

REGULATION 12: TREASURY MANAGEMENT

[Quick Link](#)

- 12.1 Banking Arrangements
- 12.2 Treasury Management
- 12.3 Loans and Investments
- 12.4 The Prudential Code

Treasury Management covers all activities associated with any monies borrowed (Loans) or invested (Investments) on behalf of the Council irrespective of the time period covered by the transactions. It also covers the management and control of the Council's banking arrangements which include Giro and procurement cards.

12.1 BANKING ARRANGEMENTS

- 12.1.1 **Making Arrangements with the Bank:** All arrangements with the Council's bankers shall be negotiated by the "Nominated Chief Officer with responsibility for Treasury Management" who shall be authorised to operate such banking accounts as considered necessary.
- 12.1.2 **Official Bank Accounts only:** Individuals must not use personal bank accounts for any receipt or payment of monies related to the Council's affairs.
- 12.1.3 **Blank Cheques:** All forms of cheque shall only be ordered, issued and controlled by the "Nominated Chief Officer with responsibility for Treasury Management" who shall make proper arrangements for their safe custody.
- 12.1.4 **Cheque Signatures:** Cheques drawn on the Council's accounts shall bear the facsimile signature of the Statutory Chief Finance Officer (SCFO).
- 12.1.5 **Power to Open Cheques:** Cheques drawn on the Council's accounts can only be opened for encashment at the Council Offices by an officer who has been given that level of authorisation.
- 12.1.6 Exceptions to this are Housing Benefit cheques which can be authorised for encashment by the "Nominated Benefits Manager" or a nominated deputy.
- 12.1.7 **Reason to Open Cheques:** No cheque over £200 should be opened unless there is reasonable evidence that the payee does not have a bank account or other exceptional circumstances apply.
- 12.1.8 **Electronic Payments:** Where payments are to be transmitted electronically, the "Nominated Chief Officer with responsibility for Treasury Management" shall approve the procedures necessary to safeguard the authority against potential losses.

- 12.1.9 **Counter Signatures:** Supporting documents for any payment by cheque or electronic means to be drawn for more than **£50,000**, or **any manual cheque**, must be physically countersigned by another officer, authorised to do so, who was not the originator of the payment.
- 12.1.10 **Bank Statement Reconciliation:** In respect of the Council's main payment and receipt bank accounts, bank statements must be obtained on a daily basis and these must be promptly reconciled to records of transactions and reconciled to ledger postings at least monthly.
- Duties should be separated such that those responsible for drawing or paying in monies do not undertake the reconciliation.
- 12.1.11 **Un-presented Cheques:** Cheques drawn on the Council's bank account which remain un-presented should be cancelled in accordance with [Financial Regulation Support Document 36](#).
- 12.1.12 **Procurement Cards:** Only the Nominated Chief Officer with responsibility for Exchequer functions" shall have the authority to arrange these systems of payment and agree credit limits.
- 12.1.13 **Procurement Cards:** Purchases by procurement card must follow the Council approved Code of Practice as set out in [Financial Regulation Support Document No. 6b](#). This covers card usage, record keeping, statement reconciliation and payment authorisation.
- 12.1.14 **Operation of Trust Funds:** Officers, who are required by their official capacity to operate a bank account for the control of charitable, community or other funds not belonging to the Council, must notify the Statutory Chief Finance Officer and have regard to any guidance given by the SCFO.
- 12.1.15 **Third Party Funds and Assets:** No administration of any funds or assets held on behalf of third parties, is permissible except in exceptional cases approved by the Statutory Chief Finance Officer. A written record of all transactions must then be maintained.

12.2 TREASURY MANAGEMENT

- 12.2.1 **Adoption of Code of Practice:** Fareham Borough Council adopts the key recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in the Public Services.
- 12.2.2 **Maintenance of Policy and TMPS:** Accordingly, Fareham Borough Council will create and maintain, as the cornerstones for effective treasury management:

- a **treasury management policy statement**, stating the policies and objectives of its treasury management activities. The policy must be approved by the Council after any significant change.
- Suitable **Treasury Management Practices** (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

12.2.3 **Responsibilities:** The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Executive, and will nominate a body to oversee that the implementation is in accordance with the Treasury Management Strategy and Policy.

12.2.4 The execution and administration of treasury management decisions is delegated to the "Nominated Chief Officer with responsibility for Treasury Management", who will act in accordance with the policy statement and Treasury Management Practices and CIPFA's Standard of Professional Practice on Treasury Management.

12.2.5 **Reporting:** The Council will receive reports on its treasury management policies, practices and activities, which will include, an annual strategy in advance of the year, and an annual report produced timely after its close, and any other reports in accordance with the Code of Practice.

12.2.6 The "Nominated Chief Officer with responsibility for Treasury Management", will report to the Executive at least four times a year on the activities of the treasury management operation and on the exercise of the delegated treasury management powers, including any breaches of the Treasury Management Policy. The last of these reports will be the annual report referred to in 12.2.5.

12.3 LOANS AND INVESTMENTS

12.3.1 **Register of Assets and Liabilities:** All loans and investments shall be affected in the name of the Council by the SCFO who shall maintain a register of all negotiable instruments, stocks, bonds, mortgages and other securities held by the Council.

12.3.2 **Adequate records:** Adequate records of money borrowed and invested must be maintained.

12.3.3 **Security of Documents:** All documents of title to Council investments must be held securely by a nominated officer.

12.4 THE PRUDENTIAL CODE

This code sets out a framework for capital finance, borrowing and managing investment decisions within the principles of prudence, affordability and sustainability.

12.4.1 Compliance: The Council has a statutory duty to adopt and comply with “The Prudential Code for Capital Finance in Local Authorities”, a professional code developed by CIPFA. The SCFO is responsible for ensuring that this duty is fulfilled.

12.4.2 Setting the Indicators: Each year as part of the formal budget setting process, the SCFO will report the Council’s “Prudential Indicators” (as defined in the professional Code), to the Executive and Council. It is the responsibility of the SCFO to ensure that Members are presented with all matters to be taken into account when considering the indicators.

12.4.3 In setting or revising the indicators, the Council will have regard to the following matters:

- Affordability
- Prudence
- Sustainability
- Value for money
- Stewardship of assets
- Service Objectives
- Practicality

Once adopted by the Council, the prudential indicators will act as a set of parameters within which the Council shall operate during the year.

12.4.4 Treasury Management Indicators: The SCFO will also ensure that the prudential indicators that relate to Treasury Management will be considered at the same time as the Council’s Treasury Management Strategy.

12.4.5 Monitoring and Control: The SCFO must ensure that appropriate, robust processes are in place for monitoring performance against the indicators.

12.4.6 Reporting Non-Compliance: Where it is evident that one or more of these indicators has been, or is likely to be, breached the SCFO must make a report to the Executive as soon as is practicable to do so. This report should explain the reasons why the approved parameters have been (or are at risk of being) breached and recommend a course of action to be taken to rectify the situation.

Other Points of Reference (underline denotes a hyperlink is available)

[Financial Regulation 4: Authorisation Limits](#)

[Financial Regulation 19.5: Income Transfer and Banking](#)

[Financial Regulation Support Document 3: Expenditure Authorisation Limit Rules](#)

[Financial Regulation Support Document 6b: Procurement Card Policy](#)

[Financial Regulation Support Document 26: Treasury Management Policy Statement](#)

[Financial Regulation Support Document 27: Treasury Management Practices](#)

[Financial Regulation Support Document 36: Un-presented Cheques Policy](#)

CIPFA Standards of Professional Practice: Treasury Management

CIPFA Code of Practice on Treasury Management in the Public Services (2011)

CIPFA The Prudential Code for Capital Finance in Local Authorities (2011)