

## **Section C**

# **Policies, Risk Management and External Arrangements**

# POLICIES, RISK MANAGEMENT AND EXTERNAL ARRANGEMENTS

## SECTION C: POLICIES, RISK MANAGEMENT AND EXTERNAL ARRANGEMENTS

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## **CHAPTER 1 - POLICIES**

### **CORPORATE PLANS**

#### **Chief Executive**

1. Responsible for proposing the priorities for the Council as set out in The Manchester Strategy ('Our Manchester'), Medium Term Financial Plan and Business Plans to the Executive for consideration before their submission to the Full Council for approval.

#### **Deputy Chief Executive and City Treasurer**

2. To advise and supply, as appropriate and in conjunction with Chief Officer and Heads of Services, the financial information that needs to be included in performance plans in accordance with statutory requirements and agreed timetables.
3. To contribute to the development of corporate and service targets and objectives and performance information.
4. To ensure that systems are in place to measure activity and collect accurate information for use as performance indicators.
5. To ensure that performance information is monitored sufficiently frequently to allow corrective action to be taken if targets are not likely to be met.

#### **Chief Officers and Heads of Service**

6. To ensure that performance information is monitored sufficiently frequently to allow corrective action to be taken if targets are not likely to be met.
7. To contribute to the development of performance plans in line with statutory requirements.
8. To contribute to the development of corporate and service targets and objectives and performance information.
9. To advise and supply, as appropriate and in conjunction with the Deputy Chief Executive and City Treasurer the financial information that needs to be included in performance plans in accordance with statutory requirements and agreed timetables.

### **ACCOUNTING POLICIES**

#### **Deputy Chief Executive and City Treasurer**

10. Responsible for the preparation of the Council's statement of accounts, in accordance with proper practices as set out in the format required by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, for each financial year ending 31st March.

## **POLICIES, RISK MANAGEMENT AND EXTERNAL ARRANGEMENTS**

11. To select suitable accounting policies and ensure that they are applied consistently and comply with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. The accounting policies are reported to Audit Committee and set out in the statement of accounts, which is prepared as at 31st March each year.
12. To make judgements and estimates that are reasonable and prudent.
13. **Not allocated**

### Chief Officers and Heads of Service

14. To comply with accounting guidance provided by the Deputy Chief Executive and City Treasurer.
15. **Not allocated**
16. **Not allocated**
17. **Not allocated**
18. **Not allocated**
19. **Not allocated**
20. **Not allocated**

## **STAFFING**

### Chief Executive

21. Determine how officer support for executive and non-executive roles within the Council will be organised.
22. Responsible for providing overall management to staff. They will also be responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.

### Deputy Chief Executive and City Treasurer

23. To ensure that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.
24. To provide advice to secure payment of salaries and wages by the most economical means.
25. To ensure that budget provision exists for all existing and new employees.
26. To be responsible for the payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to members.

## **POLICIES, RISK MANAGEMENT AND EXTERNAL ARRANGEMENTS**

27. To arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date.
28. To record and make arrangements for the accurate and timely payment of tax, national insurance, superannuation and other deductions.
29. To act as an advisor to Chief Officers and Heads of Service on areas such as national insurance and pension contributions, as appropriate.
30. To set out and issue a Staff Expenses Scheme to be followed where staff incur personal expenses when carrying out their duties on behalf of the Council.

### Chief Officers and Heads of Service

31. To ensure appointments are made in accordance with the regulations of the Council and approved establishments, grades and scale of pay and that adequate budget provision is available.
32. To notify the Shared Service Centre of all appointments, terminations or variations that may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Deputy Chief Executive and City Treasurer.
33. To ensure that adequate and effective systems and procedures are operated, so that:
  - payments are only authorised to bona fide employees;
  - payments are only made where there is a valid entitlement;
  - conditions and contracts of employment are correctly applied; and
  - employees' details listed on the payroll are checked at regular intervals to verify accuracy and completeness.
34. To ensure that the service maintains and reviews periodically a list of officers approved to authorise payments, together with specimen signatures, and to ensure that only authorised officers authorise payments.
35. To ensure that payroll transactions are processed only through the payroll system. Chief Officers and Heads of Service should give careful consideration to the employment status of individuals retained on a self-employed consultant or subcontract basis. An employment status form must be completed before the individual is taken on. The Inland Revenue applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Deputy Chief Executive and City Treasurer.
36. To ensure that the Deputy Chief Executive and City Treasurer is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.
37. To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with guidance issued by the Deputy Chief Executive and City Treasurer.

## **POLICIES, RISK MANAGEMENT AND EXTERNAL ARRANGEMENTS**

38. Responsible for producing an annual staffing budget. Ensuring that the staffing budget is an accurate forecast of staffing levels and is equated to an appropriate revenue budget provision (including on-costs and overheads).
39. Responsible for controlling total staff numbers by:
  - advising the Executive on the budget necessary in any given year to cover estimated staffing levels.
  - adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs. Ensuring that the staffing budget is not exceeded without due authority and that it is managed to enable the agreed level of service to be provided.
40. Responsible for ensuring that the Deputy Chief Executive and City Treasurer is immediately informed if the staffing budget is likely to be materially over or under spent.
41. Responsible for monitoring staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.
42. To ensure staff expenses are paid in accordance with the Staff Expenses Scheme.
43. To certify all staff expenses. Certification is taken to mean that journeys were authorised in advance and that incidental expenses were properly and necessarily incurred and that allowances are properly payable by the Council, ensuring that cost-effective travel arrangements are used. Due consideration should be given to tax implications and that the advice of the Deputy Chief Executive and City Treasurer is sought where necessary.

## **CHAPTER 2 – ASSURANCE AND RISK MANAGEMENT**

### **RISK MANAGEMENT**

#### Executive

1. Responsible for approving the Council's Risk Management Policy Statement and strategy and for reviewing the effectiveness of risk management and to promote a culture of risk management awareness throughout the Council.

#### Audit Committee

2. Responsible for obtaining assurance over the Council's governance and risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.

#### **Deputy Chief Executive and City Treasurer**

3. Responsible for preparing the Council's Risk Management Policy Statement, for promoting it throughout the Council and for advising the Executive on proper insurance cover where appropriate.
4. Responsible for ensuring that proper insurance exists where appropriate.
5. To develop and document risks, controls and assurances through the production of a Corporate Risk Register, in conjunction with other Chief Officers and Heads of Service.
6. To develop and document the Corporate Business Continuity Plan, in conjunction with other Chief Officers and Heads of Service.
7. On a regular basis, the Deputy Chief Executive and City Treasurer will forward to Chief Officers and Heads of Services schedules of assets covered by insurance.
8. To affect corporate insurance cover, through external insurance and internal funding.

#### City Solicitor

9. To arrange for the negotiation of claims in consultation with other officers, including the Deputy Chief Executive and City Treasurer, where necessary.

#### **Chief Officers and Heads of Service**

10. To contribute to the production of a Corporate Risk Register.
11. To take responsibility for risk management, having regard to advice from the Deputy Chief Executive and City Treasurer and other specialist officers (e.g. crime prevention, fire prevention, health and safety).
12. To ensure appropriate resilience and business continuity plans are in place.
13. To ensure that there are regular reviews of risk within their services.

## **POLICIES, RISK MANAGEMENT AND EXTERNAL ARRANGEMENTS**

14. To notify the Deputy Chief Executive and City Treasurer immediately of any loss, liability or damage that may lead to a claim by or against the Council, together with any information or explanation required by the Deputy Chief Executive and City Treasurer or the Council's insurers.
15. To notify the Deputy Chief Executive and City Treasurer promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.
16. If any assets covered by insurance are damaged or stolen, Chief Officers and Heads of Services must not order replacements, remedial repairs or other work - except for emergency measures to prevent further damage or loss occurring - until the Deputy Chief Executive and City Treasurer has been consulted. Damage or loss arising from malicious acts should be reported to the police.
17. To notify the Deputy Chief Executive and City Treasurer promptly of any significant acquisitions or disposals of assets or any alteration to the scope or level of services provided, particularly where the risk of accident, injury, loss or damage is likely to increase.
18. To examine the schedules of assets covered by insurance, provided by the Deputy Chief Executive and City Treasurer, and ensure that the details of those assets are correctly recorded and that the scope and level of insurance cover is adequate, consistent with the Council's corporate insurance arrangements.
19. To provide the Deputy Chief Executive and City Treasurer with any information that he or she needs and in the timescale that he or she sets, to enable him or her to manage the Council's insurances effectively.
20. To consult with the Deputy Chief Executive and City Treasurer and the City Solicitor on the terms of any indemnity that the Council is requested to give.
21. To ensure that officers, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

### **INTERNAL CONTROL**

#### Audit Committee

22. Responsible for considering and approving the review of the Council's system of governance, risk management and controls in an Annual Governance Statement, which sets out and reviews the Council's governance arrangements as defined in the CIPFA/SOLACE Governance Framework, to accompany the Annual Statement of Accounts.
23. To overview the whistle-blowing policy.

#### Chief Executive



## **POLICIES, RISK MANAGEMENT AND EXTERNAL ARRANGEMENTS**

24. In conjunction with the Deputy Chief Executive and City Treasurer and the City Solicitor to develop and maintain an Anti-Fraud and Anti-Corruption Policy, whistle-blowing policy and risk management processes.

### **Deputy Chief Executive and City Treasurer**

25. Responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and effectively and in accordance with the statutory and other provisions that govern their use.
26. In conjunction with the Chief Executive and the City Solicitor to develop and maintain an Anti-fraud and Anti-corruption Policy, Whistle-blowing Policy and risk management processes.
27. To assist the Council to put in place an appropriate control environment and effective internal controls, which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.
28. To maintain adequate and effective internal control arrangements.
29. To review annually the effectiveness of the Council's system of internal audit and to report the findings to the Audit Committee.
30. To ensure that all suspected financial irregularities are reported to the Head of Internal Audit, and where sufficient evidence exists to believe that a criminal offence may have been committed, the police are called in by the Head of Internal Audit to determine with the Crown Prosecution Service whether any prosecution will take place.

### **Chief Officers and Heads of Service**

31. Responsible for establishing sound arrangements, consistent with guidance given by the Deputy Chief Executive and City Treasurer, for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.
32. Responsible for devising systems of control to help ensure the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.
33. To review existing controls in the light of changes affecting the Council and to establish and implement new ones in line with guidance from the Deputy Chief Executive and City Treasurer. Chief Officers and Heads of Services should also be responsible for removing controls that are unnecessary or not cost or risk effective, for example, because of duplication.
34. Responsible for managing and reviewing processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.
35. To ensure staff have a clear understanding of the consequences of lack of control.

## **POLICIES, RISK MANAGEMENT AND EXTERNAL ARRANGEMENTS**

36. To ensure that all suspected financial irregularities are reported to the Deputy Chief Executive and City Treasurer and Head of Internal Audit.
37. To instigate the Council's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.

### **INTERNAL AUDIT**

38. Section 151 of the Local Government Act 1972, requires that authorities 'make arrangements for the proper administration of their financial affairs'. The Accounts and Audit Regulations 2015 specifically requires that a "relevant authority must undertake an effective internal audit of its risk management, control and governance processes taking into account public sector internal auditing standards or guidance".
39. Internal audit is an assurance function that provides an independent and objective opinion to the Council on the control environment, by evaluating its effectiveness in achieving its objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

#### **Audit Committee**

40. Responsible for reviewing the Deputy Chief Executive and City Treasurer's annual report on the effectiveness of Internal Audit (including the Quality Assurance Improvement Programme) and the Head of Internal Audit's Annual Assurance Statement.
41. Responsible for reviewing and approving the Internal Audit Strategy and Annual Audit Plan.
42. Responsible for overseeing the effectiveness of actions taken by management to implement agreed actions arising from audit recommendations.

#### **Deputy Chief Executive and City Treasurer**

43. Responsible for submitting an annual report on the effectiveness of Internal Audit (including the Strategic Quality Assurance Improvement Programme) to the Senior Management Team and the Audit Committee.
44. The Accounts and Audit Regulations 2015 requires the Deputy Chief Executive and City Treasurer to determine on behalf of the Council:
  - The form of its accounting records and supporting records
  - its financial control systems.
45. The Deputy Chief Executive and City Treasurer will make arrangements so that internal auditors have authority:
  - to have access to Council premises at reasonable times;
  - to have access to documents, records and equipment in the possession of the Council;

## **POLICIES, RISK MANAGEMENT AND EXTERNAL ARRANGEMENTS**

- to require any officer of the Council to account for cash, stores or any other Council asset under their control;
  - where possible, to have access to records belonging to third parties, such as contractors, when required;
  - to receive information concerning any matter under investigation; and
  - to have access to the Chief Executive, the Executive, the Audit Committee and Scrutiny Committees.
46. To ensure that effective procedures are in place to investigate promptly any fraud or irregularity.

### **Chief Officers and Heads of Service**

47. To ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.
48. To ensure that auditors are provided with any information and explanations that they seek in the course of their work.
49. To consider and respond promptly to recommendations in audit reports.
50. To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
51. To notify the Head of Internal Audit immediately of any suspected fraud, irregularity, improper use or misappropriation of the Council's property or resources. Pending investigation and reporting, the Chief Officers and Heads of Service should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
52. To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with the Head of Internal Audit prior to implementation.

### **EXTERNAL AUDIT**

53. The External Auditor has rights of access to all documents and information necessary for audit purposes.
54. To provide assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the Council's resources.
55. The Council may, from time to time, be subject to audit, inspection or investigation by various external bodies such as HM Revenues and Customs and the Inland Revenue, who have statutory rights of access.

## **POLICIES, RISK MANAGEMENT AND EXTERNAL ARRANGEMENTS**

### Audit Committee

56. Responsibility to review the External Auditor's reports, the Annual Audit Letter and approve the Annual Statement of Accounts.

### Deputy Chief Executive and City Treasurer

57. To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work.
58. To ensure there is effective liaison between External and Internal Audit.
59. To work with the External Auditor and advise the Full Council, Executive and Chief Officers and Heads of Services on their responsibilities in relation to external audit.

### Chief Officers and Heads of Service

60. To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.
61. To ensure that all records and systems are up to date and available for inspection.

## **CHAPTER 3 – EXTERNAL ARRANGEMENTS**

### **EXTERNAL FUNDING**

#### **Deputy Chief Executive and City Treasurer**

1. To ensure that funds are acquired only to meet the priorities approved in the policy framework by the Full Council.
2. To ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts.
3. To ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.
4. To ensure that audit requirements are met.
5. Where they are specifically responsible for submitting grant claims, to ensure that all claims for funds are made by the due date.

#### **Chief Officers and Heads of Service**

6. **Not allocated**
7. To ensure the details of any new funding are submitted to the Revenue Gateway Panel for scrutiny before submitting a bid for new external funding and before committing to spend a new grant received by the Council in year. The Revenue Gateway Panel scrutinise and challenge requests submitted to them.
8. To ensure that funds are acquired only to meet the priorities approved in the Policy Framework by the Full Council.
9. Where they are specifically responsible for submitting grant claims, to ensure that all claims for funds are made by the due date.
10. To maintain adequate supporting documentation to enable claims for funding to be maximised/validated.
11. For grant claims subject to External or Internal Audit to ensure that claims and supporting documentation are made available to the External or Internal Auditors by the due date.
12. To ensure that the project progresses in accordance with the agreed project plan and that all expenditure is properly incurred and recorded and in accordance with any guidelines which may prevail at the time.

# POLICIES, RISK MANAGEMENT AND EXTERNAL ARRANGEMENTS

## **PARTNERSHIPS**

### Executive

13. The Executive to provide the strategic direction for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.
14. The Executive will delegate functions as appropriate, including those relating to partnerships, to Chief Officers and Heads of Service. These are set out in the Scheme of Delegation that forms part of the Council's Constitution. Where functions are delegated, the Executive remains accountable for them to the Full Council.
15. Representation of the Council on partnership and external bodies will be decided in accordance with the Scheme of Delegation.

### Chief Executive

16. In conjunction with the Deputy Chief Executive and City Treasurer must also ensure adequate and robust governance arrangements are in place and consider the overall corporate governance arrangements, risk and legal issues when arranging contracts with external bodies.
17. Responsible with the Deputy Chief Executive and City Treasurer and City Solicitor for developing and maintaining the Partnership Governance Framework and ensuring that the arrangements to ensure compliance are adhered to.

### Deputy Chief Executive and City Treasurer

18. Must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory.
19. In conjunction with the Chief Executive must also consider the overall corporate governance arrangements, risk and legal issues when arranging contracts with external bodies.
20. Ensure that all new partnership arrangements the Council enters into are registered under the Partnership Governance Framework, and that arrangements are risk assessed and that the accounting arrangements to be adopted by partnerships and joint ventures are satisfactory.
21. To ensure that partnership governance arrangements are underpinned by clear and well-documented internal financial controls.
22. In conjunction with the appropriate Chief Officers and Heads of Service must ensure that the risks have been fully appraised before agreements are entered into with external bodies.
23. To advise on effective controls that will ensure resources are maximised, not wasted.
24. To advise, as appropriate, on the key elements of funding a project, including:

## **POLICIES, RISK MANAGEMENT AND EXTERNAL ARRANGEMENTS**

- a scheme appraisal for financial viability in both the current and future years.
- risk appraisal and management.
- resourcing, including taxation issues.
- audit, security and control requirements.
- carry forward arrangements.

### Chief Officers and Heads of Service

25. Understanding and complying with the requirements of the Partnership Governance Framework. Ensure that all new partnership arrangements the Council enters into are registered under the Partnership Governance Framework, and that arrangements are risk assessed and that the accounting arrangements to be adopted by partnerships and joint ventures are satisfactory.
26. In conjunction with the Deputy Chief Executive and City Treasurer ensure that the risks have been fully appraised before agreements are entered into with external bodies.
27. Chief Officers and Heads of Services are responsible for ensuring that the Deputy Chief Executive and City Treasurer is consulted on the progress of negotiations and that appropriate approval is granted prior to the conclusion of any negotiations with partner organisations.
28. To consult with the Deputy Chief Executive and City Treasurer, as necessary, on a scheme's appraisal for financial viability in both the current and future years.
29. To ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared for the Deputy Chief Executive and City Treasurer.
30. To provide the Deputy Chief Executive and City Treasurer with all necessary information.
31. To maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the Deputy Chief Executive and City Treasurer.
32. To ensure that such agreements and arrangements do not impact adversely upon the services provided by the Council.
33. To ensure that all agreements and arrangements are properly documented.
34. To provide appropriate information to the Deputy Chief Executive and City Treasurer to enable sufficient information to be entered into the Council's Statement of Accounts concerning material items.

## **POLICIES, RISK MANAGEMENT AND EXTERNAL ARRANGEMENTS**

### **WORK FOR THIRD PARTIES**

#### Executive

35. Responsible for approving the contractual arrangements for any work for third parties or external bodies unless this is delegated to Chief Officers and Heads of Service.

#### Deputy Chief Executive and City Treasurer

36. To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.
37. To issue guidance on how proposals for any work with third parties should be costed.
38. To issue guidance on financial matters to be included in the completion of contracts.

#### Chief Officers and Heads of Service

39. To ensure that proposals for working with third parties are costed properly and in accordance with guidance provided by the Deputy Chief Executive and City Treasurer.
40. To ensure that contracts are drawn up using guidance provided by the Deputy Chief Executive and City Treasurer and the formal approvals process is adhered to.
41. To ensure that the approval of the Executive is obtained before any negotiations are concluded to work for third parties.
42. To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Deputy Chief Executive and City Treasurer.
43. To ensure that appropriate insurance arrangements are made.
44. To ensure that the Council is not put at risk from any bad debts.
45. To ensure that no contract is subsidised by the Council without the approval of the Executive.
46. To ensure that, wherever possible, payment is received in advance of the delivery of the service.
47. To ensure that the service/unit has the appropriate expertise to undertake the contract.
48. To ensure that such contracts do not impact adversely upon the services provided for the Council.
49. To ensure that all contracts are properly documented.
50. To provide appropriate information to the Deputy Chief Executive and City Treasurer to enable relevant disclosures to be made in the Statement of Accounts.