

COUNCIL MEETING

**Venue: Town Hall, Moorgate
Street, Rotherham**

Date: Wednesday, 23 July 2008

Time: 2.00 p.m.

A G E N D A

1. To submit for approval the minutes of the Council Meeting held on 4th June, 2008 - Pages 11A - 20A (Section A)
2. To consider any communication received by the Mayor or the Chief Executive and to pass a resolution or resolutions thereon.
3. To consider any questions from the Public.
4. To receive a report from the Leader and to consider reports, minutes and recommendations of the Cabinet - Pages 1B to 39B (Section B)
5. To receive and consider reports, minutes and recommendations of the Standards Committee - Pages 1C to 5C (Section C)
6. To put questions, if any, to Cabinet Members and Chairmen (or their representatives) under Standing Order No. 7(1) and 7(3).
7. To put questions, if any, to the designated Members on the discharge of functions of the South Yorkshire Police Authority, South Yorkshire Fire and Civil Defence Authority, South Yorkshire Passenger Transport Authority and South Yorkshire Pensions Authority, in accordance with Standing Order No. 7(5).
8. To consider the Financial Regulations - Report herewith
9. Annual Audit Plan - Report herewith
10. To consider the following motion :-

Bramley Traffic Scheme

That this Council looks upon the recent discovery that the traffic order for the road scheme at Bramley is incorrect.

It should be looked upon not just as an embarrassment to the Council, which it is, but should be looked at as an opportunity to right the wrong done to the village of Bramley by the imposition of this scheme and we propose that this Council reverse the scheme to the way it was before this scheme was introduced in accordance with the wishes of the electorate of Bramley.

Proposer: Councillor M. Parker Seconded: Councillor A. Mannion

11. To determine any item which the Mayor is of the opinion should be considered as a matter of urgency

T. C. MUMFORD

Assistant Chief Executive, Legal and Democratic Services

15th July, 2008

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Council
2.	Date:	23 rd July, 2008
3.	Title:	Review of Financial Regulations
4.	Directorate	Financial Services

5. Summary.

The Council's Financial Regulations are periodically reviewed to ensure they are kept up to date and in line with best practice. This report provides details of a number of proposed amendments and the addition of a further 'guidance note'. The Cabinet Meeting of the 11th June 2008 considered and supported the proposed amendments

6. Recommendations.

- **Council notes and agrees the proposed amendments to the Financial Regulations.**

7. Proposals and Details.

7.1 Review of Financial Regulations.

It is important that the Council's Financial Regulations are subject to a regular review to ensure they are up to date and reflect best practice. Since the last review, carried out during 2005, a number of desirable amendments / additions have been identified:-

- Recognition of the requirements of the recently approved Sundry Accounts Billing and Collection Policy.
- Streamlining debt write off procedures (to be in line with Sundry Accounts and Billing Policy).
- Addition of further guidance note in relation to the operation and management of Corporate Credit Cards.
- Introduction of a supplementary section to existing guidance note 7 (Retention of Data Guidelines) to address External Funding requirements.
- Amendment to existing guidance note 9 (Virement).
- Supplementing existing requirements in relation to the governance of partnerships.
- Updating references to job titles which have changed since the last review of financial regulations.
- Reference to the approval of the Council's accounting policies.
- Amendment to the procedure for the approval of the Council's Statement of Accounts.
- Amendment to existing guidance note 2 (Cash Handling).
- Amendment to existing guidance note 6 (Imprest Accounts).
- Changes to the treatment of carry forward of year end balances.
- Arrangements for Advance Grant Funding to Voluntary and Community Sector organisations.

7.2 Sundry Accounts Billing and Collection Policy

As part of the ongoing process of looking to strengthen our income collection arrangements Financial Services have recently produced a Sundry Accounts Billing and Collection Policy (Attached for information at Appendix A).

This policy provides a detailed framework designed to promote efficient and effective billing and collection. Financial Regulations are to be amended to reflect the requirements of this policy and it is proposed the full policy document is appended to the Financial Regulations as an additional 'guidance note'. To reflect this, the following changes are proposed:-

Appendix D (Financial Systems and Procedures) – 2A Income and Collection.

Responsibilities of the Strategic Director of Finance.

Add Point 26 as follows:-

To develop (and review at least annually) a Sundry Accounts Billing and Collection Policy.

NB. A copy of the current policy is provided at Guidance Note 10.

Responsibilities of Strategic Directors.

Add Point 28 as follows:-

To observe the requirements of the Sundry Accounts Billing and Collection Policy.

7.3 Debt Write Off Procedures.

The Sundry Accounts Billing and Collection Policy contains details of debt write off procedures. During the development of policy the write off procedures have been reviewed to provide for a clearer streamlined process and reflect the Council's organisational changes and consequent changes in job titles.

The procedures for treatment of the writing off of irrecoverable debts are addressed within point 24 of Appendix D (Financial Systems and Procedures).

The current wording reads as follows:-

<i>Up to £500</i>	<i>Budget Holder</i>
<i>£501 to £1000</i>	<i>Head of Service</i>
<i>£1001 to £5000</i>	<i>Executive Director of the Programme Area</i>

However, all write-offs up to £5000 require authorisation by the associated Finance and Accountancy Manager on behalf of the Executive Director of Finance.

<i>Over £5000</i>	<i>Executive Director of Finance with consultation through the Corporate Management Team.</i>
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Proposed wording

Up to £500	Budget Holder
£501 to £5000	Director of Service
>£5001	Strategic Director in consultation with Cabinet Member and the Strategic Director of Finance

In addition, amounts over £5000 shall be communicated to the Corporate Management Team for information.

7.4 Corporate Credit Cards.

During the 2005 refresh of the Financial Regulations a number of 'guidance notes' were produced and appended to the main body of the regulations. These guidance notes aim to provide a ready source of reference to Officers with

responsibility for various aspects of financial administration. These included items such as budgetary control, cash handling procedures etc.

It is now proposed to add a further guidance note in relation to the operation of RMBC (Corporate) Credit Cards. Whilst there are currently only a small number of such cards it is important there is a clear framework for their administration. A copy of the new 'Guidance Note' is attached at Appendix B.

7.5 Retention of Data.

Guidance Note 7 provides guidance in respect of retention of financial data. A minor but important addition to this document is proposed to address a current omission in respect of the retention of data requirements where projects are externally funded e.g Objective 1, SRB

Proposed additional wording.

Externally Funded Projects

Note each funding regime may have its own data retention requirement. (e.g. Objective 1, SRB etc)

Retention periods would typically not commence until the scheme had been completed e.g Objective 1 where documentation is to be kept for six years after the end of a seven year programme.

Where any doubt exists reference should be made to the relevant funding body before disposing of any documentation

7.6 Virement.

Guidance Note 9 deals with the treatment of virements. Minor changes are proposed:-

- To reduce an unnecessary bureaucracy.
- To recognise the use of 'revised estimates' within the process.

Page 117 Para 6
Current wording:-

Reports to Members on proposals which have financial implications should, as a matter of course, be accompanied by a completed "Financial Implications of Proposal" form which will, where appropriate include details of any proposed / necessary virement. Members will be asked to approve any virement required as an integral part of their approval of the proposal itself.

Revised Wording:-

Reports to Members on proposals which have financial implications should, as a matter of course, include details of any proposed / necessary

virement. Members will be asked to approve any virement required as an integral part of their approval of the proposal itself.

Page118 Para 8
Current wording:-

Approval for Virement requests / proposals shall be in accordance with the following provisions:-

Revised Wording:-

Approval for Virement requests / proposals (including Revised Estimate proposals) shall be in accordance with the following provisions:-
Page119 para.G – Delete.

All virements will require the completion of a standard virement form (as prescribed by the Strategic Director of Finance and incorporating a summary of his comments on the proposed virement) which will be used for the updating of budget information on the Financial Information System.

7.7 Partnerships.

Appendix E of the main body of Financial Regulations deals with 'External Arrangements' including Partnerships. A minor addition is proposed as an additional 'key control' to strengthen current requirements in respect of the governance of partnerships as follows:-

Point 7 – Key Controls for the Authority's Partners.

To establish a formal agreement outlining the roles and responsibilities of each partner.

7.8 Job Titles.

The Financial Regulations are also to be updated to reflect any changes in names or titles which have occurred since the regulations were last reviewed in 2005. Principally this concerns changes in job titles such as from Executive Director or Head of Service to Strategic Director and Director.

7.9 Approval of Accounting Policies and Procedures.

Section A14 of Financial Regulations requires the Strategic Director of Finance to determine the Council's accounting policies and ensure they are applied consistently. Financial Reporting Standard (FRS) 18 – 'Accounting Policies' sets out the principles to be followed in selecting accounting policies and the disclosures needed to help users to understand them and how they have been implemented.

The Council's accounts are maintained and the Statement of Accounts prepared following the Statement of Recommended Practice (SORP) and this fully reflects the requirements of FRS 18. Each year a report is presented to Audit

Committee detailing the policies the Strategic Director of Finance has chosen and recommends are applied.

Proposed additional wording:-

The Audit Committee will be responsible for approving the accounting policies.

7.10 Approval of the Annual Statement of Accounts.

To reflect at A17 a change to the Delegation of Powers approved at the Council meeting held on 18 May 2007.

Current wording:-

The full Council will be responsible for approving the annual Statement of Accounts.

Revised wording:-

The Audit Committee will be responsible for approving the annual Statement of Accounts.

7.11 Cash Handling.

Guidance Note 2 deals with cash handling procedures used throughout RMBC. It is intended to provide guidance to all members of staff involved in the cash handling process so that officers are fully aware of their responsibilities.

Recent audit work has highlighted that the guidance note has no specific wording relating to employees 'borrowing' monies from cash sources by way of an unauthorised loan.

Additional Wording:-

- 8. Monies must not, under any circumstances, be taken from income sources by way of an unofficial / unauthorised loan by employees (or other persons) for personal (or any other) use. Undertaking such an unofficial loan shall be considered to be theft at the point of removal irrespective of the intent of the loaning person and will be deemed to be an action that will be investigated under the disciplinary process of RMBC.**

7.12 Imprest Accounts.

Imprests are sums of money advanced to officers to enable payments to be made outside of the council's standard system for the payment of creditors. As claims for reimbursement are made, the appropriate budget heading is debited and the imprest account is topped up to its original level.

Recent audit work has highlighted that the guidance note has no specific wording relating to employees 'borrowing' monies from cash sources by way of an unauthorised loan.

Additional Wording:-

6. **Monies must not, under any circumstances, be taken from the imprest by way on an unofficial / unauthorised loan by employees (or other persons) for personal (or any other) use. Undertaking such an unofficial loan shall be considered to be theft at the point of removal irrespective of the intent of the loaning person and will be deemed to be an action that will be investigated under the disciplinary process of RMBC.**

7.13 Treatment of carry forward year- end balances.

Section A (Financial Management Section 2b – Paras 18-24 inc.) contain provisions for the treatment of carry forward of balances.

Amendments to the treatment of carry forward year end balances were considered and approved by Cabinet on the 9th April 2008. Changes were made to refine the current rules to ensure that they stay relevant to current circumstances by creating explicit links to the Council's reserves policy and the overall level of reserves and balances.

Page 26 para. 24
Current wording:-

20. In setting its annual revenue budget, the Council determines a cash-limited allocation for each Programme Area, calculated at forecasted outturn prices. The principle of cash limited budgets presupposes that, in general terms, both underspendings and overspendings at the end of one financial year will be carried forward and the following year's budget allocation be adjusted accordingly. In its practical application, however, it is imperative that any such carry forwards are first considered against the overall financial position of the Authority. Therefore, except where statutory requirements dictate otherwise, all carry forwards of under or over spendings from one financial year to the next will be subject to the approval of the Council upon recommendation from the Cabinet.

Revised Wording.

20. In setting its annual revenue budget, the Council determines a cash-limited allocation for each Directorate, calculated at forecasted outturn prices. These cash limits may be amended subsequently through the Council's Revised Estimates process. The principle of cash limited budgets presupposes that, in general terms, both underspendings and overspendings at the end of one financial year will be carried forward and the following year's budget allocation be adjusted accordingly. In its practical application, however, it is imperative that any such carry forwards are first considered against the overall financial position of the Authority. Therefore, except where statutory requirements dictate otherwise, **the following policies are to be applied:-**

General Fund Revenue Budgets.

80% of any underspend will go into General Fund Balances to be applied subsequently, as necessary, in accordance with Council-wide priorities.

20% of the underspend to be retained by the Directorate for general or specific service use.

100% of any overspend will be carried forward by Directorates.

Underspends and overspends will be calculated at Directorate level.

Trading Services.

Carry forward of 100% of surpluses or deficits to be taken into account in future years' business plans.

Specific Project Budgets i.e. large one-off items or earmarked funding for specific projects or developments.

Applications and supporting cases to carry forward any unspent balance are to be made to CMT to recommend to Cabinet for approval. In the event of an overspend such a balance will be carried forward for the Directorate to manage the following year.

7.14 Advance Grant Funding to Voluntary and Community Sector Organisations.

The Council has recently formalised its arrangements for when and how organisations would be able to access advanced funding of commissioned or partnership services. These arrangements were submitted and approved by Cabinet on the 30th April 2008.

It is proposed that in order to help control any risks to the Council in this regard that the need to observe these arrangements is reflected within Financial Regulations.

It is therefore proposed that the following supplements are added to the regulations:-

- **Section E – External Arrangements.**

E10 Advance Grant Funding to Voluntary and Community Sector Organisations.

Strategic Directors are responsible for ensuring that any advance grant funding of organisations is considered in accordance with the approved procedure and formalised through sign off of the Council's relevant model grant agreement

- **Appendix E – External Arrangements**

Why is this important?

Provision of advance grant funding to Voluntary and Community sector organisations can assist in the effective management of service delivery.

It is important that arrangements are in place to mitigate the risks associated with this practice

Key Controls.

The key controls in relation to provision of advance funding are:-

- **Advance funding should not be provided without a prior assessment of the forecast cash flow position and a risk assessment.**
- **All funding should be subject to completion of a 'model grant agreement'.**

Responsibilities of the Strategic Director of Finance:-

To ensure the accounting arrangements are satisfactory.

To carry out a risk assessment on all applications for advanced funding

Responsibilities of Strategic Directors.

To receive, check and authorise (in conjunction with Cabinet Member) applications for advance grant funding.

To refer authorised applications to Strategic Director of Finance for risk assessment.

To notify organisation and arrange for completion of model grant agreement.

8. Finance.

There are no financial implications arising from this report.

9. Risks and Uncertainties.

Failure to keep the Council's Financial Regulations up to date and relevant could weaken their effectiveness and lead to criticism of the Council's Financial Management.

10. Policy and Performance Agenda Implications.

The proposals should enhance the consistency in which financial information is transacted and that performance is enhanced through an effective and more informative set of regulations

11. Background Papers and Consultation.

The report is to be presented to Audit Committee and Cabinet before submission to the Council for formal approval.

Contact Names:

Paul Hindle, Chief Auditor, x3290

Appendix A

FINANCIAL SERVICES

Sundry Accounts Billing and Collection Policy

December 2007

Richard Lancashire
Principal Officer, Taxation & Exchequer Services

Lee Garnett
Senior Officer, Sundry Accounts



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1. INTRODUCTION

The Strategic Director of Finance has responsibility, under Section 151 of The Local Government Act 1972, for administration of the financial affairs of the Council. One such area of administration is that relating to Sundry Accounts and it is this which is covered by this Policy.

This Policy is made in conjunction with, and forms part of, the Authority's Financial Regulations.

Effective collection of income is essential to the financial running of the Authority. It is therefore imperative that systems are in place to ensure that all income due is identified, invoiced, collected, receipted and properly banked at the earliest possible time. It is preferable to obtain income in advance of supplying goods and services as this improves the Authority's cash flow and also avoids the time and cost of administering debts and the risk of non recovery. The responsibility of ensuring prompt collection of income is not just that of the Sundry Accounts Team but everyone involved from the provision of service through billing and dispute resolution to cash collection.

Whilst this is a corporate policy individual sections may be personalised for each Service, with the approval of the Senior Officer Sundry Accounts, to reflect their differing billing and collection needs.

2. OBJECTIVES OF POLICY

The function and objectives of this Billing and Collection Policy are to protect the Council's interests by:-

- ◆ defining the billing and collection function and formalising its relationships and reporting lines to and from Services,
- ◆ obtaining payment within agreed terms,
- ◆ minimising the risk of bad debt by efficient collection procedures and dispute management,
- ◆ maximising cash flow to reduce or eliminate funding costs,
- ◆ enhanced service levels from accurate administration and prompt query identification and resolution.

3. RESPONSIBILITIES FOR POLICY

3.1 The Sundry Accounts Billing & Collection Policy is defined by the Corporate Management Team and authorised by the Strategic Director of Finance. The Senior Officer Sundry Accounts is responsible to the Principal Officer Taxation & Exchequer Services for implementing the Policy with support from all other operational areas as defined elsewhere in this Policy.

- 3.2 Targeted receipts are determined as part of the annual budgeting process, with figures agreed by the Director of Central Finance and the Principal Officer Taxation & Exchequer Services and communicated to the Senior Officer Sundry Accounts.
- 3.3 Achievement of collection targets is the responsibility of the Senior Officer Sundry Accounts with the support of the Sundry Accounts Team, the Principal Officer Taxation & Exchequer Services and all Service staff as defined elsewhere in this Policy.
- 3.4 The Director of Central Finance will provide effective central systems and procedures to ensure that full support is given to staff to achieve the council aims as laid down in Financial Regulations.
- 3.5 Any future amendments to the Policy must be authorised as highlighted in Section 3.1.

4. NEW CUSTOMER ACCOUNTS

- 4.1 All customer accounts will be opened and maintained within the Sundry Accounts System as prescribed by the Senior Officer Sundry Accounts. This is to ensure consistency and quality of information and to avoid duplicated accounts.
- 4.2 The Sundry Accounts Section is not required to undertake any financial checks on a proposed new account so generally all requests will be opened without question. However, Services should decide whether or not to take up references (prior to the goods or services being provided) depending upon the service being provided and the amount involved. The use of a Credit Bureau is available through the Special Projects and Technical Team within Central Finance. However, the Senior Officer Sundry Accounts may make a recommendation that credit facilities should not be offered and that the service provision should only be on a payment in advance basis. Services may challenge the recommendation but as the decision may ultimately impact upon bad and uncollectible debts, it may be referred to the appropriate Directorate's Service Accountant for advice.

5. RAISING INVOICES

- 5.1 Invoices will be raised on the Sundry Accounts System by completion of an SD3 form in the standard format as provided by the Sundry Accounts Team, or by any other means specified and agreed by the Senior Officer Sundry Accounts.
- 5.2 Invoices shall be raised on the system by either the Sundry Accounts Team or an authorised user within the Service.
- 5.3 Services MUST complete all mandatory fields required by the system giving details of the debtor, amount, details of service delivered, Value Added Tax (VAT), cost centre and also supplying customer contact name and telephone number (to aid possible future debt recovery action), purchase order number (if applicable) and Service

contact name (Invoice Raiser, Budget Operator/Holder/Manager or other person authorised to make decisions on the account) in the event of queries.

- 5.4 Services are responsible for ensuring the correct use of VAT indicator codes in order to charge VAT where applicable. Guidance and training on the use and appropriateness of these codes can be sought from the Taxation Section within Central Finance.
- 5.5 To maximise the Authority's cash flow, Services shall submit a completed SD3 form to raise an invoice within 5 days of either the service being provided or agreement to provide a future service. Statistics prove that delay in invoicing has a detrimental impact on the ability to recover a debt.
- 5.6 Services shall ensure that when an SD3 form is completed, all supporting documentation (e.g. signed contract) relating to the request is securely stored and is easily retrievable in the event of proof of debt being required by the Sundry Accounts Team. Financial Regulations state that all prime documents should be retained for a minimum of 6 years.
- 5.7 At the time of the invoice being raised, the cost centre given shall be credited with the net amount of the invoice as if the debt had been paid. The burden of debt shall be temporarily transferred to the Sundry Accounts System. In the event of the debt either being cancelled by credit note or write off, the cost centre shall be re-debited. When raising an invoice, it is the responsibility of the Service raising the invoice to ensure that the costs centres used are valid.
- 5.8 At the time of the invoice being raised, VAT, (if applicable) through use of the appropriate VAT indicator code, shall be calculated and become immediately due to H.M. Revenue & Customs (HMRC). The Taxation Section in Central Finance shall be responsible for accounting for the VAT to HMRC. Questions relating to the correct use of VAT indicator codes should be directed to the Taxation Section (taxationsection@rotherham.gov.uk).
- 5.9 Invoices valued at less than £10 should not normally be raised on the Sundry Accounts System unless specifically authorised by the Senior Officer Sundry Accounts. It is not cost effective for the Authority to raise such low value invoices and is an inefficient use of resource. Any unauthorised low value accounts raised on the system will not be pursued by the Sundry Accounts Team, and will be cancelled on the system. Where appropriate, Services should consider pre-payment for low value transactions.

6. CREDIT TERMS

- 6.1 The standard terms for payment of non-consumer (commercial) debts is 28 days and for consumer debtors (private individuals) is 14 days unless agreed with the Senior Officer Sundry Accounts.

- 6.2 The Sundry Accounts Team may authorise extended credit to customers experiencing a temporary cash flow problem i.e. make an arrangement to pay by instalments. In such circumstances the Sundry Accounts Team has the discretion to set a maximum credit period by which the debt should be paid in full. Late Payment Interest may be applied to all non-consumer debt as laid down in the Late Payment of Commercial Debts Act 1998. Similar interest may be applied to consumer overdue debt providing the consumer has received prior notification of such charge.
- 6.3 Repayment schedules for arrangements must be confirmed in writing to the customer by the Sundry Accounts Team with, where necessary, a target date for the resumption of normal terms or payment in full.
- 6.4 All invoices correctly raised must be paid in full as and when they fall due. It must not be implied to customers that any invoice, or part of an invoice, can be withheld from payment, pending resolution of disputes in respect of a proportion of an invoice. Where part of an invoice is in dispute, it is expected that the agreed portion shall be paid in full.

7. METHODS OF PAYMENT

Invoices maybe paid by any of the following methods:

- ◆ Cash or cheque (payable to Rotherham Metropolitan Borough Council) in person at either the Civic Building Cashiers Counter, Walker Place, Rotherham, or any of the Authority's District offices.
- ◆ Cheques by post (as above) sent to the Income Section, Civic Building, Walker Place, Rotherham, S65 1UE.
- ◆ BACS, CHAPS, Direct & Telephone Banking and Standing Order quoting the following details:
Bank Name: Co-operative Bank plc
Bank Sort Code: 08-90-87
Account Name: RMBC Direct Income Suspense Account
Account Number: 61180354
- ◆ Direct Debit or Standing Order must be used to pay debt subject to a recurring charges or a repayment schedule. Any exception to this must be authorised by the Senior Officer Sundry Accounts.
- ◆ Credit and debit card in person at the Civic Building Cashiers Counter or any of the District Offices.
- ◆ Internet Payments by credit and debit card at www.rotherham.gov.uk and follow the link to 'Do It On-Line' and then select 'Online Payments'.
- ◆ Telephone Payments (automated line) on 01709 336810 by credit and debit card.
- ◆ Bankers Draft.
- ◆ Any other method of payment as prescribed by the Senior Officer Sundry Accounts.

8. ACCOUNT CONTROL

8.1 The Sundry Accounts Team has the responsibility for controlling customer debtor accounts. Specific responsibilities are defined below:

◆ Senior Officer Sundry Accounts

- Management Reporting of billing, collection and dispute activities
- Cash Target Setting to achieve Council Objectives
- Liaising with Services to improve collection services and systems
- Ensuring all accounts are being managed in the appropriate way
- Maximising income collection through proactive billing and collection processes
- Managing Sundry Accounts staff to ensure best use of resources
- Liaising with internal and external partners to manage the debt recovery process
- Taking ownership of any related systems (with IT) to ensure services are of the highest level
- Ensuring prompt resolution of disputes
- Processing Refunds
- Processing Write offs and Credit Notes
- Implementation of appropriate system reconciliation and controls.
- Producing & maintaining system user guides and delivery of training where appropriate.

◆ Sundry Accounts Officers

- Prompt pro-active customer contact in respect of those accounts defined as Major Customers, potential high risk accounts or any other accounts that may be identified from time to time by the Senior Officer Sundry Accounts and Principal Officer Taxation & Exchequer Services.
- Control and despatch of dunning letters for other commercial and consumer accounts.
- Maintain records of all action taken on each account as a full audit trail and supporting documentation to justify future actions.
- Liaising with Services to ensure timely and accurate billing and collection processes are adhered to.
- Control and authorisation of payments by Bank Automated Clearing System (BACS) and Standing Order/Direct Debit.
- Instigating and monitoring appropriate recovery action.
- Liaising with Services and legal services to gather supporting documentation for court proceedings.
- Monitoring of accounts subject to legal or other third party action.
- Identifying, logging and tracking all invoice disputes.

◆ All Service/Directorate Staff

- supporting the Sundry Accounts Team by ensuring:

- ❖ All services provided are accurately charged and billed (including VAT if appropriate) before or at the time of the provision of the service, or within 5 working days of the provision of the service.
- ❖ **All** appropriate documents are retained and stored in a retrievable format for the defined period in accordance with guidance issued by the Strategic Director of Finance and within 10 working days of a request make such documents available as supporting documentation to support a debt.
- ❖ Prompt resolution of disputes.
- ❖ Prompt communication to the Sundry Accounts Team of all disputes received by Service that affect invoice settlement, and their outcomes.
- ❖ The Sundry Accounts Team is provided with appropriate and timely authorisation to cancel debt where accounts are either raised in error or are subsequently amended or cancelled. This should be in a written format as prescribed by the Senior Officer Sundry Accounts. (See Section 11).
- ❖ The Sundry Accounts Team is provided with appropriate and timely authorisation to write off irrecoverable debts. (See Section 15).

9. ACCOUNT COLLECTION & RECOVERY

- 9.1 The Council employs a pro-active approach to collection for major customers to ensure that customer disputes are quickly identified and resolved before the account is due for payment.
- 9.2 When requested by any member of the Sundry Accounts Team, the nominated Service contact (Invoice Raiser, Budget Operator/Holder/Manager) will promptly intervene in respect of any customer that:
- ◆ fails to abide by the Terms and Conditions or fails to keep any other payment promise as set out within any contractual documentation or agreed verbally or in writing in the normal course of collection procedures,
 - ◆ refuses to pay without a valid reason,
 - ◆ refuses to pay interest charges on late payments in respect of invoices that have not been subject to a valid dispute
 - ◆ refuses to pay collection costs when the services of a third party have been used.
- 9.3 Major Accounts, as identified by the Senior Officer Sundry Accounts, will be subject to both pro-active and reactive contact. Accounts which are not paid within 21 days of due date nor in dispute, will be discussed by the Senior Officer Sundry Accounts with the relevant nominated Service contact. They will be given the opportunity to obtain payment or provide a good commercial reason for not taking further action which may include litigation.
- 9.4 Invoices will be subject to the recovery cycle shown below, subject to variations agreed with the Senior Officer Sundry Accounts:

	Consumer Debt	Commercial Debt	Action
Stage 1	15 th Day	29 th Day	Reminder notice
Stage 2	22 nd Day	37 th Day	Final Notice
Stage 3	29 th Day	43 rd Day	Further Action (see 9.5)

- 9.5 Unless there is an acceptable reason for non-payment or a repayment plan is agreed, no account will be allowed to go three months beyond due date without being either:
- (a) Passed to the Sundry Accounts Recovery Officer to visit;
 - (b) Authorised for action by an external collection agency;
 - (c) Authorised for legal action including attachment of earnings;
 - (d) Deemed irrecoverable and subject to write off/cancellation procedure.
- 9.6 No account will be allowed to go six months beyond due date without being written off or credit note authorised unless there is a repayment plan in operation, the debt is being contested in court or it is secured and forms part of the accruals.
- 9.7 The Senior Officer Sundry Accounts is responsible for liaising with Services to establish individual recovery needs dependent on debt type and circumstances. For example certain debts may be of a sensitive nature owed by vulnerable members of the public. In these circumstances the Senior Officer Sundry Accounts will follow the instructions of the Service. In extreme circumstances where further recovery is either not appropriate or the debt becomes uneconomical to collect, the Senior Officer Sundry Accounts may seek approval for the debt to be written off.
- 9.8 At stage 3, the Sundry Accounts Team may seek supporting documentation and approval from the Service raising the invoice in order to progress legal proceedings. The Service shall provide such supporting documentation within 10 working days of the request. Failure to do so, unless specifically authorised by the Senior Officer Sundry Accounts, will result in the Senior Officer Sundry Accounts escalating the request to the appropriate Director of Service, as a balance uncollectible due to lack of supporting documentation. It should be noted that pursuit of a debt through the courts is not possible without adequate documentary proof of that debt.
- 9.9 Whilst acting in the best interests of the Authority, the Senior Officer Sundry Accounts has the discretion to by-pass any of the above stages if deemed necessary.

10. ACCOUNT QUERIES

- 10.1 All disputes relating to a customer or to an individual invoice, should be communicated to the Senior Officer Sundry Accounts who will liaise with Service staff to ensure a timely and appropriate outcome. Disputes still outstanding and unresolved by the Service after 60 working days, which are not being actively pursued to the satisfaction of the Senior Officer Sundry Accounts, will be escalated to the appropriate Service Director. Should the dispute remain unresolved after a further 30 days, the account shall be reported to the Strategic Director, via the appropriate Service Accountant, with a request for instruction to issue a credit note to cancel the debt.

10.2 A resolved query is classified as:

- ◆ Agreement with the customer that there is no dispute.
- ◆ Agreement on a course of action that removes the customer dispute.
- ◆ Raising a credit note to an agreed amount.
- ◆ Where there is no agreement between the Service and the customer and the former is prepared to take legal action to recover the debt.

11. CREDIT NOTES

11.1 Credit notes to reduce an account balance in part or full must be authorised by Services in the following circumstances:

- (a) Where all or part of an invoice has been raised in error;
- (b) Where it is acknowledged that all or part of a service has not been delivered.

11.2 Credit notes must be approved in writing in a form prescribed by the Senior Officer Sundry Accounts.

11.3 Where it is acknowledged that a credit note is required, but written approval is not received from the Service within 5 working days, the Senior Officer Sundry Accounts shall escalate the request to the appropriate Director of Service.

12. STOP AUTHORISATIONS

12.1 Accounts that are overdue will be reviewed by the Senior Officer Sundry Accounts on a regular monthly basis. Further billing and services relating to that customer may be withheld pending instructions from the Senior Officer Sundry Accounts to resume such billing or services.

12.2 Accounts that are subject to litigation may also have services withheld. Accounts that are serviced across a number of Services will be reviewed to assess the effect on revenue within those Services.

12.3 The Senior Officer Sundry Accounts will make recommendations to the originator of the invoice on accounts where services should, if possible, be suspended. These must be authorised by the appropriate manager within the Directorate.

13. ACCOUNTS SUBJECT TO RECOVERY PROCEEDINGS

13.1 Services should consider the previous payment record and status of any outstanding invoices for each customer prior to providing additional goods and services. For example, if a customer is subject to legal proceedings, it may be in the best interests of the Authority not to extend further credit until other debts are cleared. It may be appropriate to request credit checks on some customers (see 4.2).

14. DORMANT ACCOUNTS

- 14.1 The Senior Officer Sundry Accounts shall be responsible for maintaining customer records on the ledger, and may from time to time close or archive inactive and clear customer accounts.

15. DEBT WRITE OFF

- 15.1 Debts will be written off where there is no likelihood of payment, subject to the following authorisation process:

£0.01 to £50.00	<u>The Principal Officer Taxation & Exchequer Services</u> has the delegated power to write off balances between £0.01 and £50.00 having being provided with a list of such account balances together with actions taken, by the Senior Officer Sundry Accounts.
£50.01 to £500.00	Amounts between £50.01 and £500.00 shall be authorised for write off by the appropriate <u>Budget Holder/Manager</u> . A list of such account balances shall be communicated to the appropriate Service Accountant who shall arrange authorisation by the Budget Holder/Manager before informing the Senior Officer Sundry Accounts in writing (<u>Email is acceptable</u>) to go ahead with the write off. If such authorisation is not communicated to the Senior Officer Sundry Accounts within 15 working days of the original communication, nor a revised deadline agreed, the request shall be escalated to the appropriate Strategic Director for approval.
£500.01 to £5,000.00	Amounts between £500.01 and £5000.00 shall be authorised for write off by the appropriate <u>Director of Service</u> . A list of such account balances shall be communicated to the appropriate Service Accountant who shall arrange authorisation by the Director of Service before informing the Senior Officer Sundry Accounts in writing (<u>Email is acceptable</u>) to go ahead with the write off. If such authorisation is not communicated to the Senior Officer Sundry Accounts within 15 working days of the original communication, nor a revised deadline agreed, the request shall be escalated to the appropriate Strategic Director for approval.
> £5,000.00	Amounts over £5000.00 shall be authorised for write off by the appropriate <u>Strategic Director</u> , in consultation with the <u>Strategic Director of Financial Services</u> . A list of such accounts shall be communicated to the appropriate Service Accountant who shall arrange authorisation by the Strategic Director before informing the Senior Officer Sundry Accounts in writing (<u>Email is acceptable</u>) to go ahead with the write off. If such authorisation is not communicated to the Senior Officer Sundry Accounts within 15 working days of the original communication, nor a revised deadline agreed, the request shall be escalated to the Chief Executive for approval. In addition, amounts over £5000.00 shall be communicated to the Corporate Management Team for information.

15.2 In authorising the write-off, the appropriate officer as defined above, shall be satisfied that either:

- (a) All appropriate recovery methods have been exhausted;
- (b) The debt is uneconomical to pursue;
- (c) The amount is uncollectible due to bankruptcy or insolvency;
- (d) The debtor has absconded and cannot be traced;
- (e) It is not in the best interests of the Authority to pursue the debt;

15.3 Before authorising the account for write off, the Service Accountant shall be satisfied that the cost centre quoted is still valid and that appropriate provision is taken of the effect of writing off the debt. Where the original cost centre is no longer valid, an alternative valid cost centre must be provided to the Senior Officer Sundry Accounts in order to allow the write off to be done within the sundry accounts and general ledgers.

16. BAD DEBT PROVISION

16.1 The provision for bad debts will be calculated according to the Council's accounting guidelines and codes of practice.

17. LIQUIDATION, BANKRUPTCY & RECEIVERSHIP

17.1 Customers who cease trading will be flagged as such within the sundry accounts ledger. Once any VAT element has been recovered the account can be written-off in accordance with the Council's accounting procedures and Financial Regulations.

17.2 Any dividends subsequently received will be handled in accordance with the Council's accounting procedures.

18. PERFORMANCE MEASUREMENT

18.1 Although the Senior Officer Sundry Accounts is responsible for all debt in the Sundry Debtors Ledger, any commercial decisions taken by senior management and authorised in accordance with this Policy will be taken into account in any performance measurement.

18.2 Performance will generally be expressed as:

- ◆ Days Revenue Outstanding (DRO) using the exhaust method,
- ◆ Age Debt Analysis – month to month
- ◆ Cash Offset Analysis (occasionally)
- ◆ Ledger Movement Analysis (occasionally)
- ◆ Measurement of Overdue against Annual Revenue (12 month average),

- ◆ Credit Note to Invoice Ratio,
- ◆ Level and age of unresolved disputes.
- ◆ Any other as prescribed by the Director of Central Finance, Principal Officer Taxation & Exchequer Services or Senior officer Sundry Accounts.

18.3 In reviewing performance measurements, any agreed difficulties in collection within each Directorate, will be taken into account.

18.4 Collection and performance targets shall be periodically agreed by the Director of Central Finance and/or the Principal Officer Taxation & Exchequer Services and the Senior Officer Sundry Accounts. Those targets and an evaluation of performance against those targets shall be used to formulate collection and recovery strategies.

19. MANAGEMENT REPORTING

19.1 The Senior Officer Sundry Accounts will prepare and submit to the Principal Officer Taxation & Exchequer Services, monthly reports as agreed, showing:

- ◆ Days Revenue Outstanding (DRO)
- ◆ Level of Overdue Debt
- ◆ Query Statistics
 - ⇒ Performance Analysis
 - ⇒ Ageing Analysis
- ◆ Performance against targets
- ◆ Analysis of Major Accounts
- ◆ Analysis of accounts in legal
- ◆ Analysis of accounts subject to Accruals
- ◆ Cash and DRO targets

19.2 Further distribution of reports will be considered by the Senior Officer Sundry Accounts and the Principal Officer Taxation & Exchequer Services.

20. POLICY REVIEW

20.1 This Policy will be subject to review at least annually in order to meet the needs of the Authority. Individual Service requirements should be communicated to the document owners on page 1 for consideration.

FINANCIAL REGULATIONS

GUIDANCE NOTE - USE OF RMBC CORPORATE CREDIT CARDS

Introduction

1. This guidance note documents the procedures to be followed for procurement of goods and services on behalf of the Council by use of the RMBC corporate credit card - use of the RMBC corporate credit card does not replace the Council's Contract and Procurement systems and procedures; this guidance should be read in conjunction with Guidance Note 3 - Contract and Procurement.
2. For the purposes of this guidance note, the RMBC corporate credit card is the credit card that on the authorisation of the Strategic Director of Finance is procured and distributed by RBT for use only by those RMBC and RBT employees nominated as cardholders.

In carrying out this function

- RBT, (acting under authorisation of the Strategic Director of Finance):
 - arrange the credit card agreement with the credit card supplier
 - liaise with Directorates and the credit card supplier to issue/delete cards to authorised users
 - issue cards to authorised RBT card holders for use in the RBT procurement process
 - are responsible for control of usage, accountability and charging of expenditure on the cards held by RBT employees
- RMBC Directorates, (acting under authorisation of the Strategic Director of Finance):
 - liaise with RBT for issue/deletion of cards to authorised employees
 - are responsible for usage, accountability and charging of expenditure on the cards held by its employees.

Update of Financial Regulations: Usage of RMBC Corporate Credit Card

3. RBT's holding and usage of the RMBC corporate credit card is intended to complement the RBT procurement process, being made available to authorised cardholders for the following purposes:
- to assist in achieving e-government targets
 - to assist in achieving the Prompt Payment Performance indicator BVP18 (the percentage of undisputed invoices which were paid in 30 days)
 - to obtain 'best value' by taking advantage of offers from suppliers via the internet
 - to enable a more convenient method of managing foreign travel and accommodation whilst abroad - however it should be noted that advance bookings of travel and accommodation must be made via RBT - procurement.
4. RMBC Directorate's holding and usage of the RMBC corporate credit card, by authorised cardholders only, is intended to provide a more convenient method of managing foreign travel and accommodation whilst abroad*. Usage is intended to be on a strictly limited needs only basis for key employees whose duties require this facility. It is not intended to be used for the purchasing of bought in goods and services for which the usual first course of action should be that these are procured directly through the RBT e-procurement system - for example advance bookings of travel and accommodation must be made via RBT - Procurement.

*Note however the credit card is available for 'emergency' usage at the cardholder's discretion.

Limitation of use

5. Use of the RMBC corporate credit card is restricted to the authorised credit card holder only and should not be given for use by someone else even under the authority of the credit card holder.
6. Personal usage of the RMBC corporate credit card is prohibited.
7. Use of the card for cash advances is prohibited.

Use of cards by cardholders

8. Strategic Directors of Directorates operating RMBC corporate credit cards are required to nominate for their Directorate the authorised RMBC corporate credit card holders who are required to:
- sign to acknowledge receipt of the card and a copy of these guidelines
 - submit formal receipts in support of their RMBC corporate credit card expenditure (when payment is made on-line internet screen prints are not a substitute for actual receipts)
 - examine and submit the individual RMBC corporate credit card statement of expenditure with the original copies of all receipts and credit card transaction receipts for examination by a nominated senior officer who will arrange for photocopy and return of the originals
 - immediately inform the RMBC corporate credit card supplier and the nominated Directorate administrator if the credit card is lost or stolen
 - observe Council policies in respect of travel and subsistence.

Control of cards and examination of expenditure

9. Strategic Directors of Directorates operating RMBC corporate credit cards are required to nominate for their Directorate a senior officer separate from the authorised credit card holder to be responsible for:
- control of issue of the card by retaining the signature of the card holder acknowledging receipt of the card together with a copy of these guidelines
 - examination and authorisation by signature of usage of the RMBC corporate credit card retrospectively and in a timely manner by:
 - ensuring receipt of a copy of the RMBC corporate credit card consolidated statement from Financial Services and ensuring its continuity from the previous month

- receiving the RMBC credit card holder statement and corresponding receipts.
- comparison and reconciliation of the consolidated and individual RMBC corporate credit card statements
- examination of the individual RMBC corporate credit card expenditure with a view to its verification as proper expenditure
- providing a short narrative on the records explaining the examination of unusual transactions on the RMBC corporate credit card statement and verification that these constitute properly authorised expenditure
- checking the RMBC corporate credit card transactions with the Council's approved allowances/rates
- ensuring that any expenditure in default of these regulations is brought to the attention of the Strategic Director of the Directorate and the Strategic Director of Finance, and paid back to the Council without delay by the authorised credit card holder.

Expenditure and VAT coding

10. Strategic Directors of Directorates operating RMBC corporate credit cards are required to nominate an administrative officer separate from the authorised RMBC corporate credit card holders, to be responsible within their Directorate for:
- recording separately the authorised card holder's relevant transaction details - card holder, amount and cost code, and any recoverable VAT using the VAT recovery cost code
 - completion of the system documentation (SD5's and Batch Header Cards)
 - application of the correct expenditure codes to the card holder expenditure to record the expenditure against the correct expenditure head in the Financial Information System (Cedar)
 - casting and cross checking of the amounts as follows:
 - individual Visa card statement total

- consolidated Visa card statement total
- Internal Recharge Sheet (SD5) total
- the batch total of the batch card
- passing these charging details to another officer in the Directorate or to the administrative officer in Financial Services for input to the Financial Information System (Cedar).

Bill payment and accounting procedures

11. The Strategic Director of Finance is required to nominate an officer within Financial Services to:
 - oversee the payment of the monthly RMBC corporate credit card via direct debit to the RMBC main account
 - verify receipt of the RMBC corporate credit card consolidated statement monthly and to pursue the bank if a statement is not received
 - send copies of the monthly RMBC corporate credit card consolidated statement to the nominated senior officers in the Directorates
 - 'journal' (input to the Financial Information System (Cedar)) the documented and coded (completed batched SD5's) RMBC corporate credit card transactions received from the Directorates.

Changes in procedures with respect to RMBC corporate credit cards.

12. In accordance with Financial Regulations, Appendix D - Financial Systems and Procedures, General, paragraphs 1.2 and 12, prior approval of the Strategic Director of Finance is required for new systems, new developments or any changes to existing system and procedures for the use of RMBC corporate credit cards or the like facilities.

ROTHERHAM BOROUGH COUNCIL – REPORT TO CABINET

1.	Meeting:	Council
2.	Date:	23 rd July 2008
3.	Title:	Audit Committee Annual Report 2007/08
4.	Directorate:	Financial Services

5. Summary

This report refers to and contains at Appendix A, the Audit Committee Annual Report 2007/08.

6. Recommendations

- To note the attached annual report for the 2007/08

7. Proposals and Details

The Audit Committee's Terms of Reference and best practice as contained in the CIPFA, IPF document "A Toolkit for Local Authority Audit Committees" require the Audit Committee to complete an annual report.

A copy of a draft annual report is attached at Appendix A. It shows key information relating to the Committee, its achievements during the year and key targets for 2008/09.

The Audit Committee has been commended by the external auditor and the annual report shows that it has successfully fulfilled its terms of reference and has improved the Council's governance and control environments.

NB The report has been considered at recent meetings of the Audit Committee and Cabinet.

8. Finance

There are no direct financial implications.

9. Risks and Uncertainties

The Council achieved a maximum 4 score for its Use of Resources in 2007 and a commendation for its Audit Committee. The preparation of an Annual Report is in line with best practice and will help the Council to maintain its score in 2008.

10. Policy and Performance Agenda Implications

Good Governance is wholly related to the achievement of the objectives in the Council's Corporate Plan.

11. Background Papers and Consultation

"A Toolkit for Local Authority Audit Committees", CIPFA, IPF, 2006

Contact Names:

P.Hindle, Chief Auditor, x3290

Appendices:

Appendix A Audit Committee Annual Report 2007/08

AUDIT COMMITTEE

ANNUAL REPORT 2007/08

Councillor P.Wardle, Chair
Councillor B Kaye, Vice-Chair



FOREWORD BY THE CHAIR OF THE AUDIT COMMITTEE

I am pleased to present this annual report, which shows how the Audit Committee has successfully fulfilled its terms of reference and has improved the Council's governance and control environments.

The Committee has during the year consolidated its development into a top rate Audit Committee. The Council's external auditor, KPMG, has recommended the work of the Committee as an example of 'notable practice' in its annual CPA ^{*1} Use of Resources assessment, stating:

"The Council continues to demonstrate strong performance in internal control.... and has continued to develop its Audit Committee

These arrangements contributed significantly to a maximum score of 4 again in the 2007/08 Use of Resources assessment. To obtain a score of 4 the External Auditor must consider whether the Council is demonstrating innovation and best practice which could be shared with other Authorities.

Following the success of the Rotherham-led initiative to establish sub-region wide audit committee events in 2006, further well supported events have taken place during 2007 in Rotherham and Barnsley. Feedback from both Officers and Members following these events has been positive, and going forward further events are planned into 2008. We believe that this continues to be the first and only forum of this nature in the Country.



**Councillor Phillip Wardle
Chair, Audit Committee
2007/08**

We do not intend to rest on our laurels. For 2008/09 we propose to:

- Support staff to maintain a Use of Resources score of 4 under the 'harder' CPA test
- Continue to review all governance arrangements to ensure the Council adopts the very latest best practice
- refresh Members' training in finance and risk management
- continue to be a leading player in promote good governance at the sub-region level

¹ Comprehensive Performance Assessment

AUDIT COMMITTEE: ANNUAL REPORT 2007/08

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Meetings and attendance	
Key features of the Audit Committee and its operation	
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OUTCOMES	7
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INTRODUCTION

This is the second annual report produced by Rotherham MBC's Audit Committee. It is produced in accordance with latest best practice ^{*2} and shows that the Council is committed to working as an exemplar organisation, operating the highest standards of governance.

This report shows how the Audit Committee has successfully fulfilled its terms of reference and has improved the Council's governance and control environments.

SOME KEY INFORMATION

Audit Committee Membership

The Audit Committee has 5 Members:

Councillor Phillip Wardle	-	Chair
Councillor Barry Kaye	-	Vice-Chair
Councillor Michael Clarke		
Councillor Neil License		
Councillor Alex Sangster		

In addition, as Deputy Leader (Finance), Councillor Terry Sharman is invited to attend Audit Committee meetings. There is strong officer support to the Audit Committee, through the regular attendance of the Strategic Director of Finance, the Assistant Chief Executive – Legal Services and the Director of Internal Audit & Governance. Other officers attend as and when appropriate, including the Chief Executive, the Assistant Chief Executive – Performance & Quality, Financial Services staff and other Directorates' staff.

Meetings and attendance

The Audit Committee meets normally on the penultimate Wednesday of each month. There have been 8 meetings between May 2007 and April 2008. Attendance has been a commendable: 85%.

² Best practice as contained in the CIPFA, IPF document "A Toolkit for Local Authority Audit Committees"

Key features of the Audit Committee and its operation

Comparison against best practice standards illustrates our strength.

Best Practice Standard	Expectation	Met?	Comment
Independence	Independent from the executive and scrutiny	√	The Committee reports to the Council
Number of Members	3-5	√	The Committee has 5 Members
Number of meetings	Aligned to business needs	√	The frequency of meetings enables all business to be considered in a timely manner
Co-option	To be considered relative to skills	√	Training is provided to increase Members' skills
Terms of Reference	Accord with suggested best practice	√	The Committee has adopted the model ToR
Skills and training	Members have sufficient skills for the job	√	General and, through the PDR process, specific training is provided to increase Members' skills

CORE ACTIVITY 2007/08**Terms of Reference**

The Audit Committee's current terms of reference cover 6 main areas and are copied at Appendix 1 to this annual report. The Committee's work and outcomes in each of its areas of responsibility are summarised in the following sub-sections.

Internal Audit

The Audit Committee:

- Approved the Chief Auditor's audit plan
- Considered quarterly reports produced this year by the Chief Auditor, highlighting internal audit work completed in the quarter, internal audit performance against key indicators, management's response to recommendations and any significant issues arising during the period
- Considered the Chief Auditor's annual report and opinion on the Council's control environment
- Ensured internal and external audit plans were complementary and provided optimum use of the total audit resource.

We are receiving more information on our internal audit activity and are providing support to internal audit to ensure management is responsive to recommendations made and agreed.

External Audit

The Audit Committee:

- Considered the external auditor's audit plan
- Considered quarterly reports on progress against the plan presented by the external auditor
- Received and considered all external audit and inspection reports issued in the year and considered management's response to them, ensuring robust and thorough responses
- Reviewed the Council's progress on all external audit and inspection recommendations on a quarterly basis and asked managers to explain progress, thereby holding them to account.

Risk Management

The Audit Committee:

- Received and considered quarterly reports on the corporate risk register
- Received minutes from the Corporate Governance Group which has considered risk issues in more details
- Received and considered proposals to strengthen Partnerships Governance
- Received and considered new Corporate Risk register proposals

Internal Control and Governance

The Audit Committee:

- Agreed the Council's Statement on Internal Control and action plans to improve identified weaknesses
- Considered and supported changes to the action plan required to address amendments to Use of Resources criteria (2008)
- Considered the report of the Assistant Chief Executive (HR) and RBT representative regarding concerns highlighted in relation to HR & Payroll

Accounts

The Audit Committee:

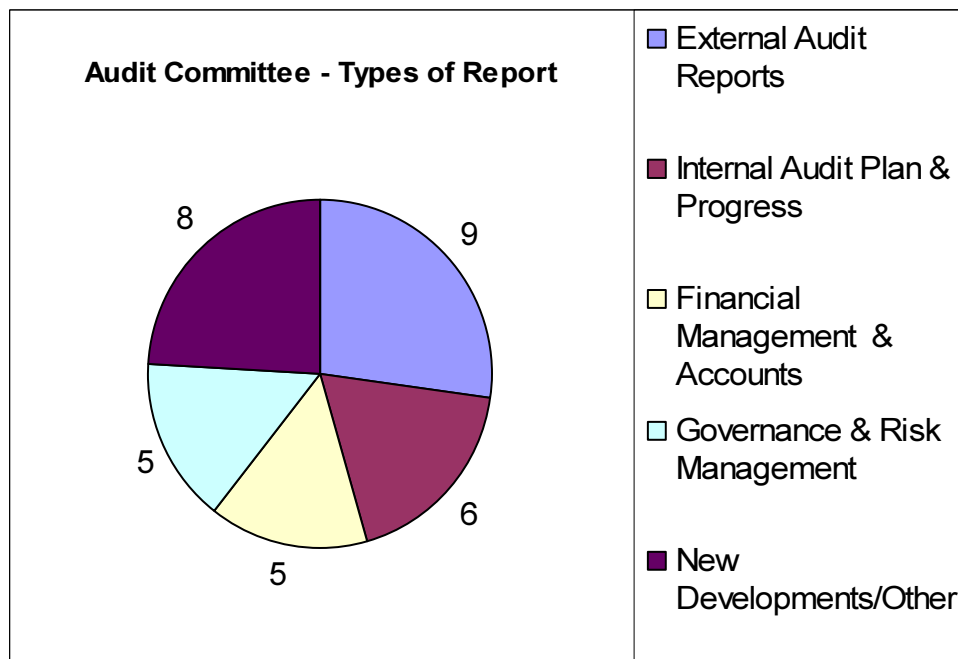
- Agreed the annual statement of accounts
- Received and considered the external auditor's report on the accounts, and ensured that the Council is responding to the auditor's comments

- Agreed the Council's accounting policies
- Considered the Council's treasury management policy and prudential indicators
- Considered the implications of changes to the Code of Practice –Local Authority Accounts

To give a flavour of our business during the year, the following shows the types and numbers of reports considered between May 2007 and April 2008:

Numbers and types of reports considered by the Audit Committee

The Audit Committee covered a wide range of business



OTHER ACTIVITIES

As part of our ongoing commitment to identifying and sharing good practice we have continued to lead and support events in the sub-region during 2007/08.

Rotherham hosted a well attended event in June 2007. Topics covered included:-

- Annual Statement of Accounts
- The Statement of Internal Control
- Chief Auditors Annual report

As well as presentations by the Director of Internal Audit & Governance our speakers included a member of Cipfa's Technical Team (IPF).

A further event took place in December 2007 hosted by Barnsley MBC. This event included a presentation by the Leader of the Council, Councillor Steve Houghton on the 'Leader's perspective on role, responsibilities and value of the Audit Committee'.

Going forward in to 2008/09 further events are planned:-

- June 2008 – A general awareness session addressing the work and role of the Audit Committee. This is to be specifically targeted at new Audit Committee Members.
- September 2008 – A session is planned dealing with corporate governance, inspection regimes and the CAA.
- March 2009 – Annual Meeting dealing with a review of the year and planning future events.

OUTCOMES

Our main focus is on adding value through our activity. By concentrating on outcomes we can identify the benefits of our work. Our achievements this year are: The Audit Committee:

- Oversaw and contributed to work leading to the maintenance of the maximum level 4 assessment by the external auditor under their Use of Resources judgement
- In particular, we were responsible for risk management and audit committee arrangements which were considered as 'notable practice' by the external auditor
- Oversaw work on the statement of accounts which received a clean opinion from the external auditor
- Learnt from others, shared our good practice and facilitated shared learning activity
- Encouraged and presided over a strengthening control environment, specifically by agreeing to review of arrangements for the Local Code of Corporate Governance, Ethical Standards and Partnerships Governance

In addition, individual Members and the Audit Committee collectively continued to develop and learn about our roles, and deliver these roles effectively.

PLANS FOR 2008/09

We want to continue to develop and build on our current status. For 2008/09 we will:

- Support officers to maintain the Level 4 Use of Resources judgement(harder test)
- Equip existing and any new Members to fulfil our responsibilities by providing refresher training on finance and risk management
- Continue to review all governance arrangements to ensure the Council adopts the very latest best practice
- Continue to support the improvement of standards across all relevant organisations at a sub-region level.

During 2007/08 we have consolidated the progress we made in the previous year, and going forward we look to continue to be a champion of good governance both a local and sub-regional level.

*Rotherham MBC Audit Committee
May 2008*

APPENDIX A

Audit Committee**Statement of Purpose**

To provide independent assurance of the adequacy of the audit and risk management frameworks and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment and to oversee the financial reporting process.

Terms of Reference**Internal Audit**

To approve (but not direct) the internal audit manager's proposed strategy plan and performance and ensure that this gives an adequate level of assurance over the Council's main risks.

To consider summaries of specific internal audit reports as requested and seek assurance that action has been taken where necessary.

To consider reports from the internal audit manager on agreed recommendations not implemented within a reasonable timescale.

To consider reports dealing with the management and performance of the internal audit service.

To consider the internal audit manager's annual report and opinion.

To ensure that there are effective relationships between internal and external audit, inspection agencies and other relevant bodies.

External Audit

To consider and comment upon the external audit plan.

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

To consider specific reports as agreed with the external auditor.

To consider the adequacy of management response to external audit advice, recommendations and action plans.

To consider issues arising from the external auditor's annual management letter prior to its submission to the full council.

To commission work from internal and external audit.

To liaise with the Audit Commission over the appointment of the Council's external auditor.

To provide feedback to the external auditor upon external audit performance.

Risk management

Consider the effectiveness of the Council's risk management arrangements and control environment.

Seek assurances that action is being taken on risk related issues identified by auditors and inspectors.

Review the robustness of risk registers.

Internal control arrangements and Corporate Governance

To consider and review the statement of internal control prior to recommending it to the full Council.

Be satisfied that the Council's assurance statements including the Statement of Internal Control properly reflect the risk environment and any actions required to improve it.

Review the procedures followed in compiling the Statement of Internal Control and supporting documentation to determine the robustness of the evidence and assurances upon which the statement is based.

Consider and monitor action plans for addressing any significant internal control weaknesses disclosed.

To consider the Council's arrangements for corporate governance and agree necessary actions to ensure compliance with best practice.

To maintain an overview of financial regulations and contract procedure rules.

To review and consider the adequacy of the Council's anti-fraud and corruption policy and to monitor its effectiveness throughout the Council.

To review and consider the statement of internal control prior to recommending.

Accounts

To consider and review the annual statement of accounts prior to recommending it to the full Council.

To consider the external auditors SAS610 report on the audit of the annual financial statement prior to recommending the audited statement of accounts to the full Council.

To consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statement or from the audit.

General

To review any issue referred by the Council, a Council body, the Chief Executive, an Executive Director, the Section 151 Officer or the Monitoring Officer.

To submit for consideration by the full council an annual report as to the work of the committee at the end of each financial year.

To liaise with the Audit Committees of 2010 Rotherham Limited, other partner organisations and other South Yorkshire authorities over the mutual exchange of views, good practice and approaches to issues of common concern.