



# Standing Financial Instructions

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## Glossary & Definitions

<b>Audit</b>	Official inspection of an organisation's accounts, typically by an independent body.
<b>The Board</b>	Board of Directors of Colchester Borough Homes or any of its properly designated committees acting within their delegated powers.
<b>Board Member</b>	Company Director/member of the Board of Directors of Colchester Borough Homes Limited
<b>Chief Executive</b>	The person holding the executive role of Chief Executive of the Company.
<b>Director of Business Improvement</b>	Person holding the most senior executive finance role in the Company.
<b>Directors Management Team</b>	The most senior group of executive managers in the Company. Both the Chief Executive and Director of Business Improvement are members of the Directors Management Team.
<b>Responsible Finance Officer</b>	Head of Council's finance service holding the post of Responsible Finance Officer under Section 151 of the Local Government Act 1972, or such person acting on his behalf.
<b>The Company</b>	Colchester Borough Homes Limited
<b>The Council</b>	Colchester Borough Council
<b>Virement</b>	Transferring items from one financial account to another.
<b>Write-off</b>	A cancellation from an account of a bad debt or worthless asset.

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## 1. Introduction

- 1.1 The Companies Act 2006 places a responsibility on all companies and their directors to properly account for their activities and to safeguard their assets. Colchester Borough Homes (the Company), as a registered limited liability company, must adhere to this Act.
- 1.2 Additionally, as a wholly-owned subsidiary of Colchester Borough Council, the Company must operate to the standards expected and demanded of a local authority in control of public money. This requirement is made explicit in the Management Agreement between Colchester Borough Council and the Company.
- 1.3 These Standing Financial Instructions form part of the process of ensuring that the obligations described above are met, by providing the framework for managing the Company's financial affairs. They also form an important part of the Company's overall Corporate Governance Framework.
- 1.4 The Standing Financial Instructions provide clarity about the accountabilities of Board Members, the Chief Executive, the Directors Management Team and officers of the Company.
- 1.5 The Standing Financial Instructions apply to every Board Member, Committee of the Board and staff member of the Company and to any contractor, consultant or agency staff working for or on behalf of the Company.
- 1.6 All Board Members, the Directors Management Team and staff have a duty to take reasonable action to provide for the security of the assets under their control, and to ensure that the use of resources of the Company is legal, properly authorised, in the best interests of the Company and delivers value for money for the Company and its clients.
- 1.7 The Company's Director of Business Improvement has a duty to maintain a continuous review of the Standing Financial Instructions, submitting any additions or amendments to the Finance and Audit Committee for approval.
- 1.8 The Directors Management Team have a duty to ensure that all staff under their management are aware of the existence and content of the Standing Financial Instructions of the Company and other regulatory documents and that they comply with them.
- 1.9 The Director of Business Improvement has a duty to issue advice and guidance pursuant to the Standing Financial Instructions, which Board Members, staff members and others acting on behalf of the Company are required to follow. Any disagreement arising over the meaning, intention or application of the Standing Financial Instructions shall be decided by the Director of Business Improvement.

- 1.10 It is a disciplinary offence to breach these Standing Financial Instructions or financial instructions issued by the Director of Business Improvement on the authority of the Standing Financial Instructions. Any such breach must be reported immediately to the Chief Executive, who will decide what further action, if any, should be taken in line with the Company's disciplinary policies.
- 1.11 The Standing Financial Instructions link with other documents which form part of the Company's governance process, including the Memorandum and Articles of Association, Contract Procedure Rules, Schemes of Delegation, the terms of reference of Board Committees, and the Company's Risk Management Strategy and Policy. Consideration should also be given to the Company's policies relating to Anti-Fraud and Corruption, Anti-Money Laundering, Whistle-blowing, Procurement and Employment.

## 2. Roles and responsibilities

### **Importance of this regulation**

Having clearly defined and understood roles and responsibilities for all parties involved in the Company's operation is an essential element of effective corporate governance.

- 2.1 These Standing Financial Instructions set out the roles and responsibilities of the Board, the Directors Management Team and staff in relation to the financial management of the Company.

### **The Board**

- 2.2 The Board is responsible for:

- (a) The adoption and revision of these Standing Financial Instructions, and for approving the framework of policy, control and accountability within which the Company operates. The Board is responsible for monitoring compliance with this framework;
- (b) The determination of the priorities and policy framework within which the Medium Term Delivery Plan operates;
- (c) Approving the Company's Medium Term Delivery Plan, annual revenue budget, delegated revenue budgets, capital programme and Management Fee Request;
- (d) Providing the Company's Chief Executive with sufficient staff, accommodation and other resources to carry out his/her duties;
- (e) Controlling the Company's financial resources through reviewing the financial administration of the services provided by the Company, including the administration of revenue and capital

budgets, risk management and the system of financial controls;  
monitoring the financial performance of services;

- (f) Monitoring compliance with its decisions, decisions of any Committee of the Board, decisions of any Board Member and of the Directors Management Team of the Company.

2.3 The Board may delegate some of its functions to a committee comprising of the number of Board Members as the Board sees fit. The responsibility and powers of the committee will be as set out in its terms of reference as set by the full Board.

2.4 The Board will create a Finance and Audit Committee, with Terms of Reference to include:

- (a) The right of access to all the information it considers necessary, and authority to consult directly with the internal audit service provider and with external auditors;
- (b) To ensure the integrity of the Company's financial statements and to act as those charged with governance for the purposes of receiving the Annual External Auditor's Report (ISA 260);

### **Chief Executive**

2.5 The Chief Executive of Colchester Borough Homes is responsible for the:

- (a) Financial administration of the Company in accordance with the provisions of these Standing Financial Instructions and may adopt other instructions and guidance as may from time to time be issued by the Council's Responsible Finance Officer in so far as they apply to the Company;
- (b) Timely provision of such information on the financial affairs of the Company as the Council's Responsible Finance Officer may request in accordance to the Management Agreement.
- (c) Detailed Financial Procedures in line with these regulations, which Officers throughout the Company must adhere to.

2.6 The Chief Executive, the Director of Business Improvement and the Directors Management Team are required to carry out tasks in accordance with the Standing Financial Instructions. These officers may authorise other officers to carry out tasks for which they have responsibility under the Standing Financial Instructions. A record of all such authorities must be prepared and submitted to the Chief Executive.

### 3. Financial planning and control of expenditure

#### **Importance of this regulation**

Sound planning is the essential first stage to achieve best use of resources in line with the Board and Council's strategic objectives, and the delivery of value for money.

This planning needs to be supported by effective monitoring and control, including systems of budget and performance monitoring, to ensure good decision making and that the Company achieves its objectives.

#### **Financial planning**

- 3.1 The Chief Executive supported by the Directors Management Team and in conjunction with the Council, will prepare a Medium Term Delivery Plan in accordance with the requirements of the Management Agreement, for the Board's approval. This plan will be updated annually.
- 3.2 In preparing the Medium Term Delivery Plan, due consideration will be taken of the current and forecast state of the Council's finances and in particular, the balance in the Housing Revenue Account.
- 3.3 The Chief Executive shall provide information to the Council's Responsible Finance Officer when requested to enable him/her to produce and submit to the Cabinet at the appropriate time, a Medium Term Financial Strategy and a Medium Term Capital Strategy, both covering an agreed period. They will take into account all known or anticipated factors that may influence the Council's financial position.
- 3.4 The Chief Executive and the Directors Management Team will develop a planning system to cascade the outcomes of the Medium Term Delivery Plan into a series of plans and objectives for each service area of the Company and for each staff member.
- 3.5 The Chief Executive and the Directors Management Team will establish a performance management system to monitor each service area against its plan and take appropriate corrective action if any area is shown to require it.
- 3.6 The performance management system will be overseen by the Board.

#### **Revenue budget preparation**

- 3.7 The Chief Executive of Colchester Borough Homes will:
  - (a) Prepare detailed draft budgets of the Company's Annual income and expenditure for consideration by the Board (or delegated to the Finance and Audit Committee) prior to submission to the Council, in accordance with the requirements of the Management Agreement;

- (b) When drawing up draft budgets, have regard to such matters as spending patterns and pressures revealed through the budget monitoring process, legal requirements, the Medium Term Delivery Plan, and other policies or objectives of the Board or the Council;
- (c) Ensure that budget submissions are consistent with the Company's and the Council's Corporate Objectives;
- (d) Consult with the Council's representatives as appropriate to determine the likely financial implications of cross-cutting initiatives and other associated activities and ensure that any such implications are reflected in the draft revenue budgets and capital programme for the services provided by the Company;
- (e) Ensure that there are adequate explanations for changes to the budgets to inform the Board and to meet the requirements of Schedule 3 of the Management Agreement; and that the budget clearly segregates monies from the General Fund and Housing Revenue Account.

### **Monitoring and control of revenue budgets**

- 3.8 The Director of Business Improvement is responsible for providing appropriate financial information to allow for budgets to be monitored effectively.
- 3.9 The Chief Executive has overall responsibility for containing net expenditure within each element of the Management Fee and for monitoring performance against budget, taking account of financial information provided by the Director of Business Improvement.
- 3.10 The Chief Executive should delegate responsibility for budget management to the Directors Management Team and Corporate Management Team to ensure that there is a clear allocation of responsibility for the revenue budget at cost centre level. Budget responsibility should be aligned as closely as possible to the decision making that commits expenditure. Service Managers should report on variances within their own areas. They must also take any action necessary to avoid exceeding their budget allocation and alert the Head of Finance to any problems. The notification must also include an explanation of how the Service Manager intends to ensure that the variance is minimised.
- 3.11 All budgets, unless otherwise specifically identified, will be set on a cash limited basis and may be changed only by means of a virement, as provided for in these Standing Financial Instructions, additional earned income, or an agreed increase in the Management Fee.
- 3.12 Officers shall not incur a liability that would cause expenditure to exceed an approved budget head unless this can be met by way of a virement,

additional earned income, or an agreed increase in the Management Fee. The necessary approval must be obtained in advance of the relevant commitment being made.

- 3.13 Any proposal which, if adopted, is likely to involve expenditure or future commitments not provided for in the existing revenue budget shall be the subject of a special report to the Board. This report shall detail all the financial consequences and state whether sufficient financial provision is available in the budget for the proposal in current and future years and what action is proposed if such provision is not available.
- 3.14 If it is anticipated that the Maintenance Service budget will overspend, the Chief Executive must prepare a plan to remedy this position. In the event that it is not possible to produce a suitable plan to address the overspend, the Chief Executive must submit a report on the situation to the Council in accordance with Schedule 3 of the Management Agreement.

### **Revenue virement**

- 3.15 Certain elements of the Management Fee are “ring fenced”, for example revenue maintenance works and some General Fund budgets. Virements are not permitted from or to “ring fenced” budgets without the prior written consent of the Council.
- 3.16 Virements for non “ring fenced” budgets shall be allowed only where they are within the overall policy framework and do not involve an increasing commitment in future years which cannot be contained within existing approved budget allocations, save as determined by the Board.
- 3.17 The Chief Executive (or Director of Business Improvement in their absence) may authorise a virement of up to **£25,000** within services.
- 3.18 The Chief Executive after consultation with the Director of Business Improvement, may make a virement of up to **£50,000** between services and up to a limit of **£100,000** with the further approval of the Chair of the Finance and Audit Committee.
- 3.19 The Board, after consultation with the Chief Executive, may authorise a virement greater than **£100,000**.
- 3.20 The Chief Executive will notify the Council’s representative of all revenue virement decisions over £100,000 before expenditure is committed. Limits set out in 4.17-4.20 are in line with the Management Agreement.

## **Year end balances**

- 3.21 Any unspent General Fund element of the Management Fee must be offered back to the Council, and can only be considered for carry forward to the New Year if the Council agree. The Company may retain other amounts of unspent Management Fee subject to the Company's total reserves not exceeding the amount permitted by the Council.

## **Capital programme**

- 3.22 Where management of the Council's capital programme has been delegated to the Company it must be administered in accordance with Schedule 6 of the Management Agreement.
- 3.23 Company officers may only commit to capital works expenditure to be paid for either by the Council directly or by the Company, where they hold an approved Works Instruction from the Council for type and value of work being committed to.

## **Capital virement**

- 3.24 Virements shall be allowed only where they are within the overall policy framework and do not involve an increasing commitment in future years, which cannot be contained within existing approved budget allocations, save as determined by the Council. They must be approved by the Council's representative.

## **Maintenance of reserves**

- 3.25 The Chief Executive will advise the Board on the prudent levels of reserves for the Company. In so doing, the Directors Management Team shall take account of the advice of both the Council and the Company's external auditors.

## **4. Risk management and internal control**

### **Importance of this regulation**

The Company faces a wide range of financial, administrative and commercial risks, from both internal and external factors, which need to be managed if the Company is to achieve its objectives.

It is essential that robust, integrated systems of internal control are developed and maintained to identify, evaluate and manage these risks.

## **Responsibilities**

- 4.1 The Chief Executive and the Directors Management Team are responsible for promoting the Company's Risk Management Policy & Strategy.

- 4.2 The Director of Business Improvement is responsible for keeping the Risk Management Policy & Strategy under review and recommending additions or changes as necessary to the Policy to the Finance and Audit Committee and Board.
- 4.3 The Risk Management Policy & Strategy set out the responsibilities for the Board, Finance and Audit Committee, Chief Executive, Directors Management Team and the managers and staff of the Company. All parties must ensure they are fully conversant with and meet the responsibilities assigned to them by this Policy & Strategy.

### **Risk management**

- 4.4 All organisations face risks to their people, property, finances, services, reputation and continued operations. Risk management is about systematically identifying and actively managing these risks. It is an integral part of good business practice and is essential to securing the Company's assets and to ensuring continued financial and organisational wellbeing.
- 4.5 Risk can be mitigated by:
- Transferring the risk to a third party, e.g. through insurance;
  - Implementing additional controls to minimise the likelihood of the risk occurring and/or minimising its potential impact (e.g. through regular inspection and continuous monitoring of identified key risk areas);
  - Establishing and regularly testing business continuity and disaster recovery procedures to deal with the consequences of events and minimise potential disruption.
- 4.6 The Company has adopted a Risk Management Policy and Strategy, which takes a structured approach to identifying, assessing and managing both risks and opportunities affecting the Company. The key stages of the risk management process are:
- Risk identification;
  - Risk assessment;
  - Risk treatment and mitigating methods;
  - Continual review, monitoring and escalation of risks;
  - Monitoring of risk in accordance with the identified roles and responsibilities set out in the Risk Management Policy.
- 4.7 All staff have a duty to be aware of and consider risks involved in their day-to-day activities and report any changes in their risks to their

management. All staff will contribute to an annual review of operational risks.

- 4.8 The Director of Business Improvement will ensure that all risks are assessed, recorded in the Company Risk Register and mitigating actions to limit those risks are implemented where possible. The Director of Business Improvement will ensure that the Risk Register is regularly reported to the Finance and Audit Committee and the Board.
- 4.9 The Finance and Audit Committee will monitor and approve the risk management and corporate governance arrangements on a regular basis. It will review the Risk Register annually and will report to the Board on high level and difficult to manage risks.
- 4.10 The Board will approve and adopt the Risk Management Strategy and receive reports from the Finance and Audit Committee on the control of risks that remain red after mitigation.
- 4.11 Internal Audit will be requested to provide an independent review of the corporate approach to risk management and compliance therewith; and to contribute to the accuracy and integrity of the risk register.
- 4.12 External Audit will provide an opinion on the Company's financial statements and in their audit letter comment on their findings.

## **Insurance**

- 4.13 The Chief Executive will ensure that the Company maintains appropriate insurance cover at all times, including meeting the minimum level of public and occupiers liability insurance required under Clause 23 of the Management Agreement.
- 4.14 The Chief Executive will ensure that the level of insurance cover is reviewed on a regular basis and that any records, documents or explanations required from any company employee, agents or contractors as may be necessary during the conduct of any insurance claim are provided promptly.

## **Internal control**

- 4.15 Internal control refers to the systems devised by management to guard against risk and promote achievement of objectives. More specifically, internal controls promote:
  - Achievement of business objectives and performance standards;
  - Compliance with plans, policies, procedures, codes of conduct, laws and regulations;
  - The reliability, integrity, timeliness and usefulness of information;
  - The legality of transactions and compliance with approved budgets and procedures;
  - The safeguarding of people, property, finances, services, continued operations and reputation.

- 4.16 Internal controls are an essential part of the Company's risk management arrangements and should be reviewed on a regular basis. Control systems should provide for clarity of policies, objectives, targets, responsibilities and accountabilities, and appropriate authorisations and approvals, separation of duties, level of internal check, management information and physical safeguards.
- 4.17 The Director of Business Improvement is responsible for assisting the Board in putting in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with all applicable statutes, regulations and codes of practice.
- 4.18 The Company will prepare an Annual Governance Statement. The statement represents the outcome of a review of internal control and risk management, and includes a description and evaluation of the internal control environment, the review process, and any significant issues. The Finance and Audit Committee will review the Annual Governance Statement and should seek to satisfy itself that it has obtained sufficient, relevant and reliable evidence to support the disclosures made.

#### **Internal audit**

- 4.19 Internal audit is an independent appraisal function that advises management on the effectiveness of their systems of internal control.
- 4.20 The Key features of internal audit are:
- It is independent of service operations in its planning and operation
  - It has sufficient organisational status to facilitate effective discussion and negotiation of the results of its work
  - It utilises risk-based methodologies in planning and delivering its work and does not have undue limitations placed on its scope.
  - It has direct access to senior managers, Board Members and external auditors as appropriate
  - Internal auditors comply with guidance issued by professional bodies.
- 4.21 Internal auditors have the authority to access premises at reasonable times, to access all records, documents and correspondence and to receive any information and explanation considered necessary concerning any matter under consideration. They may require any employee of the Company to account for cash, stores or any other Company asset under his or her control.
- 4.22 A plan for each year's internal audit programme will be approved by the Finance and Audit Committee annually. The Internal Auditors have the

opportunity to meet with the Finance and Audit Committee at least annually without Company officers present to allow for either party to freely express any concerns they may have.

- 4.23 The Director of Business Improvement will maintain arrangements for an adequate and effective internal audit of the financial transactions of the Company.

### **External audit**

- 4.24 The Chief Executive will ensure that both the Council's and the Company's external auditors are given access at all reasonable times to premises, personnel, documents and assets as they consider necessary for the purpose of their audit and that all records and systems are up-to-date and available for inspection.
- 4.25 The Finance and Audit Committee will receive from the External Auditor a plan for the year's audit, which they will consider and approve.
- 4.26 The Board will annually agree to the appointment of auditors for the following financial year.

## **5. Company assets and resources**

### **Importance of this regulation**

To prevent financial loss and reputational damage it is essential that the Company has in place robust processes to ensure that it protects the assets and resources under its control.

### **Security and control of assets**

- 5.1 The Chief Executive shall make adequate arrangements to maintain an asset register of all assets with a value in excess of £10,000 (Limit 5). A register of laptops, mobiles and display screens are kept by IT Support.
- 5.2 The Chief Executive shall make:
- (a) Adequate arrangements to maintain a property database for all properties, plant and machinery and moveable assets under the Company's control;
  - (b) Ensure the security of all buildings and other assets, including cash, under their control;
  - (c) Maintain inventories;
  - (d) Make arrangements for the care and custody of stocks and stores;
  - (e) Make arrangements to ensure that all items are appropriately insured against loss;

- (f) Issue guidelines for the disposal of assets.

### **Bank accounts**

- 5.3 The Council's Responsible Finance Officer shall maintain and operate such bank accounts as reasonably requested by the Chief Executive of Colchester Borough Homes. No bank account may be opened or closed except with the prior approval of the Council's Responsible Finance Officer.

### **Staffing**

- 5.4 The Chief Executive will ensure the sufficiency of employee budgets and shall exercise adequate control over staffing costs including overtime, training and temporary staff, within the constraints of the Company's finances.
- 5.5 Appointments will be made only in accordance with establishments, grades and rates of pay agreed by the Governance and Remuneration Committee within approved budgets approved by the Board. The Director of Business Improvement will implement such processes as he or she believes necessary to ensure that this Financial Regulation is enforced and all staff will abide by these processes.
- 5.6 Costs associated with early retirements, redundancy payments and other similar events must be met from within the employee budget of the service involved unless the Director of Business Improvement advises that there exists a specific Company budget provision for this purpose.

## **6. Financial systems and procedures**

### **Importance of this regulation**

This area forms much of the routine financial business of the Company and involves large numbers of transactions and staff. This area will be of interest to most staff and it is important that such a significant area of activity is clearly regulated.

### **General responsibilities**

- 6.1. The Director of Business Improvement is responsible for:
- (a) Ensuring that accounting records are properly maintained and are held securely;
  - (b) Maintaining a complete management trail for financial transactions;
  - (c) The preparation, audit and filing of the Company's Financial Statements in accordance with the requirements of the Companies Act 2006;

- (d) Ensuring that there is sufficient separation of duties to provide adequate internal control and minimise the risk of fraud;
- (e) Maintaining documented and tested disaster recovery plans;
- (f) Documenting systems and procedures and ensuring staff are trained in operations;
- (g) Ensuring that systems and records are registered in accordance with the General Data Protection Regulation (GDPR) and Data Protection Act 2018;
- (h) Ensuring that staff are aware of and comply with the Freedom of Information Legislation.

## **Income**

- 6.2 The Chief Executive of Colchester Borough Homes may authorise the write-off of individual bad debts up to **£5,000**. The Finance & Audit Committee of the Board may authorise the write-off of individual bad debts between **£5,001** and **£10,000**. Board is authorised to write-off individual bad debts exceeding **£10,000**. A proper record of debts written-off is to be maintained in accordance with the requirements of the Accounts and Audit Regulations 1996 and proper accounting entries are to be made after write-off.
- 6.3 The Director of Business Improvement of Colchester Borough Homes shall:
- (a) Agree the arrangements for the collection and prompt banking of all income due to the Company and approve the procedures, systems and documentation for its collection;
  - (b) Ensure that where income cannot be banked immediately it is stored securely and is insured against loss or theft;
  - (c) Determine the arrangements for the ordering and supply of all receipt forms, books or tickets and satisfy him/herself regarding the arrangements for their control;
  - (d) Establish charging strategies for the provision of goods and services, including the charging of the appropriate VAT rate;
  - (e) Establish and initiate appropriate systems for the identification, collection and recovery of sums due to the Company which separate, as far as possible, the responsibility for identifying amounts due and the responsibility for collection.

## **Ordering and paying for goods and services**

- 6.4 The Director of Business Improvement shall:

- (a) Ensure that all systems for the ordering and payment of goods and services are sound and incorporate, as far as possible, separation of duties between the ordering, receiving and payment process;
- (b) Provide guidance on their administration;
- (c) Determine the form of official orders and associated terms and conditions;
- (d) Ensure that value for money is obtained from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality and by utilising consortium purchasing arrangements where they exist;
- (e) Maintain an up-to-date Scheme of Delegation List of those officers authorised to sign official orders and/or authorise payment. The list is to clearly show the financial limits of authority which apply to each officer together with specimen signatures and initials.

### **Payments to Board Members and employees**

6.5 The Director of Business Improvement shall:

- (a) Arrange and control the secure and reliable payment of salaries, wages, compensation, other emoluments, expenses and allowances to Board Members and staff of the Company;
- (b) Record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions from such payments to the collecting authority;
- (c) Ensure appointments are made in accordance with the regulations of the Company and approved establishments, grades and scales of pay and that budget provision is available;
- (d) Ensure that all payments to employees and Board Members, including all casual and temporary staff, are processed only through the payroll system.
- (e) Authorise all limits of signatories with the exception of the Chief Executive, which shall be authorised by Chair of the Finance and Audit Committee.

### **Gifts and hospitality**

6.61 As a public sector organisation, Colchester Borough Homes has a duty to ensure that its resources are utilised effectively. It must be impartial and honest in the conduct of its business, and employees and Board Members must be above suspicion.

6.62 All decisions by Colchester Borough Homes' staff or Board Members on the provision or acceptance of gifts and hospitality must be able to withstand both internal and external scrutiny. They must be defensible as being in the direct interest of the organisation, as being

proportionate to that interest and within limits that are acceptable to the company's Board.

- 6.63 The Company has a Bribery Prevention, Gifts and Hospitality Policy, which must be adhered to by both staff and Members of the Board.

## **Taxation**

- 6.7 The Chief Executive of Colchester Borough Homes shall ensure that adequate and efficient arrangements are in place for the management and administration of the taxation affairs of the Company in consultation with the Company's external auditor or such other advisor as the Chief Executive may see fit.

## **7. Projects, partnerships, external funding and new business**

### **Importance of this regulation**

Partnerships and new business are likely to play a key role in the development of the Company and in delivering services.

New business provides an opportunity to generate income for the benefit of the Housing Revenue Account and tenants, but also brings additional risks that need proper management.

### **Projects and partnerships**

- 7.1 The Council provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental well-being of the Borough. The Company has a role in supporting the Council in this endeavour.
- 7.2 The Director of Business Improvement must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are proper. He or she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. He or she must ensure that the risks have been fully appraised before agreements are entered into with external bodies. In particular:
- (a) Arrangements are in place to ensure that all funding notified by external bodies is received and properly recorded in the Company's accounts;
  - (b) Audit requirements are met;
  - (c) Appropriate procedures are in place to account for any taxation or VAT implications of the partnership;

- (d) Match-funding requirements are considered and that future revenue budgets reflect these requirements, prior to entering into any commitments;
- (e) Current and future responsibilities are defined clearly;
- (f) All claims for funds are made by the due date;
- (g) All expenditure is properly incurred and recorded;
- (h) Suitable insurance arrangements are put in place.

## **8. References**

- CIPFA Code of Practice on Treasury Management in Public Services
- Accounts and Audit Regulations 1996
- Companies Act 2006
- Local Government Act 1972
- Data Protection Act 2018

## **9. Related documents**

- Memorandum & Articles of Association
- Management Agreement
- Strategic Scheme of Delegation
- Operational Scheme of Delegation
- Prevention of Fraud, Corruption and Money Laundering Policy
- Risk Management Policy & Strategy
- Contract Procedure Rules
- Code of Governance
- Board Terms of Reference
- Finance & Audit Committee Terms of Reference
- Governance & Remuneration Committee Terms of Reference
- Business Development Panel Terms of Reference
- Bribery Prevention, Gifts and Hospitality Policy
- Register of Members' interests
- Board Code of Conduct
- Staff Code of Conduct
- Whistleblowing Policy
- Register of contracts
- Annual Governance Statement
- Colchester Borough Council Financial Regulations
- Colchester Borough Council Contract Procedure Rules
- Colchester Borough Council Scheme of Delegation
- Colchester Borough Council Treasury Management Policy Statement
- Medium Term Delivery Plan.

### Document control sheet

<b>Title</b>	CBH Standing financial instructions					
<b>File location</b>	<a href="https://colchbh.sharepoint.com/sites/fnc/corpdoc/PolDevLib/CBH%20Standing%20financial%20instructions.docx">https://colchbh.sharepoint.com/sites/fnc/corpdoc/PolDevLib/CBH Standing financial instructions.docx</a>					
<b>Consultation</b>	Finance & Audit Committee – July 2017 Finance & Audit Committee – December 2020					
<b>Approved</b>	Finance & Audit Committee Dec 2020					
<b>Next review</b>	01/12/2023					
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### Document amendment history

<b>Version</b>	<b>Type</b>	<b>Date</b>	<b>Brief description of changes</b>
1.0	New	July 2014	To reflect changes to CBC documents as well as the requirements of the Management Agreement and Memorandum & Articles of Association.
1.1	Minor revisions	September 2017	To reflect changes to CBC documents and best practice.
1.2	Minor revisions	December 2020	Minor Updates