credited to a Revenue Account can only be authorised by the Head of Resources or a deputy nominated by her/him. Any individual write off that exceeds £5,000 will be referred to the Head of Resources for approval.
- 16.3 Refunds of fees and charges can be made in cases where service delivery is not achieved or is sub-standard, and in such cases appropriate adjustments shall be made to financial records as specified by the Head of Resources and the Head of Internal Audit.
- 16.4 Further information on the procedures for income collection/recovery is included in [Appendix E.](#)

17. Postal Remittances

- 17.1 The recording and processing of all postal remittances shall be carried out under arrangements agreed with the Head of Resources.
- 17.2 Current detailed procedures for postal remittances are shown at [Appendix F](#)

18. Monies Received Other than by Post

- 18.1 Official receipts will be issued on the appropriate stationery for all sums received and all remittances passed to the Cashiers in accordance with the procedures laid down by the Head of Resources. Exceptions to this general rule shall be agreed in advance with the Head of Internal Audit.
- 18.2 Detailed procedures are shown at [Appendix G.](#)

19. Accountability of Officers

- 19.1 Prior to leaving the Council's service, each officer shall account to her/his superior officer in respect of all Council property, money and records held in her/his charge.

20. Council Vehicles

- 20.1 Under no circumstances must personal mileage be incurred in Council vehicles, nor should other than official passengers or goods be conveyed. This is because the Council's insurance policies, including the statutory third party cover, would be invalidated in any circumstances where this rule is breached.

- 20.2 No Council vehicles should be taken to an employee's home unless they have the specific approval of their Delegated Officer so to do.

21. Capital Assets

- 21.1 The Head of Resources shall maintain a Capital Assets Register, which shall include brief details and the current value of all Council assets. Assets having values in excess of £10,000 are to be included on the register. Delegated Officers shall provide such information as the Head of Resources may reasonably require for this purpose.
- 21.2 The Head of Legal Services shall have custody, under secure arrangements, of all title deeds, including those of properties in mortgage to the Council.
- 21.3 Whenever a new building is planned, or the purchase of an existing building is proposed, and that building is to be used for the receipt and custody of Council monies, then the Project Manager or other person concerned shall at the earliest opportunity consult with the Head of Internal Audit concerning the security arrangements proposed for assets within the building. Such consultation must also be made where the nature of use of any building changes or where changes to existing security arrangements are otherwise proposed and where such changes might affect the receipt and custody of Council monies.

22. Disposal of Surplus Stock and Equipment

- 22.1 Delegated Officers are responsible for obtaining value for money upon the disposal of surplus stock and equipment. Where the expected value of the goods exceeds the tendering limit set out in paragraph 13 of the Contract Procedure Rules, sale is to be made by way of public tender. Below that limit the Officer must demonstrate that prices have been obtained with fair competition. Disposal may be arranged through the Corporate Property Officer or such other officer authorised by her/him in consultation with the Head of Resources. Leased property cannot be disposed of without first obtaining the approval of the Head of Resources. Any disposal of leased property must be carried out in accordance with the requirements and procedures specified by the Head of Resources.
- 22.2 Stock and inventory records must be adjusted to reflect the disposal.

23. Internal Audit

- 23.1 The Head of Resources, through the Head of Internal Audit and the Head of Internal Audit, shall apply a system of internal audit to all accounts and records in any department or establishment of the Council. All Officers shall supply such information and produce such documentary evidence as may be necessary for this purpose. Audit staff shall be empowered to enter any Council premises or land and to require any employee of the Council to produce for inspection cash, stores or any other Council property under her/his control.
- 23.2 Internal Audit shall have access to the accounting records of all departments and establishments of the Council so as to ascertain that they are kept in a form approved by her/him and with due regularity.

- 23.3 The Head of Internal Audit shall advise on controls to be incorporated in new or revised systems before implementation, but shall not be responsible for the development and implementation of new systems.
- 23.4 Should any employee of the Council note any circumstances which may suggest the possibility of any irregularity affecting the transactions of the Council she/he shall notify her/his Delegated Officer or the Head of Internal Audit immediately. The Head of Resources shall be notified of any irregularity arising in Internal Audit. Where any Delegated Officer is so notified she/he shall immediately inform the Head of Internal Audit of the circumstances. The Head of Internal Audit has direct access to the Chief Executive and to Overview and Scrutiny Committee in appropriate circumstances. Where the possible irregularity relates to a Delegated Officer then the matter shall be reported to the Chief Executive or the Head of Internal Audit.

24. Dissemination of Information.

- 24.1 Chief Officers are responsible for ensuring that all staff in their Departments are aware of the existence and content of these Detailed Financial Regulations and Procedures and that they comply with them. They must also ensure that an adequate number of copies are available for reference within their Departments.

Appendix A

Detailed Financial Regulations and Procedures

Payment of Invoices

Financial Services issues detailed guidance (periodically e-mailed to users, copies are obtainable from Financial Services on telephone extension 2221) on the procedures to be followed when completing supplier invoice forms. Detailed procedure notes are available within the computer system to guide users on how to input to the system. The following gives a brief summary of the main processes but cannot be regarded as a substitute for reading the detailed guidance.

1. Undisputed Invoices Paid on Time

- 1.1 When an invoice is received, Departments must complete an authorisation form (called a payment voucher which is obtainable from the Council's intranet – see below) with the correct accountancy code and VAT indicator. A separate form is available for cases where invoices are not available.
- 1.2 Departments are responsible for:
 - Stamping the invoice with the date of receipt
 - Checking that the invoice is in accordance with the official order, the goods have been received, the prices, arithmetic and amount payable is correct and that the VAT is accounted for correctly
 - Arranging authorisation of the invoice by an authorised officer and
 - Entering the invoice on eFinancials (the central accounting system) immediately after receipt.
 - Ensuring that there is an adequate separation of duties between the ordering, checking and authorising for payment.
- 1.3 Authorised officers must only sign on the specific codes they are authorised to sign for, and must not exceed the value for which they are authorised to sign. The Head of Resources can act as an authorised signatory on all codes across the council, but only in situations whereby the regular signatories for the relevant code are not available, and it would not be possible to wait for their return for operational reasons, such as an emergency situation, or urgent payment needed.
- 1.4 Authorised signatory lists are located on the N Drive, at the below link:
[N:\Financial Services items\Authority Wide Authorisations](#)
- 1.5 The invoices are attached to the authorisation form and put into batches for processing. After processing they are to be despatched to Financial Services. Invoices entered onto eFinancials up to 3pm must be passed to Financial Services the same day.

Appendix A

1.6 Financial Services are responsible for checking input, posting and arranging payment of the invoices entered onto the eFinancials system by Departments, according to the payment terms entered by those Departments.

2. Invoices Paid Late

2.1 Invoices that are paid 30 days after the invoice date are classed as late. They must be accompanied by a late submission form (obtainable from the Council's intranet – see below) setting out the reasons for late payment. They cannot be entered on the accounting system until Departments request Financial Services to allow access.

3. Copy Invoices

3.1 If a copy invoice is being paid, Departments need to check that it has not already been paid via eFinancials and complete a “dispute form” (obtainable from the Council's Intranet – see below). The box copy invoice should be indicated on the form. Copy invoices must be certified as a true copy.

4. Disputed Invoices

4.1 If a Department intends to dispute an invoice e.g. because the wrong goods were sent or the wrong price charged, it is necessary to submit a “dispute form” (obtainable from the Council's intranet – see below) with the invoice. The reason the payment is being withheld must be stated in the appropriate box on the form. An authorised signatory should sign the payment withheld section. Once posted to the system, Financial Services identify it by entering a dispute code onto eFinancials. The form/s and invoice/s are returned to the relevant Departments.

4.2 Once the dispute has been settled, the Department should return the payment voucher, invoice and dispute form to Financial Services. In this case an authorised signatory should sign and date the section of the form indicating “dispute settled”. Financial Services will remove the dispute code from the system to allow payment to the supplier.

5. Single Cheques

5.1 Departments can request cheques for collection in urgent circumstances by completing the “cheque to” box on the supplier invoice form. Departments are, however, requested to co-operate in keeping such requests to a minimum.

NB – Process for accessing forms on the Intranet (subject to change as the design of the Council's intranet may alter to improve performance)

Click on “Forms” then

Click on “Financial Services Forms” then

Click on “Creditor Forms”

This will take you to an Excel spreadsheet.

Click on the relevant Tab to access the form you wish to use (you will need to print it or copy it to your own PC)

Appendix B

Detailed Financial Regulations and Procedures

Petty Cash and Petty Cash Floats

(These procedures apply unless otherwise agreed with Internal Audit)

1. How to set up/increase a petty cash float

1.1 Application must be made in writing to the Head of Internal Audit, or any successor post, giving the following details: -

- Amount required.
- The reason the float/increase in float is required.
- The security measures available within your department e.g. "Petty cash will be kept in a locked box within a lockable drawer" or "Petty cash will be kept in a lockable safe" (make, model of safe) and location within office.
- The name of the officer who will be responsible for the running of the petty cash float.

1.2 Following approval, Internal Audit will then consult with the Council's Insurance Officer or Insurance agency if necessary to ensure that security arrangements are acceptable to the Council's insurers. If necessary, as soon as the insurers have agreed arrangements then a cheque will be drawn for the amount required.

2. Use of Petty Cash

2.1 The following expenses can be claimed through petty cash: -

- Approved **non-taxable** allowances and expenses such as subsistence and travelling expenses.
- Minor purchases made on behalf of the Council.

2.2 Cash purchases should only be made where it is impractical or uneconomic to obtain items through the Council's usual purchasing methods e.g. small one-off purchases from a local shop.

2.3 The maximum amount of any individual item of expenses shall not exceed: -

- £50 if paid from a Petty Cash float or the amount of the float, if less or
- £100 if paid by the central cashiers located in the Benfleet and Canvey Offices.

Individual amounts in excess of these limits may be paid in cases of urgency where sufficient money is available within the float. Any such instances are to be advised to Financial Services and Internal Audit.

Appendix B

2.4 All other payments should be made through the Council's normal creditor payments system. Cash receipts may not be paid into float accounts but must be banked as provided elsewhere in these detailed regulations.

3. Evidence of Payment

3.1 Receipts should be obtained as evidence of any purchases, showing the supplier's VAT number where possible so that the Council can recover the VAT paid.

3.2 Receipts can be obtained for train tickets at the time of purchase. They may be issued in the same way as tickets. If a receipt is not obtained for any reason, the ticket(s), if retained, can also be used as evidence.

4. Procedure for Paying Petty Cash

4.1 All claims should be entered on a Petty Cash Voucher - Regular or Petty Cash Voucher – Public Transport, as applicable, and certified by an authorised officer detailing name of claimant, what the claim is for and amount paid put against the correct expenditure code. Claimants must not certify their own claims.

4.2 All monies paid are to be signed for by the receiver.

5. Reimbursement to Petty Cash Float (Not Cashiers)

5.1 Reimbursement should be sought when cash fund is low.

5.2 A payment voucher is completed for the amount to be reimbursed and the covering receipts are attached to the voucher. The code on the payment voucher is the petty cash code and this is passed to Financial Services who produce a cheque, payable to Castle Point Borough Council.

5.3 The cashiers will reimburse the total amount of the cheque providing prior arrangements confirming authorisation have been made. In the case of Leisure Centres reimbursement can be sought from the Centre's receptionist/cashier.

6. Reconciliation

6.1 The petty cash holding should be reconciled to the original float amount and the monies held monthly as follows: -

	£p
Total claimed for reimbursement	
Plus cash in hand	
Total	

6.2 The total should equal the original value of your float.

Appendix B**7. Transfer of petty cash**

- 7.1 If the petty cash fund holder leaves the post then she/he should repay to the cashiers the unspent balance of the float and submit a Petty Cash Voucher for the final amount expended in the usual way. The new holder should request the Head of Internal Audit to set up a new float as per instructions in paragraph 1.0

8. For information

- 8.1 On coding or VAT matters please contact Financial Services. For information on setting up and operating a float account please contact Internal Audit.

Appendix C

Detailed Financial Regulations and Procedures

Custody and Security of Assets

1. Inventory

1.1 An inventory should: -

- Record the location of all equipment
- Ensure losses are easily identified

2. Key Controls

2.1 Delegated Officers should nominate an officer at each of their establishments to be responsible for the procedures set out below and the safe custody of all equipment.

3. Records Required

3.1 An inventory of all valuable assets on the premises should be maintained. This should include assets on loan or donated to the establishment as well as those purchased. It should include all non-consumable items which cost over £1,000. For each item the following information should be recorded immediately on receipt:

- A description
- The manufacturer's name
- The model
- The serial number
- The date of purchase/acquisition
- The order reference
- The value

3.2 The information should be kept in such a form as approved by a Delegated Officer as advised by the Head of Resources. IT equipment that is the property of Steria, the Council's IT provider is not to be included in these procedures.

4. Checking the Inventory

4.1 The inventory should be checked to the physical existence of assets each year and signed and dated by an independent officer to certify that a check has been carried out.

4.2 A copy of the completed schedule should be forwarded to the Insurance Officer or Insurance Agency.

Appendix C

5. Use of the Council's property, Equipment and Facilities

5.1 The Council's property, equipment and facilities should only be used on Council business, and should only be taken from Council premises in the normal course of Council business. Any other use should be specifically approved in writing by the Delegated Officer. A separate record should be kept of any items being used by staff in this way. This record should show:

- Details of the item on loan
- The date of the loan
- The signature of the member of staff
- The date the item is returned
- Estimated value of item

Appendix D

Detailed Financial Regulations and Procedures

Insurances – Public Liability (Third Party) Policy

Standard form of procedure to be used concerning the admission of liability and in dealing with the allegations of third parties.

1. Admission of Liability

- 1.1 Employees should not, in any circumstances whatever, admit or imply the liability of the Council, its officers, or servants, in any matter which may subsequently give rise to a claim for damages or compensation.
- 1.2 They should, at most, merely acknowledge notification of the complaint or claim, without any further observation or statement whatever. Any claims relating to injury or death of a third party should not be acknowledged in writing.
- 1.3 The reason is that to do so may deprive the Insurers of their right to defend a claim, enabling the Insurers to refuse to handle the claim on behalf of the Authority or potentially breaching the strict protocols of the Civil Procedure Rules.

2. Procedure for Dealing with Allegations/Claims

- 2.1 The procedure to follow on receipt of an allegation of liability by a third party or their agents is set out below: -
- 2.2 If the Council receives a verbal allegation, claim, or request for claim forms, or assistance in claiming from the Council (which often occurs) refer all enquiries to any agency that the Assistant Chief Executive shall delegate authority to through contract or agreement: -
 - The agency will ask for a letter setting out the date and exact location of the incident and the cause and effect of their allegations to be submitted to their Insurance Officer.
 - If it appears, as a result of the allegations, that something (i.e. a procedure or defect) immediately needs to be addressed by the Council, either as the appropriate authority or, in the public interest, to prevent further loss, damage or injury, to persons or property, care should be taken that nothing said or done as a result of the allegation could be construed as an admission of liability on the part of the Council, its officers or its servants.
 - Discretion must be exercised by the responsible officer dealing with the alleged incident as to the need to inform or consult with the agencies Insurance Officer, either from insurance or a financial point of view.
 - If the alleged incident involves personal injury then the agencies Insurance Officer must be informed immediately.

Appendix D

- 2.3 If a letter of claim is received, it is not a matter to be investigated or dealt with by the receiving Department even when the settlement of the claim is less than the policy excess, the following procedure must be followed: -
- It should be passed immediately to the agencies Insurance Officer, without acknowledgement to the sender.
 - The Department to keep a copy for themselves, and send original, plus one copy, to the agencies Insurance Officer with a memo stating acknowledgement not made but that enquiries and necessary reports for insurance purposes will be made and submitted to the agencies Insurance Officer in due course.
 - The agencies Insurance Officer will then acknowledge receipt of claim to claimant, inform Insurers and handle the claim accordingly.
 - Departmental enquiries and observations in respect of the allegations will have to be submitted within required timescales to the agencies Insurance Officer for forwarding to the Insurance Company.
 - The Council's Insurers act on our behalf of the Authority and either repudiate or settle with the claimant or those acting for them.
- 2.4 In cases where a letter of complaint, which is not ostensibly a claim, but which may subsequently lead to a claim (e.g. complaint about the state of a swimming pool floor over which the complainant has fallen) the letter may be acknowledged and referred to the appropriate Department for action only once it has been confirmed that this is an acceptable course of action with the agencies Insurance Officer. A copy of the complaint letter should be sent at once to the agencies Insurance Officer marked "For information only" in order that the details can be recorded as an "incident" for risk management purposes. Any other incidents that occur which could result in a claim, should be reported to the agencies Insurance Officer for record purposes.
- 2.5 For further information please contact the agency that the Assistant Chief Executive shall delegate authority to through contract or agreement.

Appendix E

Detailed Financial Regulations and Procedures

Sundry Debtor Invoices

1. Raising Debts

- 1.1 The Council collects income for a variety of purposes. It could relate to the provision of services to an outside agency or private individual or it could arise from a liability in the Council's favour.
- 1.2 To collect this income, the Council raises invoices (or sundry debtor accounts) payable by the person or organisation liable to pay the amount due.
- 1.3 Debtor Accounts are raised by the relevant Council Department entering data onto a corporate computer system. This data would include: -
 - The debtors name and address
 - Type of debt (reason for invoice)
 - Amount due and V.A.T. amount (if applicable)
 - The income code
 - The details of any payment terms that apply
- 1.4 Detailed procedure notes are available within the computer system to guide users through the setting up of invoices and other matters relevant to raising the debt, accounting for cash received, dealing with refunds etc. These procedures will not, therefore, be reproduced here.

2. Recovery

- 2.1 To ensure a co-ordinated approach and a separation of duties, recovery of overdue amounts is carried out centrally (currently within Revenues and Legal depending upon the stage reached in the recovery programme).

Appendix F

Detailed Financial Regulations and Procedures

Procedures for Postal Remittances

(These procedures apply unless otherwise agreed with Internal Audit)

1. Post Opening

- 1.1 At least two people must be present throughout the post opening process. Post opening must take place in a secure area (the area used in the Benfleet Offices is controlled by CCTV).
- 1.2 The two people opening the post must sign the record showing names, time started and time finished. No access to the secure area is to be given to any other person during post opening and processing of documentary proof.
- 1.3 The first step is to check that the general date stamp is showing the correct date.
- 1.4 All external correspondence must be date stamped in a clear space (this may need to be on the reverse of the document) and ensure that the stamp impression is clear, straight and the right way up.

2. Cash/Cheques Received

- 2.1 All cash received must be logged in the cash by post book, completed and signed by the person opening the envelope and verified by the second person. The cash is then handed to a cashier who will sign the book as receipt for the money.
- 2.2 All cheques/postal orders must be paper clipped to associated paper work (paying-in slip, letter or bill). All cheques/postal orders must be passed to cashiers for processing. Under no circumstances must cheques be removed from the secure area.

3. Returned Cheques

- 3.1 Returned Castle Point Borough Council cheques, (Housing Benefit cheques), to be stamped cancelled. The counterfoil, back of cheque and envelope must be date stamped and stapled together. The cancelled cheques, with attachments, are then handed to the Benefits Group, Overpayment Team.
- 3.2 Returned Castle Point Borough Council cheques, (Creditors cheques), should be date stamped on the envelope, stapled together and recorded in the Returned CPBC Cheque Log. The cheques, with attachments, are then placed in the folder for Financial Services. A member of staff from Financial Services will collect and sign for the cheques.

Appendix G

Detailed Financial Regulations and Procedures

Procedures Concerning Monies Received Other than By Post (All Departments)

(These procedures apply unless otherwise agreed with Internal Audit)

1. General

- 1.1 In accordance with the Council's Money Laundering Policy, cash sums in excess of £10,000 will not be accepted.
- 1.2 Official receipts either machine produced or manual shall be issued for all sums received and shall contain sufficient information for the payment to be identified. Under no circumstances shall receipts be given other than on the appropriate Council receipting stationery.
- 1.3 No change will be given on cheques.
- 1.4 Arrangements for direct payment to Castle Point Borough Council bank accounts or post office accounts may only be made with the approval of the Head of Resources.
- 1.5 Where cashing facilities or bank accounts do not exist collections may be made by authorised security driver/s or organisations from time to time. Collection to be at such intervals and on such terms as shall be agreed by the Head of Resources. The Council also employs in-house bailiffs and collections by such staff are to be made in accordance with procedures agreed by the Head of Resources.
- 1.6 All monies shall be paid into the cashiers on the day of receipt and banked on the same day or the following business day. Collection staff based in premises where no cashiers facility exists, and no arrangements for collection have been made, shall deposit collections with the nearest cash office not later than by the end of the business day after the day of receipt.
- 1.7 Where an approved bank account exists, monies received by collection staff shall be paid into the relevant bank account on the same or the following business day.
- 1.8 All persons responsible for collecting Council monies must complete a deposit slip in order to record monies paid over to the cashiers or, where relevant, the bank, the only exception to this being where postal remittances are passed directly by the person responsible to the cashier.

2. Receipts

- 2.1 Receipts issued by the Council shall comply with the following: -
 - Corrections must not be made by alterations, erasures or use of tippex, but by neat crossing out and insertion of correct information. Corrections must be initialled by the person making the corrections.

Appendix G

- Manual receipts may not be prepared in advance.
- The method of payment shall be indicated.
- The receipt information required on the deposit slip shall be given fully.
- Cancelled receipts and posting stubs will be left firmly affixed in the receipt book, or on the miscellaneous receipt page.
- When payments are made by one person on behalf of another the receipt is to be made out to the person who actually owes the money, but should be returned to the person who is paying it, except where the payer is an authorised agent, in which case the receipt will be made out to the agent.

2.2 All cashiers and collectors receiving money from other collecting officers shall ensure by reference to deposit slips or receipt books that the amount paid over is the correct amount

3. Sealed Deposit Bags (Where used)

3.1 To secure the money, persons making deposit must: -

- Check the bag has the correct address.
- Fill in the cash amounts and the details on the bag including date and amount of bags being secured.
- Remove cashiers cash bags from the safe and check the bag seal numbers against Cash Analysis sheet.
- Remove top copy of the Cashiers Analysis Sheet and tear off Bank Giro Slip from side tab.
- Put all cash bags, the top copy of Analysis Sheet and Bank Giro Slip in the bag.
- Put secured bag in the safe and fill in the Reception/Cashiers Safe Log.
- Obtain the signature of the person collecting the bag on behalf of the Head of Resources, appropriately dated.

3.2 Detailed procedures on the cash collection process using sealed bags are held by Revenue Services.

4. Cheques

4.1 Only cheques drawn in favour of Castle Point Borough Council and crossed "A/C payee only" are to be accepted for payment of monies due to the Council unless otherwise agreed by the Head of Resources.

Appendix G

4.2 Where a cheque is tendered for payment for immediate service or sales it must only be accepted if supported by a valid cheque card, it being the responsibility of the collector to verify correctness as to date, amount in words and figures and signature.

4.3 A suitable reference should be entered onto the reverse of all cheques to aid future identification.

5. Foreign coins

5.1 Collection staff should make every effort to minimise the number of foreign coins accepted notwithstanding the possible entry of England to the EMU.

5.2 Such foreign coins as are noticed in the preparation of a deposit should be separated from other coins.

5.3 On the appropriate deposit slip, the amounts entered against the coded income heads should reflect the amount of income had no foreign coins been accepted and the cash analysis should record the monies exclusive of foreign coins. The top sheet to be sent to Financial Services will then be marked to indicate that a Foreign Coin had been received.

6. Forged money

6.1 All persons responsible for collecting Council monies must be vigilant against the receipt of any forged currency.

6.2 Suitable forgery detection equipment should be used where possible to minimise the risk of receiving forged currency.

7. Shorts and Overs

7.1 All collectors must deposit the actual amount of money collected. The analysis of income section on the deposit slip must show the amount due to have been collected (e.g. by evaluation of tickets, etc., discharge) whereas the cash analysis section must show the actual details of monies deposited. The difference between the two figures is to be shown as a short or over in the appropriate panel on the deposit slip.

7.2 All shortages must be reported to the collecting officer's senior officer, and brief observations must be given by the collecting officer on the deposit slip relative to the shortage.

7.3 All shortages over £20 must be reported to Internal Audit.

7.4 In any case where a till is "over-rung" the fact should be noted on the deposit sheet and signed by a senior officer after checking.

8. Clearance of Deposits

8.1 Persons making deposits to the cashiers under these provisions should obtain a suitable discharge for the monies deposited.

Appendix G

- 8.2 Where a sealed bag is handed into the cashiers for collection by the Security Company, the depositor hands over the bag together with a receipt book, which lists the bags numbers of those being passed over for collection. The accepting cashier initials the receipt book against the numbers of the bags accepted. The depositor should confirm that all bags handed over have been signed for.
- 8.3 Any variances between receipts and amounts deposited must be reported to the Head of Internal Audit immediately upon discovery.