

 <p>Northwards Housing North Manchester's Council Homes</p>		Report to: Northwards Housing Board 11 November 2014		Item No: <p style="font-size: 2em;">9b</p>	
Title:		Revised Financial Regulations and New Standing Financial Instructions			
Date:		23 October 2014			
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Confidential:		No			
For: (Please tick action required)		NOTING		DISCUSSION	
				APPROVAL ✓	
PURPOSE OF REPORT					
<p>The purpose of this report is to recommend to the Board the revised Financial Regulations and a new set of Standing Financial Instructions. These documents are part of the internal controls assurance framework.</p>					
RECOMMENDATION					
<p>The Board is recommended to approve the revised Financial Regulations and the new Standing Financial Instructions in order to improve the internal controls assurance framework.</p>					
IMPLICATIONS					
Risk Management		These documents will form a key part of risk management in regard to financial matters.			
Regulatory & legal compliance		These documents will form a key part of our compliance with various financial regulations and legal requirements.			

Consultation/Consideration:

	Yes, No or N/A:	Name:	Date:
Sub-Committee:	N/A		
Area Panel:	N/A		
Task Groups:	N/A		
Ward Councillors:	N/A		

1.0 Purpose of the report

- 1.1 The purpose of the report is to recommend to the Board the revised Financial Regulations and a new set of Standing Financial Instructions. These documents are part of the internal controls assurance framework.

2.0 Background

- 2.1 This report explains why we have financial regulations and standing financial instructions, along with outlining the key changes in the financial regulations from the most recent version and to discuss the potential impact of the new standing financial instructions (SFIs).

3.0 Why have financial regulations?

- 3.1 Northwards is responsible for over £25m of public money each year and we are required, by law, to make arrangements for the proper administration of our financial affairs. In order to conduct our business efficiently we need to ensure that sound financial management policies are in place and that they are adhered to. Part of this process is the establishment of financial regulations which set out the financial policies of Northwards.
- 3.2 Financial regulations provide the framework for managing Northwards' financial affairs. They apply to everyone involved in the organisation, from Board member to employees to anyone acting on its behalf. The regulations identify the financial responsibilities of the Board, Chief Executive, the directors, heads of service and all employees involved in financial issues.
- 3.3 All officers have a responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
- 3.4 The Director of Business Services, assisted by the Head of Finance in his position as most senior accountant within Northwards, is responsible for maintaining a continuous review of the financial regulations and submitting any additions or changes necessary to the Board for approval. He is also responsible for reporting, where appropriate, breaches of the financial regulations to the Board.
- 3.5 Financial regulations are typically high level documents and Northwards' financial regulations are no different. They set out principles and relate to overarching activities, like budget setting, that impact upon the whole organisation. Northwards' detailed financial procedures, setting out how the regulations will be implemented, are contained in the SFIs. SFIs explain the financial responsibilities, policies and procedures to be adopted by Northwards. They are designed to ensure that its financial transactions are carried out in accordance with the law, Government policy and best practice in order to achieve probity, accuracy, economy, efficiency and effectiveness in the way in which Northwards manages public resources.
- 3.6 However, it is neither possible nor desirable to govern all the financial affairs of the entire company through a single set of instructions. Therefore, these SFIs make reference in a number of areas where it is considered appropriate for the Chief Executive or the Director of Business Services to be required by the Board to develop policies and procedures, which are not included in these SFIs. In such cases it is the responsibility of all employees of Northwards to ensure they understand fully the existence, contents and requirements of all such policies and procedures and to comply with them on the basis that they have received full authority from the Board.

4.0 Key changes from the most recent Financial Regulations

- 4.1 The financial regulations were last formally updated in 2009 and, in revising the document, there have been several changes, specifically the removal of the Resources Pool for efficiency savings and a number of other, more minor, changes.
- 4.2 Added to the financial regulations for the first time is a scheme of delegation. The scheme of delegation outlines which matters within the financial regulations that are usually carried out by the Board or by a director but are, in effect, carried out by a senior officer as it is the individual's area of expertise. The best example of this is in regard to accounting matters. Our Director of Business Services, Stephen Brown, is not a qualified accountant and this prevents him from carrying out specific accounting based tasks, such as preparing financial statements. Therefore, in this instance, he will delegate powers to the Head of Finance.

5.0 Impact of Standing Financial Instructions (SFIs)

- 5.1 The biggest impact of the SFIs from a Board perspective is that it sets out exactly which financial matters are reserved for the judgement of the Board and which areas are delegated to EMT and other senior officers of Northwards. This is set out in Appendix A of the document.
- 5.2 Beyond this, the biggest impact of the SFIs will be in regard to procurement. SFIs will tightened up the way in which we buy goods and services to ensure that senior management have a firm control over expenditure and to ensure that we are achieving value for money.
- 5.3 However, we have been keen to ensure that our processes are not overly bureaucratic and that we consider other issues beyond the price, such as social value and local impact. So we have introduced some flexibility in our rules, principally around waivers. The document sets out instances whereby the Director of Business Services may decide to forego the normal procurement route and select a specific supplier. This is not expected to be a regular situation, and we would ensure that all decisions are retrospectively reported to the Board for review, but this arrangement is intended to enable us to act more quickly when required.

6.0 Implementation and enforcement of the Regulations

- 6.1 Given the changes that will impact upon operational staff, the Chief Executive is recommending that the new regulations and SFIs will not be implemented until the new financial year (1st April 2015). This will give plenty of time to explain the changes to staff and ensure that all personnel understand any implications for their duties.
- 6.2 The Head of Finance, through his delegated authority from the Director of Business Services, is responsible for issuing advice and guidance to underpin the financial regulations. Heads of Service are responsible for ensuring that all staff in their teams are aware of the existence and content of the authority's financial regulations.

7.0 Recommendation

- 7.1 The Board is recommended to approve the revised Financial Regulations and the new Standing Financial Instructions in order to improve the internal controls assurance framework.



Northwards Housing
North Manchester's Council Homes

FINANCIAL REGULATIONS

2014 - 2017

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1 General

- 1.1 All staff have a general responsibility for taking reasonable action to provide for the security of the assets of Northwards under their control, for avoiding loss, and for due economy in the use of resources. Officers shall be responsible for economy and efficiency in the use of resources, in the execution of approved plans, and in the running of services.
- 1.2 The Director of Business Services shall be responsible for maintaining the accounts of Northwards and he/she may after consultation with the Chief Executive report to the Board any case of non-compliance with these regulations and any case of non-compliance with the authorised accounting system.
- 1.3 The authorised accounting system shall be such system as is prescribed by the Director of Business Services and agreed with the Board and Manchester City Council.
- 1.4 The Director of Business Services shall supervise the making of safe and efficient arrangements for the receipt and issue of monies.
- 1.5 The Director of Business Services may issue such instructions, give such advice or establish such procedures as are in his/her opinion necessary to secure the proper administration of Northwards' financial affairs. Any such instructions, advice or procedures termed "**Financial Instructions**" by the Director of Business Services shall be applied as though they were part of these regulations.
- 1.6 Payments shall be made by BACS transfer or cheque in accordance with the bank mandate then in force, except where otherwise requested by the payee and agreed by the Director of Business Services or otherwise ordered by the Director of Business Services.
- 1.7 Executive Management Team members are responsible for the maintenance of adequate levels of internal control. The Director of Business Services is responsible for ensuring that financial controls operated are adequate by ensuring that detailed financial procedures and systems are prepared, documented and maintained, incorporating the principles of internal control.
- 1.8 The Executive Management Team must establish appropriate organisation structures to ensure:
 - a) work is organised to maximise efficiency in the use of resources, eliminate duplication of effort, achieve objectives and plans and maintain a disciplined control environment;
 - b) adequate resources are deployed at all levels to meet objectives and plans;

- c) appropriate communication takes place; and
- d) a framework of staff development exists which will foster commitment to the organisation, its objectives and plans and its control environment.

1.9 The Executive Management Team is responsible for ensuring that the following rules in relation to the segregation of duties are observed:

- a) areas of activity involving risk are separated (e.g. the duty of providing, calculating, checking and recording sums due to or from Northwards shall be separated as completely as possible from the duty of collecting or disbursing these sums). Or, any Officer charged with the duty of examining and checking accounts of cash transactions shall not be engaged in any of these transactions;
- b) clear lines of authority are established;
- c) all areas of work are either independently supervised, validated or reconciled; and
- d) competence and accountability are promoted.

Unintentional errors have a high chance of being detected through independent supervisory checks and by following these rules, the risk of intentional errors or abuse and the opportunity for collusion are reduced.

1.10 The Executive Management Team is responsible for making adequate arrangements for the custody and control of the stocks and stores in their respective teams and for keeping such records and inventories as the Director of Business Services may require. They shall ensure that appropriate safeguards are established to:

- a) limit access to assets, systems and records;
- b) protect Human Resources;
- c) establish clear control of the use of assets and custodial responsibility for them; and
- d) enable records to be reconstituted in the event of system failure.

1.11 The Executive Management Team is responsible for ensuring that appropriate authorisation and approval procedures are established to ensure:

- a) management policies and plans are adhered to;
- b) only legitimate activities are performed;
- c) the integrity of systems through the validation of data;
- d) the use of assets and systems are controlled; and
- e) the operation of authority is documented and a clear management

(or audit) trail is maintained.

- 1.12 The Executive Management Team will inform the Director of Business Services of transactions that involve the receipt or payment of money by Northwards and keep such records as the Director of Business Services (in consultation with the Executive Management Team) shall require.
- 1.13 The Director of Business Services shall maintain details of all leases and agreements under which Northwards will incur any financial liability or obtain any financial gain.

2 Revenue Budgets

- 2.1 Each team shall prepare its revenue budget for such periods and on such dates as the Board may require taking into account any general directions as to level of expenditure that may be given to them by the Board.
- 2.2 The Director of Business Services (in conjunction with the Executive Management Team) shall present the aggregate revenue budget for the forthcoming year to the Board before 31 March in each year together with such summaries, statements and reports relating to them as they may deem necessary to consider the budgets.
- 2.3 In formulating budget proposals, budget holders and teams may be required to identify efficiency savings. If for any reason a budget holder or team are not able to achieve agreed levels of saving, a case shall be presented for the proposed level of expenditure which shall form part of the budget review for the Resources Sub-Committee.
- 2.4 No team shall have the power to exceed the amount of their approved budget without prior approval and should execute and manage its functions such that the costs are within its approved budget.
- 2.5 Subject to the provisions of Clause 4.6 below concerning virement, a team may spend money designated for one activity upon another activity provided that no additional costs will arise in any future year as a result.
- 2.6 In the case of specific expenditure for which a grant may be expected from an outside body, no liability shall normally be incurred until the budget for the same has been approved by the appropriate authority from whom the grant is receivable and, in addition, where necessary, by the Board.
- 2.7 No expenditure or loss of income may be incurred other than in accordance with these regulations except in cases of extreme urgency or where Northwards is obliged to proceed. In such cases the action should be reported to Executive Management Team (and the Board

where appropriate).

- 2.8 When a team no longer has need for all or part of a budget for reason beyond its control (for example, technical accounting changes, changes in the law, or demographic changes), the team will report this to Executive Management Team, who will determine in the first instance how such savings will be best used.

3 Capital Programme

- 3.1 Each year the Director of Business Services will prepare a report to the Board on the resources available.
- 3.2 Each team will consider the total resources available and submit its capital programme for the prescribed period to Executive Management Team for review, and to the Board for approval.
- 3.3 Following approval by Northwards, the capital programme will be submitted to Manchester City Council for their approval.
- 3.4 Before submitting the capital programme for approval (and any significant revisions to it), Executive Management Team should consider a report from the appropriate member of Executive Management Team. This report should include a description of the works proposed, an estimate of their cost and any financial or pertinent information (including particular estimates of any consequential capital and/or revenue expenditure) which ought to be considered.
- 3.5 Approval for capital expenditure should be obtained by following the Procurement Strategy and Procurement Guidelines and Rules.
- 3.6 Members of the Executive Management Team should ensure that they do not enter into arrangements for credit, such as leasing agreements, without first obtaining the written consent of the Director of Business Services in addition to obtaining the appropriate authorisation for the expenditure in line with the limits set out within the Standing Financial Instructions.
- 3.7 Following approval of the capital programme by Manchester City Council, it will be delegated to Northwards to manage in accordance with the scheme of delegation.

4 Control of Expenditure

- 4.1 The Director of Business Services shall, in conjunction with the Executive Management Team, prepare such financial budgets and forecasts in respect of both revenue and capital expenditure as are required by the Board. This requirement is taken to include the provision by Directors of all financial, statistical and other relevant information as is necessary for the compilation of such budgets and forecasts.

- 4.2 The Director of Business Services shall determine and maintain an appropriate and effective system of budgetary control. This will ensure that:
- a) all Officers within teams who are specified as Line Managers (responsible for engaging staff or otherwise incurring expenditure) comply with the requirements of that system;
 - b) every cost centre budget is administered by one named budget holder, determined by the appropriate member of the Executive Management Team;
 - c) budget holders are only held responsible for expenditure which they can influence;
 - d) significant variances from approved budgets are investigated on a regular basis by Line Managers and reported to Executive Management Team as appropriate.
- 4.3 The Director of Business Services shall ensure that Line Managers (or appropriate Officers within their teams) receive a monthly variance analysis report to consider enabling them to determine and implement appropriate actions in respect of significant variances from budgets. A report detailing any proposed actions should be submitted to Executive Management Team for appropriate consideration and recommendation to the Board for approval.
- 4.4 The Director of Business Services shall periodically inform Executive Management Team (and the Board where appropriate) of changes in policy, pay awards and other events and trends affecting budgets and shall advise on the financial and economic impact of these on future plans and projects.
- 4.5 Members of the Executive Management Team should ensure that prior approval is sought from Executive Management Team (or the Board as appropriate) before Northwards is committed to expenditure for which no specific provision has been made within revenue budgets.
- 4.6 Where an Executive Management Team member wishes to exercise virement:
- a) there shall be no virement into or out of capital budgets, without the approval of Manchester City Council;
 - b) there shall be no virement into or out of budgets for ring-fenced activities;
 - c) there shall be no virement from non-pay into pay budgets or vice versa over £10,000 without agreement of Executive Management Team in accordance with regulation 2.6 above;
 - d) virement between teams for non-pay or pay expenditure up to £20,000 may be agreed by the appropriate Executive Management

Team member following notification to the Director of Business Services;

- e) virement between teams for non-pay or pay expenditure in excess of £20,000 shall be agreed by Executive Management Team and in excess of £50,000 should be notified to the Board for their ratification as part of the regular reporting of financial performance.

5 Financial Returns

- 5.1 The Director of Business Services shall periodically prepare statements of income and expenditure against budget (taking into account any amendments to budget) and shall submit them to the Resources Sub-Committee whenever required by the Sub-Committee or deemed desirable by the Director of Business Services. A summary shall be submitted to the Board on a quarterly basis.
- 5.2 In the event of a significant variance between budget and cost for a project for which Board (or Sub-Committee) approval was obtained, the outturn and an explanation shall be reported to the appropriate Sub-Committee.
- 5.3 The Director of Business Services shall ensure that separate accounts are maintained recording costs incurred in respect of the following:
 - a) rechargeable work;
 - b) other work for which the Director of Business Services or any other Director deems it desirable to maintain a separate record of expenditure; and
 - c) shall periodically, by arrangement with the Executive Management Team, furnish them with such information relating to these costs as may be agreed.
- 5.4 The Director of Business Services shall supply all necessary financial returns required by Manchester City Council to fulfil its statutory responsibilities.

6 Income

- 6.1 The procedures for the receipt, handling, banking and recording of cash receipts in respect of rents, council tax and other Manchester City Council related payments shall generally be in accordance with the Manchester City Council Cash Handling Instructions.
- 6.2 The Director of Business Services shall ensure that all irrecoverable sums are recorded appropriately.
- 6.3 Amounts to be written off up to £5,000 will be authorised by the Director of Business Services or Chief Executive. Amounts to be

written off above that have to be approved by the Resources Sub-Committee.

- 6.4 All receipt books, tickets and other forms or documents used as a means of officially acknowledging or recording amounts received or receivable, shall be in a form approved by the Director of Business Services (and Manchester City Council where appropriate). Such stationery shall be ordered and controlled subject to the same procedures as cash, provided that the Director of Business Services may authorise suitable alternative arrangements.
- 6.5 Every remittance or sum of money received by a cashier or other authorised Officer of Northwards shall be immediately acknowledged by the issue of an official receipt, ticket or voucher except in any team where special arrangements approved by the Director of Business Services are operated. If the payee does not request an official receipt, a receipt should still be recorded in the normal form, for office use only and marked accordingly. Every transfer of monies from one Officer to another shall likewise be immediately acknowledged by signatures in the appropriate cash accounting record.
- 6.6 All monies due to Northwards Housing that are received in any team shall be banked in accordance with arrangements set out by the Director of Business Services.
- 6.7 Excluding monies due to Manchester City Council, no office should hold more than £1,000 in cash at any one time. If cash holdings are approaching £1,000 then responsible officer should inform the Finance Team so that they can arrange for the cash to be banked.
- 6.8 Every Officer making a banking, should enter the following details onto the paying-in-slip (and duplicate) in respect of every cheque included in the deposit:
- a reference connecting the payment to a debt or debts against which it was received;
 - where any cheque paid in does not relate to either a full or partial discharge of a debt, a note to the effect.
- 6.9 Executive Management Team members shall supply the Director of Business Services with all relevant information to enable Sundry Debtor invoices to be raised. The Director of Business Services is authorised to approve safe and efficient arrangements for Sundry Debtor invoices to be raised in spending teams, where it is expedient to do so.

7 Payment of Accounts

- 7.1 The Director of Business Services may withhold payment of any sums where the requirements of these Standing Orders and Financial

Regulations have not been fully observed. Payment can be held up until the requirements have been observed or, for whatever reason, the requirements have been waived.

- 7.2 Invoices received should be sent in the first instance to the team issuing the order in accordance with instructions to be specified on the order.
- 7.3 All invoices, approved by the relevant authorising Officer, and all approved certificates for payments under contracts shall, except by special arrangement with the Director of Business Services, be submitted to the appropriate payment team in accordance with the timetable set out to ensure credit terms and performance targets are met.
- 7.4 The certification of an invoice by an authorised Officer shall, except where otherwise agreed with the Director of Business Services, mean:
- a) that the goods have been duly received, examined and approved as in accordance with the specification, and are satisfactory, and that the prices are in accordance with the contract or order;
 - b) that the work done, or services rendered have been satisfactorily carried out, and that, where applicable, the materials used were of the requisite standard, and that the charges were correct;
 - c) that, in the case of prime cost contracts, the time charged is in accordance with time sheets, and that the rates of labour are in accordance with the standard rates; that the materials have been checked as regards quantity, quality and price; and that the charges for use of vehicles, plant and machinery have been checked;
 - d) that the copy of the official order or part thereof has been marked off as passed for payment and that no other invoice has been or will be marked off against that order or part thereof as appropriate; and
 - e) that all such accounts are arithmetically correct.
- 7.5 Delegated levels of authority to be adhered to at all times are set out in the Standing Financial Instructions to be maintained by the Director of Business Services.
- 7.6 All one-off payments should be requested, authorised and completed in line with the guidance set out within the Standing Financial instructions. A record of all of these payments should be maintained by the Finance Team.

8 Tenants Compensation Claims

- 8.1 Payment should only be made in circumstances where it is apparent that Northwards might reasonably be held to account for damage to the tenants' property. The payment will not address any claim for personal injury or damage to health or a claim that may lead to personal injury claim at a later date.
- 8.2 Authorisation for payment should be made only by the relevant Repairs Service Manager, the Head of Responsive Repairs or the Director of Property Services.
- 8.3 The handling of all claims should be conducted in the manner specified within the Guidelines and Procedure for Tenants Claims for Compensation.

9 Value Added Tax (VAT)

- 9.1 Each authorising Officer and Director shall ensure that the correct VAT liability is attached to all income and that VAT recoverable on purchases complies with HM Revenue & Customs regulations.
- 9.2 The Director of Business Services shall be responsible for the timely submission of all appropriate returns to HM Revenue & Customs.

10 Construction Industry Scheme (CIS)

- 10.1 Each member of the Executive Management Team shall ensure that where construction and maintenance works are undertaken, the contractor fulfils the necessary CIS criteria and is registered on the list of sub-contractors maintained by the Director of Property Services.

11 Petty Cash

- 11.1 The Director of Business Services shall make appropriate advances to authorised persons for the purposes of defraying petty cash expenses. A receipt shall be signed in respect of each advance by the Officer concerned, who will be required to account for expenditure made out of the advance on a regular basis.
- 11.2 Payments out of petty cash advances should be limited to items of expenditure less than £50, and in no case shall the amount of an individual payment exceed such amount as is prescribed by the Director of Business Services from time to time.
- 11.3 For retrospective claims Petty Cash may only be used to claim reimbursement of small incidental items of expenditure for products or services purchased in the course of operations. Personal expenses should be reimbursed through the payment of wages and salaries, as set out within the Standing Financial Instructions.

- 11.4 Authorised persons should make monthly returns to the Director of Business Services detailing expenditure out of floats held. Floats shall be topped up to the float level on receipt of these returns (which should include receipts) in accordance with the system arranged by the Director of Business Services.

12 Salaries, Wages and Pensions

- 12.1 Each member of the Executive Management Team (as regards employees in his or her team) shall notify the Director of Business Services, in accordance with the arrangements put in place by them, of all appointments, resignations, absences (due to sickness or unpaid holidays/leave) or any other circumstances affecting the remuneration of these employees. Line Managers and Directors should sign such notifications as appropriate. This signature confirms the validity of the amendment and certifies that all relevant authority procedures have been complied with.
- 12.2 The Director of Business Services shall be responsible for the general control and payment of all salaries, wages and pensions and shall prescribe in consultation with the Director concerned the detailed procedure for the preparation and certification of timesheets, and for the payment and receipt of wages. The Director shall be responsible for the notification of the cost code to which an employee's salary is to be charged. The Director of Business Services shall be responsible for ensuring the correct allocation of these costs within Northwards' accounts.

13 Treasury Management

- 13.1 The Director of Business Services shall arrange the borrowings and investments of Northwards in order to comply with the CIPFA Code of Practice on Treasury Management and the Treasury Policy and Procedures set out within the Standing Financial Instructions.
- 13.2 The Director of Business Services shall report periodically to the Resources Sub-Committee on the activities of the Treasury Management function.

14 Insurance

- 14.1 The Director of Business Services shall put in place all insurances and keep appropriate records; in particular, he shall arrange for fidelity insurance for the due performance of the duties of any Officer charged with the receipt, custody and/or disbursement of monies and property.
- 14.2 Members of the Executive Management Team should notify the Director of Business Services of all potential new risks or properties, which require to be insured, and of any alterations affecting existing

risks or insurance. Property and major risks should be notified in advance.

- 14.3 Members of the Executive Management Team should promptly notify the Director of Business Services of any claim arising under Northwards' insurance and the Director of Business Services in conjunction with the Chief Executive and any member of the Executive Management Team concerned shall negotiate all claims with the insurers.

15 Audit

- 15.1 The Accounts and Audit regulations 2011 require Northwards to undertake an adequate and effective Internal Audit of its accounting records and control systems. This duty has been delegated to the Director of Business Services and he should promptly report to the Audit Sub-Committee (and Board if appropriate) any significant discrepancies (other than those caused by purely technical errors) brought to light.
- 15.2 The Director of Business Services or his authorised representative shall be entitled without necessarily giving prior notice, to require and receive:
- a) access to all assets, records, documents, correspondence and control systems, including documents of a confidential nature;
 - b) access at all times to any premises or land belonging to Manchester City Council used for the purpose of Northwards' business at all reasonable times;
 - c) the production or identification by any employee of any cash, stores, assets or other property belonging to Northwards, under the employee's control; and
 - d) any information and explanations considered necessary concerning any matter under consideration or investigation.
- 15.3 The Director of Business Services shall submit an annual Internal Audit report to the Audit Sub-Committee indicating the extent of audit cover achieved and providing a summary of Internal Audit activity during the year together with any Internal Audit reports received.
- 15.4 The Companies Acts require Northwards to submit to an annual External Audit of its accounting records and control systems. The Director of Business Services is required to assist the Board in the appointment of a suitable firm of auditors qualified to carry out such work.
- 15.5 The Director of Business Services is required to make the necessary

arrangements in conjunction with the appointed auditor for the audit to be carried out and to give them assistance in the execution and completion of their work.

- 15.6 The Director of Business Services shall submit the Annual Report and Financial Statements to the Annual General Meeting of Northwards in accordance with the Companies Acts and the Memorandum and Articles of Association of Northwards.

16 Fraud and Corruption

- 16.1 Responsibility for the prevention and detection of fraud rests with all Officers and to fulfil this responsibility, a system of internal control must be maintained. Further guidance is in the Fraud Policy.
- 16.2 The Director of Business Services shall be informed immediately by the appropriate member of the Executive Management Team or authorised Officer of any disciplinary matter or any loss or financial irregularity or suspected irregularity, or of any circumstances which suggest the possibility of losses or irregularities, including those affecting cash, stores or other property of Northwards.
- 16.3 Internal Audit has a responsibility embodied in the CIPFA statement (see 15.1) to review, appraise and report upon the extent to which Northwards' assets and interests are accounted for and safeguarded from loss of all kind arising from:
- a) fraud and other offences; and
 - b) waste, extravagance and inefficient administration, poor value for money or other cause.
- 16.4 In order to satisfy this, Internal Audit endeavours to reveal any serious defects in systems of internal control which might lead to the perpetration of fraud. Where weaknesses are identified, tests will be carried out with a view to detecting fraud and irregularity. Internal Audit is responsible for making recommendations for improving weak systems.
- 16.5 The Director of Business Services is responsible for ensuring an immediate investigation of any circumstances as outlined in 16.2 so that he can decide on the appropriate action.
- 16.6 The Director of Business Services will inform the Police of suspected fraud or corruption and will liaise with them on the handling of investigations.
- 16.7 Employees should review Northwards' Whistleblowing Policy for further guidance.

17 Computer Services

- 17.1 The Director of Business Services shall be responsible for the provision and maintenance of central computer services and shall devise and implement any necessary procedures to protect Northwards and other persons from inappropriate use or misuse of any financial or other information held on central computer files. The term "Central Computer Services" is to be regarded as any activity carried out on computer applications, systems and associated networks used by Northwards.
- 17.2 The Director of Business Services shall
- ensure that adequate controls exist to provide for the security of applications and systems, and shall issue instructions concerning controls to be implemented and maintained by users;
 - offer advice as to security and operation of non-financial systems, and on the Data Protection Act;
 - approve the purchase and implementation of any new system/equipment in line with existing regulations.
- 17.3 Members of the Executive Management Team shall maintain appropriate procedures to ensure integrity, accuracy and security of data at all times.
- 17.4 The Director of Business Services will ensure the adequacy of controls over systems involving financial transactions or feeding into financial systems.
- 17.5 The basic requirements to protect both the computer assets and the data held on all computers of Northwards are defined in Northwards' Computer Security Policy.

Appendix – Scheme of Delegation

DELEGATED MATTER	Ref: Financial Regs	AUTHORITY DELEGATED TO
GENERAL	Section 1	
The Director of Business Services may issue such instructions, give such advice or establish such procedures as are in his/her opinion necessary to secure the proper administration of Northwards' financial affairs. Any such instructions, advice or procedures termed "Financial Instructions" by the Director of Business Services shall be applied as though they were part of these regulations.	1.5	Head of Finance
Payments shall be made by BACS transfer or cheque in accordance with the bank mandate then in force, except where otherwise requested by the payee and agreed by the Director of Business Services or otherwise ordered by the Director of Business Services.	1.6	Head of Finance
FINANCIAL RETURNS	Section 5	
The Director of Business Services shall periodically prepare statements of income and expenditure against budget (taking into account any amendments to budget) and shall submit them to the Resources Sub-Committee whenever required by the Sub-Committee or deemed desirable by the Director of Business Services. A summary shall be submitted to the Board on a quarterly basis.	5.1	Head of Finance
<p>The Director of Business Services shall ensure that separate accounts are maintained recording costs incurred in respect of the following:</p> <ul style="list-style-type: none"> d) rechargeable work; e) other work for which the Director of Business Services or any other Director deems it desirable to maintain a separate record of expenditure; and f) shall periodically, by arrangement with the Executive Management Team, furnish them with such information relating to these costs as may be agreed. 	5.3	Head of Finance

**NORTHWARDS HOUSING
FINANCIAL REGULATIONS**



The Director of Business Services shall supply all necessary financial returns required by Manchester City Council to fulfil its statutory responsibilities.	5.4	Head of Finance
INCOME	Section 6	
The Director of Business Services shall ensure that all irrecoverable sums are recorded appropriately.	6.2	Head of Finance
Amounts to be written off up to £5,000 will be authorised by the Director of Business Services or Chief Executive. Amounts to be written off above that have to be approved by the Resources Sub-Committee.	6.3	Head of Finance
All receipt books, tickets and other forms or documents used as a means of officially acknowledging or recording amounts received or receivable, shall be in a form approved by the Director of Business Services (and Manchester City Council where appropriate). Such stationery shall be ordered and controlled subject to the same procedures as cash, provided that the Director of Business Services may authorise suitable alternative arrangements.	6.4	Head of Finance
Executive Management Team members shall supply the Director of Business Services with all relevant information to enable Sundry Debtor invoices to be raised. The Director of Business Services is authorised to approve safe and efficient arrangements for Sundry Debtor invoices to be raised in spending teams, where it is expedient to do so.	6.9	Head of Finance
PAYMENTS OF ACCOUNTS	Section 7	
The Director of Business Services may withhold payment of any sums where the requirements of these Standing Orders and Financial Regulations have not been fully observed. Payment can be held up until the requirements have been observed or, for whatever reason, the requirements have been waived.	7.1	Head of Finance
Delegated levels of authority to be adhered to at all times are set out in the Standing Financial Instructions to be maintained by the Director of Business Services.	7.5	Head of Finance
VALUE ADDED TAX	Section 8	
The Director of Business Services shall be responsible for the timely submission of all	8.1	Head of Finance

appropriate returns to HM Revenue & Customs.		
PETTY CASH	Section 10	
The Director of Business Services shall make appropriate advances to authorised persons for the purposes of defraying petty cash expenses. A receipt shall be signed in respect of each advance by the Officer concerned, who will be required to account for expenditure made out of the advance on a regular basis.	10.1	Head of Finance
Payments out of petty cash advances should be limited to items of expenditure less than £50, and in no case shall the amount of an individual payment exceed such amount as is prescribed by the Director of Business Services from time to time.	10.2	Head of Finance
Authorised persons should make monthly returns to the Director of Business Services detailing expenditure out of floats held. Floats shall be topped up to the float level on receipt of these returns (which should include receipts) in accordance with the system arranged by the Director of Business Services.	10.4	Head of Finance
SALARIES, WAGES AND PENSIONS	Section 11	
Each member of the Executive Management Team (as regards employees in his or her team) shall notify the Director of Business Services, in accordance with the arrangements put in place by them, of all appointments, resignations, absences (due to sickness or unpaid holidays/leave) or any other circumstances affecting the remuneration of these employees. Line Managers and Directors should sign such notifications as appropriate. This signature confirms the validity of the amendment and certifies that all relevant authority procedures have been complied with.	11.1	Head of HR
The Director of Business Services shall be responsible for the general control and payment of all salaries, wages and pensions and shall prescribe in consultation with the Director concerned the detailed procedure for the preparation and certification of timesheets, and for the payment and receipt of wages. The Director shall be responsible for the notification of the cost code to which an employee's salary is to be charged. The Director of Business Services shall be responsible for ensuring the correct allocation of these costs within Northwards' accounts.	11.2	Head of HR & Head of Finance
TREASURY MANAGEMENT	Section 12	

The Director of Business Services shall arrange the borrowings and investments of Northwards in order to comply with the CIPFA Code of Practice on Treasury Management and the Treasury Policy and Procedures set out within the Standing Financial Instructions.	12.1	Head of Finance
The Director of Business Services shall report periodically to the Resources Sub-Committee on the activities of the Treasury Management function.	12.2	Head of Finance
INSURANCE	Section 13	
The Director of Business Services shall put in place all insurances and keep appropriate records; in particular, he shall arrange for fidelity insurance for the due performance of the duties of any Officer charged with the receipt, custody and/or disbursement of monies and property.	13.1	Head of Finance
AUDIT	Section 14	
The Accounts and Audit regulations 2011 require Northwards to undertake an adequate and effective Internal Audit of its accounting records and control systems. This duty has been delegated to the Director of Business Services and he should promptly report to the Audit Sub-Committee (and Board if appropriate) any significant discrepancies (other than those caused by purely technical errors) brought to light.	14.1	Head of Business Effectiveness and Communications
The Director of Business Services or his authorised representative shall be entitled without necessarily giving prior notice, to require and receive: a) access to all assets, records, documents, correspondence and control systems, including documents of a confidential nature; b) access at all times to any premises or land belonging to Manchester City Council used for the purpose of Northwards' business at all reasonable times; c) the production or identification by any employee of any cash, stores, assets or other property belonging to Northwards, under the employee's control; and d) any information and explanations considered necessary concerning any matter under consideration or investigation.	14.2	Head of Business Effectiveness and Communications
The Director of Business Services shall submit an annual Internal Audit report to the	14.3	Head of Business

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Audit Sub-Committee indicating the extent of audit cover achieved and providing a summary of Internal Audit activity during the year together with any Internal Audit reports received.		Effectiveness and Communications
The Companies Acts require Northwards to submit to an annual External Audit of its accounting records and control systems. The Director of Business Services is required to assist the Board in the appointment of a suitable firm of auditors qualified to carry out such work.	14.4	Head of Finance
The Director of Business Services is required to make the necessary arrangements in conjunction with the appointed auditor for the audit to be carried out and to give them assistance in the execution and completion of their work.	14.5	Head of Finance
COMPUTER SERVICES	Section 16	
The Director of Business Services shall be responsible for the provision and maintenance of central computer services and shall devise and implement any necessary procedures to protect Northwards and other persons from inappropriate use or misuse of any financial or other information held on central computer files. The term “Central Computer Services” is to be regarded as any activity carried out on computer applications, systems and associated networks used by Northwards.	16.1	Head of ICT
The Director of Business Services shall <ul style="list-style-type: none"> ensure that adequate controls exist to provide for the security of applications and systems, and shall issue instructions concerning controls to be implemented and maintained by users; offer advice as to security and operation of non-financial systems, and on the Data Protection Act; approve the purchase and implementation of any new system/equipment in line with existing regulations. 	16.2	Head of ICT
The Director of Business Services will ensure the adequacy of controls over systems involving financial transactions or feeding into financial systems.	16.4	Head of ICT & Head of Finance



STANDING FINANCIAL INSTRUCTIONS

2014 - 2017

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1 Introduction

- 1.1 These Standing Financial Instructions (SFIs) are issued for the regulation of the conduct of Northwards Housing Limited (Northwards), its Directors, officers and agents in relation to all financial matters. This document should be read in conjunction with Northwards' Standing Orders, Financial Regulations and Procurement Strategy and Value for Money Strategy.
- 1.2 They explain the financial responsibilities, policies and procedures to be adopted by Northwards. They are designed to ensure that its financial transactions are carried out in accordance with the law, Government policy and best practice in order to achieve probity, accuracy, economy, efficiency and effectiveness in the way in which Northwards manages public resources.
- 1.3 These SFIs have been compiled under the authority of the Board of Northwards. They have been reviewed by the Resources Sub-Committee and approved by the Board in November 2014. It is expected that all staff, including temporary contractors, employed by Northwards will comply with these instructions at all times. Failure to comply could result in disciplinary action up to and including dismissal. Where other guidance or existing departmental rules and procedures appear to offer conflicting advice to that contained in these instructions, these SFIs will prevail. However, all staff are urged to bring any such conflicts to the attention of the Director of Business Services.

2 Powers of Authority and Delegation

Principles of delegated powers of authority

- 2.1 The Board has ultimate responsibility for all strategic financial decisions.
- 2.2 The Board will delegate responsibility for the performance of its functions in accordance with the Standing Orders adopted by Northwards. All executive powers are invested in the Chief Executive, who in turn will provide delegated powers to relevant officers. The Chief Executive and Director of Business Services will, as far as possible, delegate their detailed responsibilities, but they remain accountable to the Board for financial control.

Responsibilities of the Executive Management Team (EMT)

- 2.3 Within the SFIs, it is acknowledged that the **Chief Executive** is ultimately accountable to the Board for ensuring that the Board meets its obligation to perform its functions within the available financial resources. The Chief Executive has overall executive responsibility for Northwards activities and is responsible to the Board for ensuring that its financial obligations and targets are met.

- 2.4 The **Director of Business Services** is provided with further powers to manage the approval of financial transactions initiated by all departments across Northwards. The Board instructs that the Director of Business Services is required to implement Northwards' financial policies, ensure that detailed financial procedures and systems are established and ensure that sufficient records are maintained to show and explain Northwards transactions, in order to disclose the financial position of Northwards at any time. The Director of Business Services' responsibilities are explained in more detail in Section 4 of these SFIs.
- 2.5 The **Director of Business Services** shall prepare, document and maintain detailed financial procedures and systems incorporating the principles of separation of duties and internal check to supplement these instructions. The Director of Business Services shall require in relation to any officer who carries out a financial function, that the form in which the records are kept and the manner in which the officer discharges his/her duties shall be to the satisfaction of the Director of Business Services.
- 2.6 As with other Executive Management Team members, the Chief Executive delegates powers to the **Directors of Property Services and Neighbourhood Services** in their role as a first line budget holder responsible for their respective directorates. In addition to these, the Directors are provided with further powers to manage the approval of financial transactions relating to their directorates, in line with the Scheme of Delegation.

3 Compliance with rules of delegated powers of authority

- 3.1 Whilst the Board retains ultimate authority for the conduct of the financial affairs of Northwards, it is necessary to establish which matters should be reserved for the judgment of the Board and which matters have been delegated to EMT. Responsibility for these matters is explained in Appendix A to these SFIs.
- 3.2 It is also necessary to establish a system of delegated powers to enable appropriate officers of Northwards to manage the day to day activities. This system of delegated powers is referred to throughout these SFIs as the **Scheme of Delegation**. The Scheme of Delegation is included as Appendix B to these SFIs. The lower level Scheme of Delegation, which explains the authorising limits of each senior officer of Northwards, must be maintained by each Directorate and copies provided to the Director of Business Services.
- 3.3 The fundamental principles of the Scheme of Delegation are as follows. It is critical that all employees of Northwards understand these principles and apply them to all their actions.
- No financial or approval powers can be delegated to a subordinate officer in excess of the powers invested in the delegating officer.

- Powers may only be delegated to officers within the organisational control of the delegating officer; in circumstances where there is no practicable alternative, the term 'officers' in this context may include individuals who are not directly employed by Northwards, such as temporary contractors.
 - All delegated powers must remain within the financial and approval limits set out in the Scheme of Delegation.
 - All powers of delegation must be provided in writing, duly authorised by the delegating officer. Any variations to such delegated powers must also be in writing.
 - All applications for short term powers of delegation, such as holiday and sickness cover, which are not intended to be permanent, must be provided in writing by the delegating officer, prior to the period for which approval is sought.
 - Any officer wishing to approve a transaction outside their written delegated powers must in all cases refer the matter to the relevant line manager with adequate written powers, before any financial commitments are made in respect of the transaction.
 - Powers cannot be onwardly delegated unless in exceptional circumstances and approved by the Director of Business Services.
 - Conditions or restrictions on delegated powers, e.g. not allowing onward delegation of those powers, should be reasonable in the circumstances and stated in writing.
- 3.4 Failure to comply with these principles, or a material breach thereof, will be recognised as a disciplinary offence. Where such a breach results in clear financial loss, the employee may be personally liable to compensate Northwards.
- 3.5 All employees are bound through their contracts of employment and the Northwards' Code of Conduct to follow the instructions of the Board and to comply with the policies and procedures that are developed and authorised in their name. These SFIs set out specific policies and procedures across a number of areas of Northwards' operations. All employees must comply with these requirements in all cases. Where exceptions are deemed necessary, prior approval from the relevant members of the EMT must be obtained, as guided in these SFIs.
- 3.6 However, it is neither possible nor desirable to govern all the financial affairs of the entire company through a single set of instructions. Therefore, these SFIs make reference in a number of areas where it is considered appropriate for the Chief Executive or the Director of Business Services to be required by the Board to develop policies and procedures, which are not included in these SFIs. In such cases, it is

the responsibility of all employees of Northwards to ensure they understand fully the existence, contents and requirements of all such policies and procedures and to comply with them on the basis that they have received full authority from the Board.

4 Responsibilities of the Director of Business Services

4.1 Northwards' Financial Regulations and these SFIs present key rules and procedures in regard to all financial matters. However, the Director of Business Services may prepare, document and maintain more detailed financial procedures and systems incorporating the principles of separation of duties and internal check to supplement these instructions. Further to these SFIs, the Director of Business Services may require, of any officer who carries out a financial function, that the form in which the records are kept and the manner in which the officer discharges his/her duties shall be to the satisfaction of the Director of Business Services.

4.2 The Director of Business Services shall ensure appropriate arrangements are in place to pay and recover tax, and shall be responsible for seeking professional advice in this regard, as necessary.

Risk Management and Insurance

4.3 The Director of Business Services shall ensure that Northwards has a programme of risk management which will be approved and monitored by the Audit Sub-Committee.

4.4 The programme of risk management, which is part of the assurance framework, which is reviewed and approved by the Board, shall include:

- a) a process for identifying and quantifying risks and potential liabilities;
- b) engendering among all levels of staff a positive attitude towards the identification and control of risk;
- c) management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of retained risk;
- d) contingency plans to offset the impact of adverse events;
- e) audit arrangements including internal audit, external audit and health and safety review;
- f) arrangements to review the risk management programme.

The existence, integration and evaluation of the above elements will provide a basis to make statements on the effectiveness of internal control within the Annual Report and Accounts as required.

- 4.5 The Director of Business Services shall ensure that insurance arrangements exist in accordance with the risk management programme, and that documented procedures cover these arrangements.

Income

- 4.6 In addition to the instructions specified in Section 12 of these instructions, the Director of Business Services is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due, including income from Manchester City Council. The Director of Business Services is also responsible for the prompt banking of all monies received.
- 4.7 All employees must inform the Director of Business Services promptly of money due arising from transactions which they initiate/ deal with.
- 4.8 The Director of Business Services is responsible for the appropriate recovery action on all outstanding debts, the procedures for which are specified in Section 12 of these instructions.
- 4.9 The Director of Business Services is responsible for approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable.
- 4.10 The Director of Business Services is responsible for the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines.
- 4.11 Official money shall not under any circumstances be used for the encashment of private cheques. All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Director of Business Services.

Annual Accounts and Reports

- 4.12 The Director of Business Services, on behalf of Northwards, will prepare **financial returns** in accordance with the requirements of the law, Northwards' accounting policies, and generally accepted accounting principles.
- 4.13 The Director of Business Services, on behalf of Northwards, will prepare and certify annual accounts, and submit them, and any report of the auditor on them, to Companies House.

- 4.14 Northwards' annual accounts must be audited by a Statutory Auditor, registered with a Recognised Supervisory Body, who has been appointed at their annual general meeting. The auditor should be reappointed at each annual general meeting.
- 4.15 Northwards will publish an Annual Report, in accordance with guidelines issued by the Homes and Communities Agency, and present it at a public meeting. The document will include inter alia, the Audited Annual Accounts of Northwards.

Bank Accounts

- 4.16 The Director of Business Services is responsible for managing Northwards' banking arrangements, and for advising the Board on the provision of banking services and operation of accounts.
- 4.17 The Director of Business Services is responsible for ensuring payments made from bank accounts do not exceed the amount credited to the account except where prior arrangements have been made. Further he/she must report to the Board all arrangements made with the company's bankers for accounts to be overdrawn.
- 4.18 The Director of Business Services will prepare detailed instructions on the operation of bank accounts which must include the conditions under which each bank account is to be operated, the limit to be applied to any overdraft, and those authorised to sign cheques or other orders drawn on Northwards' accounts. Any application for an overdraft will be made only by the Director of Business Services or by an employee acting on his/her behalf, in accordance with the Scheme of Delegation.
- 4.19 The Director of Business Services will review the banking arrangements of Northwards at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking competitive tenders for the company's banking business. Competitive tenders should be sought at the discretion of Director of Business Services but no later than 7 years. The results of the tendering exercise should be reported to the Board.

Investments

- 4.20 The Director of Business Services will produce a treasury management policy for approval by the Board. The investment may include both investment of cash in approved institutions and investment by forming, or participating in forming, bodies corporate, and/or otherwise acquiring membership of bodies corporate.
- 4.21 The policy will set out the Director of Business Services' responsibilities for advising the Board on investments and reporting periodically to the Board concerning the performance of investments held.

- 4.22 The Director of Business Services will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

Northwards' Capital Expenditure

- 4.23 The Director of Business Services, in conjunction with other directors as appropriate, shall be responsible for preparing detailed procedural guides for the financial management and control of expenditure on **capital assets**, including the maintenance of an asset register.
- 4.24 The Director of Business Services, in conjunction with other directors as appropriate, shall establish procedures covering the identification and recording of capital additions. The financial cost of capital additions, including expenditure on assets under construction, must be clearly identified to the appropriate budget holder and be validated by reference to appropriate supporting documentation.
- 4.25 The Director of Business Services, in conjunction with other directors as appropriate, shall develop policies and procedures for the management and documentation of asset disposals, whether by sale, part exchange, scrap, theft or other loss. Such procedures shall include the rules on evidence and supporting documentation, the application of sales proceeds and the amendment of financial records including the asset register.

Payment of Staff

- 4.26 The Director of Business Services shall make arrangements for the provision of payroll services to Northwards, to ensure the accurate determination of pay entitlement and to enable prompt and accurate payment to employees.
- 4.27 The Director of Business Services shall be responsible for establishing procedures covering advice to managers on the prompt and accurate submission of payroll data to support the determination of pay including, where appropriate, timetables and specifications for submission of properly authorised notification of new employees, amendments to standing pay data and terminations.
- 4.28 The Director of Business Services will issue detailed procedures covering payments to staff including rules on handling and security of bank credit payments.

Payment of Accounts

- 4.29 The Director of Business Services shall be responsible for the proper payment of all accounts and claims. The Director of Business Services shall establish and communicate procedures to ensure that all officers provide prompt notification of all money payable by Northwards arising from transactions which they initiate.

- 4.30 The current procedures for the verification and settlement of accounts are specified in Section 5 of these instructions.

Purchasing

- 4.31 The Director of Business Services shall advise the Board regarding the setting of thresholds above which quotations or formal tenders must be obtained. This will take into account legal requirements to comply with European Union rules on public procurement. These are set out within Section 5 of these SFIs.
- 4.32 Further to the instruction specified in Sections 5 of these instructions, the Director of Business Services may wish to prepare more detailed procedural instructions on the obtaining of specific goods, services and works, incorporating the thresholds set by Northwards, including the use of approved lists or frameworks of which Northwards is a member.
- 4.33 The Director of Business Services shall determine that no goods, services or works, other than works and services executed in accordance with a contract and purchases from petty cash, shall be ordered except by the use of Northwards agreed requisitioning and ordering procedures, including online procedures where these exist. Suppliers shall be notified that they should not accept orders unless on an official form, or by the agreed electronic means where this has been established.
- 4.34 Order requisition forms shall only be issued to and signed by officers so authorised by the Scheme of Delegation. Lists of authorised officers shall be maintained with a copy of such lists to be supplied to the Director of Business Services.
- 4.35 Goods and services for which Northwards contracts are in place should be purchased within those contracts. Any purchasing request outside of such contracts must be referred in the first instance to the Head of Finance for approval.

Tendering and Contracting

- 4.36 The instructions in this section concern purchasing decisions for goods and services required where Northwards needs to enter into formal tendering and contractual arrangements. This section does not cover instructions in connection with repairs and capital expenditure on works programmes, which are subject to separate instructions under issues of relevance to Manchester City Council, as per the Management Agreement.
- 4.37 As with Purchasing, the Director of Business Services shall advise the Board of Directors of any changes to the thresholds, as specified in Section 5 of these instructions, above which quotations or formal tenders must be obtained. This will take into account legal requirements to comply with European Union on public procurement.

- 4.38 The Public Services (Social Value) Act 2012 came into force on 1st February 2013 and requires public organisations, at the pre-procurement stage, to consider how what is to be procured may improve social, environmental, and economic well-being of the relevant area, how they might secure any such improvement and to consider the need to consult. Although the Act applies only to certain public services contracts to which the Public Contract Regulations apply, Northwards intends, as a matter of good practice, how what is about to be procured might improve economic, social and environmental well-being in order to maximise value for money. The considered application of the provisions of this Act will provide Northwards with the means to broaden evaluation criteria to include impact on the local economy.
- 4.39 The Director of Business Services shall be responsible for establishing appropriate procedures to ensure that competitive tenders are invited for the supply of goods and services under contractual arrangements wherever possible. These shall include the procedures to be followed in the event of competitive tendering of in-house services. In such circumstances it must be ensured that no member of the in-house tender group may participate in the evaluation of the tender. The Director of Business Services will ensure that tenders are evaluated by panels appropriate to the scale and nature of the tender, supplemented by external and independent advice when appropriate.
- 4.40 Tenders and quotations shall be invited only from financially sound and technically competent firms. In this regard, the Director of Business Services shall be responsible for establishing procedures to carry out financial appraisals, and shall instruct the appropriate requisitioning directorate to provide evidence of technical competence.
- 4.41 The Director of Business Services shall advise the Board of Directors of circumstances where it would be appropriate for goods or services to be obtained under contract from sources that have not been subject to competitive selection. The grounds where such single quote actions may be authorised are as follows, although approval is not to be regarded as automatic and each case shall be treated on its own merit:
- a) Where the requirement is ordered under existing contracts which themselves were sourced under competitive selection.
 - b) For the supply of proprietary goods or services for which it is not possible or desirable to obtain competitive quotations.
 - c) Where in the opinion of the Director of Business Services, or the Chief Executive, according to the financial limits set out in Scheme of Delegation, it is considered against the interest of Northwards to enter into open competitive selection procedures. This may include procurement exercises where in the opinion of the relevant officer time is a critical factor in the interest of Northwards.

- 4.42 Separate authorisation arrangements, as set out in the Scheme of Delegation, shall apply to maintenance or other support contracts for existing goods or assets where Northwards is contractually tied to specific companies. Details of such contracts shall be recorded in by the authorising officer and reported to the Director of Business Services.
- 4.43 The extent to which relevant officers can exercise these powers is set out in the Scheme of Delegation. All officers of Northwards must be aware that **single quote actions are to be the exception** to the preferred procedures of competitive selection, and in all cases they must be able to fully explain their decisions. Records shall be maintained to enable the use of single quote and other non-competitive actions to be monitored and reported upon to the Resources Sub-Committee at least annually.

Stores

- 4.44 Subject to the responsibility of the Director of Business Services for approving the systems of control, the management and control of stores maintained at a departmental level shall be the responsibility of the respective Head of Service. The day-to-day responsibility may be delegated by the respective Head of Service to departmental employees and stores managers/ keepers, subject to such delegation being entered in a record available to the Director of Business Services.

Information Technology

- 4.45 The Director of Business Services shall be responsible for the accuracy and security of the computerised financial data of Northwards. The Director of Business Services shall devise and implement any necessary procedures to ensure appropriate protection of Northwards' data, programs and computer hardware from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the **Data Protection Act 1998**.
- 4.46 In terms of Northwards' financial systems, the Director of Business Services shall ensure that:
- a) appropriate controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system.
 - b) adequate controls exist such that the computer operation is separated from development, maintenance and amendment.
 - c) an adequate audit trail exists through the computerised system and that such computer audit reviews as he/she may consider necessary are being carried out.

- 4.47 The Director of Business Services shall ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy will be obtained from them prior to implementation.
- 4.48 The Director of Business Services shall ensure that contracts for computer services for financial applications with any other agency shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.
- 4.49 Where another agency provides a computer service for financial applications, the Director of Business Services shall periodically seek assurances that adequate controls are in operation.
- 4.50 Where computer systems have an impact on corporate financial systems the Director of Business Services shall satisfy himself/herself that:
- a) systems acquisition, development and maintenance are in line with corporate policies;
 - b) data produced for use with financial systems is adequate, accurate, complete and timely, and that a audit trail exists;
 - c) Director of Business Services staff have access to such data; and
 - d) such computer audit reviews as are considered necessary are being carried out.

5 Contract and Procurement Rules

Estimating Value

- 5.1 Before entering into any procurement process the officer must make an assessment of the value of the purchase. For individual transactions this should involve comparisons with similar recent purchases and informal quotations from suppliers. Contract values should be calculated by working out the annual price and multiplying it by the contract length. The estimate, and associated workings, should be forwarded with any requisition and retained within the records of the officer.

Applicable Procurement Procedures

- 5.2 The following procedures must be followed according to the estimated value of the contract or purchase:

Total Estimated Value of Purchase/Contract	Procedure Applicable
Less than £500	If all other procedures identified within this document have been followed and the relevant officer confirms that consideration has been given to Value for Money, no further evidence is required other than the requisition.
Greater than £500 but less than £2,500	Providing the procedures identified have been followed the relevant officer should obtain 3 verbal quotations and one written price agreement, from the chosen supplier, complete with full specification details from the chosen supplier. This should be provided to Finance with the requisition.
Greater than £2,500 but less than £25,000	Providing the procedures identified have been followed the relevant officer should obtain 3 written quotations along with the written price agreement, complete with full specification details from the chosen supplier, both of which should be verified by Finance.
Greater than £25,000 but less than £50,000	Unless a written waiver is signed by the Director of Business Services, purchases and contracts of this value should be made via the Negotiated Competitive Procurement Procedures specified within section 7 of this document.
Greater than £50,000 but less than the EU threshold for competitive tendering	Purchases and contracts of this value should be made via the Negotiated Competitive Procurement Procedures, specified within section 7 of this document, and reported to the Resources Sub-Committee of the Board.
<p>If value exceeds the relevant threshold then EU Procurement Directives apply.</p> <p>For Northwards this is currently £172,514 for supplies and services and £4,322,012 for works (November 2014).</p>	EU Procurement Directives to be followed, seek advice from the Director of Business Services.

- 5.3 For any purchase less than the relevant thresholds for EU Procurement Directives the Director of Business Services may decide that Negotiated Competitive Procurement Procedures are required.

Equality and Diversity

- 5.4 Northwards value the benefits of a diverse society and are committed to the principles of equality, fairness and respect. We oppose all forms of discrimination and unfair treatment related to the nine protected characteristics as set out in the Equality Act 2010.
- 5.5 In completing any procurement exercise officers involved should follow all stipulations regarding equality and diversity specified within Northwards' Procurement Strategy.

Processing Orders

- 5.6 The relevant officer must complete a Requisition form, duly approved in line with authorisation limits, and submit to Finance, accompanied by the evidence specified within Estimating Value at 5.1 and the Applicable Procurement Procedures table at 5.2.
- 5.7 Once Finance are satisfied by that the Requisition has been completed in accordance with these SFIs a Purchase Order will be raised and sent to the chosen supplier.

Processing Invoices

- 5.8 When an invoice has been received by Finance a comparison should be made with the Purchase Order. If there are any discrepancies this should be queried, in the first instance, with the relevant officer, and in the second instance, with the supplier. All discussions with suppliers regarding invoices should be conducted by Finance.
- 5.9 If the response is satisfactory then the invoice should be posted but note should be taken whether the amount now exceeds the limits of the approving officer and whether additional authorisation from a senior officer is now required.

Processing Payments

- 5.10 Prior to any invoice being processed for payment a Goods Received Note (GRN) must be sent to Finance, signed by the relevant officer to confirm that the goods or services were received/performed and that they are satisfied that the quality was in line with agreed specifications, unless there is a satisfactory and enforceable contract in place.
- 5.11 Once the GRN has been received then the invoice can be cleared for payment. Every attempt must be made to complete the payment in line with the Better Payments Practice Code.

6 Purchase and Credit Cards

Purchase Cards

- 6.1 Purchase cards are only to be used for small items of expenditure where normal procurement procedures would prevent the effective operation of the business.
- 6.2 The number and credit limit of purchase cards for each business unit is at the discretion of the Director of Business Services but the combined credit limit of all users must not exceed the overall credit limit of Northwards as a company at any one time (currently £400k).
- 6.3 Each user will be subject to a monthly limit for use on their card, which will be set by their Line Manager but should not exceed the credit limit for the business unit set by the Director of Business Services.
- 6.4 If an individual user exceeds their monthly limit their Line Manager may request a temporary extension of credit but only at the discretion of the Director of Business Services.
- 6.5 Users should retain all invoices and receipts for expenditure on purchase cards for a minimum of 7 years. These should be made available to Finance on request.
- 6.6 Users should allocate their expenditure to the correct budget codes, including, where applicable, details of VAT incurred, via online banking system.
- 6.7 Line Managers should review all expenditure and seek assurances from the user that all expenditure was incurred in the course of normal operations and in compliance with these instructions and approve on the online banking system.
- 6.8 Purchase cards should not be used for personal expenditure under any circumstances.
- 6.9 Finance will undertake a review of all expenditure incurred on purchase cards and the subsequent allocation to the general ledger.
- 6.10 In cases of emergency the Director of Business Services, or his delegated authority, can increase the individual limits of a card user and remove any blocked categories for a limited period of time.

Credit Cards

- 6.11 Each member of EMT will have a credit card facility with a credit limit specified by the Director of Business Services.
- 6.12 The Director of Business Services may decide that it is necessary for other officers to have credit card also. The card limit will also be specified by the Director of Business Services.

6.13 The card can be used for any expenses incurred in the course of the users' everyday business but should not be used for general procurement.

6.14 It is the responsibility of the individual users to collect and retain all supporting evidence of expenditure and to arrange for the expenditure to be allocated to the correct budget codes.

7 Waivers

7.1 Elements of the **Applicable Procurement Procedures** set out within 5.2 may be waived within certain circumstances and within set limits and only when authorised by the Director of Business Services.

7.2 Officers may complete a written request for a waiver from the Director of Business Services on the following grounds:

- Northwards need a supply or service of a unique or specialised nature, and only one known supplier is reasonably available to meet the need.
- Specific parts, accessories, equipment, materials, services, proprietary items or other items are necessary to meet the Company's needs, and there are no comparable items reasonably available.
- An emergency situation creates an immediate and serious need for supplies or services that cannot adequately be addressed using normal procurement methods.
- An exceptional situation creates an immediate need for supplies or services that cannot be completed in an adequate timeframe using normal procurement methods.
- The services relate to confidential matters, and a procurement process might disclose or result in adverse consequences with respect to information that is private or confidential. These matters can arise in connection with legal issues, security issues and similar matters.

7.3 The waiver request should be considered by the Director of Business Services and should only be granted if they believe the grounds are reasonable and that following normal procurement procedures would result in significant problems for Northwards, its tenants or its stakeholders.

7.4 As specified within Applicable Procurement Procedures, waivers can only be authorised to a limit of £50,000.

7.5 All waivers will be retrospectively reported at the following Resources Sub-Committee of the Board without exception.

- 7.6 If the relevant officer requires a waiver but the Director of Business Services is absent then the waiver can be authorised in line with the Scheme of Delegation, but only if all other procurement requirements specified within these SFIs have been met.

8 Negotiated Competitive Procurement Procedures

Introduction

- 8.1 Negotiated Competitive Procurement Procedures (NCP) refer to processes of procurement where a number of suppliers are invited to tender bids to provide goods or services but does not necessarily meet the requirements of the European Union Directives on open tendering.

Description

- 8.2 All NCP should be overseen by the Director of Business Services, assisted by an Evaluation Committee with the necessary technical and administrative expertise. The Evaluation Committee should include, at a minimum, the relevant Head of Service and the Head of Finance.
- 8.3 The Director of Business Services should draw up a list of at least three suppliers with a justification for their choice. The Director of Business Services has the option of advertising a contract notice but this is not mandatory.
- 8.4 The potential suppliers are sent a letter of invitation to tender accompanied by a detailed description of the good or service to be supplied and the criteria on which their bid will be judged.
- 8.5 Tenders must reach Northwards by no later than the date and time shown. The chosen suppliers must be allowed at least 30 days from the dispatch of the letter of invitation to tender in which to submit their tenders.
- 8.6 The tenders are opened and evaluated by the Evaluation Committee in line with the criteria specified within the invitation to tender.
- 8.7 If, following consultation of the tenderers, Northwards receives only one tender that is administratively and technically valid, the contract may be awarded provided that the award criteria specified within the original invitation to tender are met.
- 8.8 In the event of failure of the NCP to produce an acceptable bid, the contract may be awarded on the basis of the judgement of the Director of Business Services. His/her decision should then be reported to the Resources Sub-Committee.
- 8.9 A procurement may not have reached the relevant EU threshold for open tendering regulations to apply in full but there are still rules to be followed. Since funds are being used for purposes specified in EU legislation, the EU Principles of free movement, non-discrimination,

equal treatment, transparency, proportionality and mutual recognition must be adhered to throughout the entire process regardless of the value of the contract.

9 Competitive Tendering under EU Directives

Background and Caveat

- 9.1 The EU public procurement directives (EU Directives) set out the legal framework for public procurement. Directive 2004/18/EC covers contracts awarded by central government, local authorities and other public sector bodies, including Northwards.
- 9.2 Where the value of a purchase or contract exceeds the threshold set by the EU Directives (currently £172,514 for supplies and services and £4,322,012 for works as at November 2014) then a full competitive tender must be used.
- 9.3 The following procedures are designed to be compliant with these directives but it is possible that legislation will have changed prior to any update of these SFIs so prior to any competitive tender the relevant officers must consult with the Director of Business Services to ensure all legal requirements are met.

Advertising

- 9.4 Where a competitive tender is required by EU Directives a full advertisement should be made within the Official Journal of the European Union (OJEU). This notice should describe whether procurement will be a fully-compliant open/negotiated or other regulated process.

Selecting Procedure

- 9.5 Under EU Directives an organisation can elect to use an Open, Restricted, Competitive Dialogue or Negotiated procedure, taking into account the regulations require a minimum number of candidates to be short-listed under the Restricted process and under the Competitive Dialogue process. The decision of which type of competitive tender procedure to use is the responsibility of the Director of Business Services.

Selection and Award Criteria

- 9.6 Selection Criteria must assess the ability of the tenderers to perform a contract according to economic, financial capability, technical and/or professional ability (for example experience, qualifications). The selection criteria, sub-criteria and any weighting used must be proportionate to the requirement in question and must be publicised in an OJEU notice or in the Pre-Qualification Questionnaire (PQQ)/tender documents (depending on the procedure adopted).

9.7 In formulating the Selection Criteria the Director of Business Services must consider the following Regulations of the Public Contract Regulations 2006:

- 23. Criteria for the rejection of economic operators
- 24. Information as to economic financial standing
- 25. Information as to technical or professional ability
- 26. Supplementary information

9.8 Award criteria are set in order to award the contract on the basis of either the Most Economically Advantageous Tender (MEAT) (for example balancing factors such as quality, price, delivery timeframe) or the lowest price. The criteria, sub-criteria and weightings must be disclosed in the OJEU notice or in the invitation to tender documents. The award criteria must be objective and must relate to the subject matter of the contract and be proportionate and transparent.

9.9 In formulating the Award Criteria the Director of Business Services must consider the following Regulations of the Public Contract Regulations 2006:

- 30. Criteria for the award of a public contract
- 31. Contract award notice
- 32. Information about contract award procedures

Contract Award

9.10 Following the selection and award process, Northwards must inform anyone who submitted an offer of its decision to award the contract by notice in writing. It must then allow 10 days (“the standstill period”) before it awards the contract to allow time for any bidder who is dissatisfied with the bidding process to take action. A contract award notice must be published in the OJEU within 48 days of the contract award.

10 Employee Expenses

10.1 Employees are permitted to claim any expenses incurred specifically in the course of their duties. This includes:

- public transport expenses incurred in excess of the employee’s normal commute.
- mileage expenses incurred in excess of the employee’s normal commute.

- reasonable meal expenses incurred when working away from Northwards' offices.
- car parking expenses incurred when completing work related tasks.
- accommodation and reasonable living expenses incurred when an employee has been asked to work away from home.
- the costs of hospitality for Northwards related events.

10.2 No fines or penalties can be claimed through expenses.

10.3 To reclaim the expense the employee must complete the relevant Expense Claim Form, which should be signed by their Line Manager.

10.4 All expenditure must be supported by valid original receipts and this should be confirmed by the Line Manager prior to their authorisation. Payment will not be made without a valid receipt; where a receipt is not provided and/or voucher not signed reimbursement should not be made and the cost borne by the individual.

10.5 Once the claim has been approved and submitted to Finance the claim will be processed and the employee reimbursed through the next available payroll.

10.6 No personal expenses should be reimbursed via petty cash.

10.7 In exceptional circumstances the Director of Business Services may approve an employee's expense claim to be reimbursed through petty cash but only to a maximum of £50.

11 Petty Cash

Rules

11.1 Petty cash may only be used to claim reimbursement of small incidental items of expenditure. Any large or regular ordering of goods or services must be done through normal procurement procedures.

11.2 The maximum amount that may be reclaimed in respect of any single item of expenditure through the petty cash system is £50.

11.3 No fines or penalties should be claimed through petty cash.

11.4 Advances from petty cash may be made by the Director of Business Services, or his delegated authority, in certain circumstances. However, this should only occur when it is not possible to go through normal procurement routes. Receipts should be provided of any expenditure incurred using these advances and any unused funds returned.

- 11.5 Prior to reimbursement the claimant must complete a Petty Cash Voucher, signed by the claimant and their Line Manager.
- 11.6 All expenditure must be supported by valid original receipts and this should be confirmed by the Line Manager prior to their authorisation. Payment will not be made without a valid receipt; where a receipt is not provided and/or voucher not signed reimbursement should not be made and the cost borne by the individual.
- 11.7 On reimbursement the Petty Cash Voucher should be signed by both the person giving the cash and the person receiving it.
- 11.8 No personal expenses should be reimbursed via petty cash.
- 11.9 In exceptional circumstances the Director of Business Services may approve an employee's expense claim to be reimbursed through petty cash but only to a maximum of £50.

Administration

- 11.10 The number and value of petty cash floats will be determined by the Director of Business Services.
- 11.11 Each petty cash float will have a nominated manager who will be responsible for administration and security.
- 11.12 By the 1st working day of each month the managers of each float will submit to Finance details of all expenditure, along with all supporting documentation.
- 11.13 A designated member of the Finance team will then perform a reconciliation between their records and those which have been submitted by the petty cash float managers. Any queries will be directed at the petty cash float managers in the first instance.
- 11.14 The designated member of the Finance team will then allocate all of the expenditure on the general ledger according to the information provided.
- 11.15 On the first Friday of every month Finance will reimburse each of the petty cash floats to the level specified by the Director of Business Services.

12 Income and Banking

Income

- 12.1 Where Northwards have provided a good or service, relevant officers should ensure that we recover any income due to the company.
- 12.2 In order to raise an invoice the relevant officer should complete an Invoice Request Form, complete with a Purchase Order number from

the customer where appropriate, with signatures from both the relevant officer and an authorised budget holder, in line with their authorised limits.

- 12.3 Once the form has been completed and submitted to Finance an invoice will be raised and sent to the customer.
- 12.4 If payment has not been received after 28 working days a reminder letter will be sent out each month, for the following 3 months, unless the debt is paid.
- 12.5 If, after this time has elapsed, the debt remains outstanding then the customer is contacted directly. In the first instance this should be the Finance team of the customer and in the second instance Finance will ask the original officer to speak with their contact at the customer.

Banking

- 12.6 The administration, security and banking of monies collected on behalf of Manchester City Council, including, but not limited to, rent, shall be in accordance with Manchester City Council Cash Handling Instructions.
- 12.7 Where income is collected on behalf of Northwards at any Northwards location there should be a designated officer responsible for the monies administration and security.
- 12.8 All monies should be stored in the office's safe. The safe should be maintained in a secure room and the keys to the safe should be the responsibility of designated officers at each location.
- 12.9 The number of collections shall be specified by the Director Business Services but there should never be more than a 6 week gap between any collection.
- 12.10 If any office is found to be holding more than £1,000 in cash, excluding their petty cash float, they should immediately notify Finance to arrange an immediate collection.
- 12.11 Prior to any collection the designated officer should make a record of all cash collected. After the cash is collected by Finance they will count the cash and reconcile it to the record supplied by the designated officer. If there are any queries these should be directed to the designated officer in the first instance but if there are any concerns this must be reported immediately to the Director of Business Services.
- 12.12 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that Northwards is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving Northwards from responsibility for any loss.

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12.13 If there are no concerns the monies should be taken directly to the bank.

Appendix A – Matters reserved for the Board and EMT

1. Matters Reserved for the Board

1.1. Strategy & Management

1.1.1. Setting of the Company's strategic aims and objectives.

1.1.2. Oversight of the Company's operations ensuring:

- competent and prudent management;
- sound planning;
- maintenance of sound management and internal control systems;
- adequate accounting and other records; and
- compliance with statutory and regulatory obligations.

1.1.3. Review of performance in the light of the Company's values, strategic aims, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.

1.1.4. Approval of any decision to cease to operate all or any material part of the Company's business.

1.1.5. Approval of changes to the Company's management and control structure.

1.2. Financial reporting and controls

1.2.1. Approval of all company policies, including Financial Regulations and these Standing Financial Instructions.

1.2.2. Approval of the annual budgets and any material changes to them.

1.2.3. Approval of the Company's annual report and financial statements.

1.2.4. Appointment of the Company's external auditors.

1.2.5. Responsible for ensuring a sound system of internal control and risk management including:

- Receiving reports on, and reviewing the effectiveness of, the Company's risk and control processes to support its strategy and objectives;
- Approving procedures for the detection of fraud and the prevention of bribery;
- Undertaking an annual assessment of these processes; and
- Approving an appropriate statement for inclusion in the annual report.

1.3. Board membership and other appointments

- 1.3.1. Ensuring adequate succession planning for the board and senior management so as to maintain an appropriate balance of skills and experience within the company and on the board.
- 1.3.2. Selection of the chairperson of the board and the chief executive.
- 1.3.3. Appointment of any independent board members and co-optees.
- 1.3.4. Appointment or removal of the company secretary.
- 1.4. Remuneration
 - 1.4.1. Determining the remuneration policy for the Chief Executive directors and other senior members of staff.
- 1.5. Delegation of authority
 - 1.5.1. Approval of the directors' authority limits.
 - 1.5.2. Establishing board committees and approving their terms of reference, and approving material changes thereto.
 - 1.5.3. Appointment of Board members and co-optees to sub-committees.
 - 1.5.4. Receiving reports from board sub-committees on their activities.
- 1.6. Corporate governance matters
 - 1.6.1. Undertaking a formal and rigorous annual review of its own performance, that of its committees and individual directors.
 - 1.6.2. Determining the independence of non-executive directors in light of their character, judgment and relationships.
 - 1.6.3. Review of the Company's overall corporate governance arrangements.
 - 1.6.4. Compliance with Company Law.

2. Matters Reserved for Executive Management Team

- 2.1. Strategy & Management
 - 2.1.1. Formulate the vision and strategy of the Company, for approval by the Board, and initiate reviews, as appropriate.
 - 2.1.2. Develop actions with heads of service to achieve the vision and implement the strategy.

- 2.1.3. Negotiate terms and conditions of appointment of executive directors to be approved by the Board.
- 2.1.4. Develop succession plan and executive director development programmes.
- 2.1.5. Approve general conditions of employment of all other staff members.
- 2.1.6. Provide strong leadership to the heads of service and ensure all employees understand the vision and strategy and their part in its achievement.
- 2.1.7. Ensure procedures and training are in place to provide a safe work environment.
- 2.1.8. Ensure employees are educated on legal requirements and company policies such that compliance is the culture and a high level of ethical behaviour is expected.
- 2.2. Financial reporting and controls
 - 2.2.1. Formulate all company policies, including Financial Regulations and these Standing Financial Instructions, for approval by the Board
 - 2.2.2. Formulate annual budgets, and any material changes to them, for approval by the Board.
 - 2.2.3. Ensuring completion and successful audit of the Company's annual report and financial statements.
 - 2.2.4. Recommendation to the Board regarding appointment of Company's external audit.
 - 2.2.5. Formulate and maintain the Company's system of internal control and risk management.
 - 2.2.6. Formulate and approve delegated authorities of all staff.

Appendix B – Scheme of Delegation

DELEGATED MATTER	Ref: SFIs	AUTHORITY DELEGATED TO
RESPONSIBILITIES OF THE DIRECTOR OF BUSINESS SERVICES	Section 4	
Northwards' Financial Regulations and these SFIs present key rules and procedures in regard to all financial matters. However, the Director of Business Services may prepare, document and maintain more detailed financial procedures and systems incorporating the principles of separation of duties and internal check to supplement these instructions. Further to these SFIs, the Director of Business Services may require, of any officer who carries out a financial function, that the form in which the records are kept and the manner in which the officer discharges his/her duties shall be to the satisfaction of the Director of Business Services.	4.1	Head of Finance
The Director of Business Services shall ensure appropriate arrangements are in place to pay and recover tax, and shall be responsible for seeking professional advice in this regard, as necessary.	4.2	Head of Finance
The Director of Business Services shall ensure that insurance arrangements exist in accordance with the risk management programme, and that documented procedures cover these arrangements.	4.5	Head of Finance
In addition to the instructions specified in Section 12 of these instructions, the Director of Business Services is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due, including income from Manchester City Council. The Director of Business Services is also responsible for the prompt banking of all monies received.	4.6	Head of Finance
All employees must inform the Director of Business Services promptly of money due arising from transactions which they initiate/ deal with.	4.7	Head of Finance
The Director of Business Services, on behalf of Northwards, will prepare financial returns in accordance with the requirements of the law, Northwards' accounting policies, and generally accepted accounting principles.	4.12	Head of Finance
The Director of Business Services, on behalf of Northwards, will prepare and certify	4.13	Head of Finance

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annual accounts, and submit them, and any report of the auditor on them, to Companies House.		
The Director of Business Services is responsible for managing Northwards' banking arrangements, and for advising the Board on the provision of banking services and operation of accounts.	4.16	Head of Finance
The Director of Business Services is responsible for ensuring payments made from bank accounts do not exceed the amount credited to the account except where arrangements have been made. Further he/she must report to the Board all arrangements made with the company's bankers for accounts to be overdrawn.	4.17	Head of Finance
The Director of Business Services shall be responsible for the proper payment of all accounts and claims. The Director of Business Services shall establish and communicate procedures to ensure that all officers provide prompt notification of all money payable by Northwards arising from transactions which they initiate.	4.29	Head of Finance
PURCHASE AND CREDIT CARDS	Section 6	
The number and credit limit of purchase cards for each business unit is at the discretion of the Director of Business Services but the combined credit limit of all users must not exceed the credit limit of Northwards as a company (currently £400k).	6.2	Head of Finance
If an individual user exceeds their monthly limit their Line Manager may request a temporary extension of credit but only at the discretion of the Director of Business Services.	6.4	Head of Finance
In cases of emergency the Director of Business Services, or his delegated authority, can increase the individual limits of a card user and remove any blocked categories for a limited period of time.	6.10	Head of Finance
EMPLOYEE EXPENSES	Section 10	
In exceptional circumstances the Director of Business Services may approve an employee's expense claim to be reimbursed through petty cash but only to a maximum of £50.	10.7	Head of Finance
PETTY CASH	Section	

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	11	
Advances from petty cash may be made by the Director of Business Services, or his delegated authority, in certain circumstances. However, this should only occur when it is not possible to go through normal procurement routes. Receipts should be provided of any expenditure incurred using these advances and any unused funds returned.	11.4	Head of Finance
In exceptional circumstances the Director of Business Services may approve an employee's expense claim to be reimbursed through petty cash but only to a maximum of £50.	11.9	Head of Finance
The number and value of petty cash floats will be determined by the Director of Business Services.	11.10	Head of Finance
On the first Friday of every month Finance will reimburse each of the petty cash floats to the level specified by the Director of Business Services.	11.15	Head of Finance
INCOME AND BANKING	Section 12	
The number of collections shall be specified by the Director Business Services but there should never be more than a 6 week gap between any collection.	12.9	Head of Finance
Prior to any collection the designated officer should make a record of all cash collected. After the cash is collected by Finance they will count the cash and reconcile it to the record supplied by the designated officer. If there are any queries these should be directed to the designated officer in the first instance but if there are any concerns this must be reported immediately to the Director of Business Services.	12.12	Head of Finance