

**TREASURY MANAGEMENT PRACTICES
SCHEDULES**

West Wiltshire District Council

December 2007

TREASURY MANAGEMENT PRACTICES - SCHEDULES

This section contains the schedules which set out the details of how the Treasury Management Practices (TMPs) are put into effect by this organisation.

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TMP1 TREASURY RISK MANAGEMENT

1.1 LIQUIDITY

1.1.1 Amounts of approved minimum cash balances and short-term investments

The Treasury Management section shall seek to minimise the balance held in the Council's main bank accounts at the close of each working day in order to maximize investment return whilst minimising the amount of bank overdraft interest payable. Borrowing or lending shall be arranged in order to achieve this aim.

1.1.2 Details of:

a) Standby facilities

Each day, any cash surplus expected to arise by the end of that day is placed in a business reserve or similar account. This is instantly accessible if the overall Group Bank Account becomes overdrawn.

b) Bank overdraft arrangements

A £3.0million overdraft at 1% over base has been agreed as part of the bank tender. The overdraft is assessed on a group basis for the Council's accounts.

c) Short-term borrowing facilities

The Council accesses temporary loans through approved brokers on the London money market. The approved borrowing limit for short-term debt is £5million.

1.2 INTEREST RATE

1.2.1 Details of approved interest rate exposure limits

Please refer to annual treasury management strategy report [We could use this for all of the interest rate section so that it is consistent with the approved strategy for the year?]

1.2.2 Trigger points and other guidelines for managing changes to interest rate levels

As above re annual treasury management strategy report which will outline views for the year

1.2.3 Minimum/maximum proportions of variable rate debt/interest

Please refer to annual treasury management strategy report and accompanying prudential indicators.

1.2.4 Minimum/maximum proportions of fixed rate debt/interest

As above re annual treasury management strategy report and prudential indicators

1.3 INFLATION

1.3.1 Details of approved inflation exposure limits for cash investments/debt

During the current period of low and stable worldwide inflation there is little requirement for an active consideration of the impact of inflation. The key consideration is that investments reap the highest real rate of return, with debt costing the lowest real cost, consistent with other risks mentioned within this section.

1.3.2 Approved criteria for managing changes in inflation levels

Inflation both current and projected will form part of the debt and investment decision-making criteria both within the strategy and operational considerations.

1.4 CREDIT AND COUNTERPARTY POLICIES

1.4.1. Criteria to be used for creating/ managing approved counterparty lists/limits

1. The Head of Finance will prepare a list of approved counterparties.
2. The Council will use credit criteria in order to select creditworthy counterparties for placing investments with.
3. Specifically, credit ratings will be used as supplied from Fitch, Moody's and Standard and Poors Ratings, credit rating agencies. Information from other agencies may be supplied by the treasury consultants.
4. The list will include banks and building societies with a credit rating of at least F1 from Fitch or equivalent.
5. Treasury Management Consultants will provide a monthly update of all ratings relevant to the council.
6. The Council may invest money with the UK government and local authorities.
7. The maximum period of lending is 3 years.
8. We do not invest in subsidiaries that do not have a credit rating in their own right.
9. The maximum value for any one investment transaction will be £5 million.
10. The maximum level of investment with any one counterparty is the lower of the cash limit and fund proportion shown in the following table.

Type of Organisation	Maximum Investment (Cash)	Maximum Timescale
U.K. Government		3 years
Bank or Building Society	£15 million	3 years
UK Local Authorities	£3 million	3 years

1.4.2 Approved methodology for changing limits and adding / removing counterparties

Credit ratings for individual counterparties can change at any time. The Head of Finance is responsible for applying the stated credit rating criteria in 1.4.1.4.

The Head of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. This criteria is separate to that which chooses Specified and Non-Specified investments as it selects which counterparties the Council will choose rather than defining what its investments are.

- Banks – the Council will use banks which have at least the following Fitch or equivalent ratings:
 - Short Term F1
 - Long Term A- (A- is minimum and AAA+ is maximum)
 - Individual / Financial Strength C
 - Support 3
- Building Societies use all Societies, which meet the ratings for banks outlined above.
- Money Market Funds AAA
- UK Government, Local Authorities, Parish Councils etc will not be subject to specified criteria

The time limits for institutions on the Council's Counterparty List are as follows these will cover both Specified (high security/liquidity less than one year low risk) and Non-Specified Investments (greater than one year including forward deals with bank or building society with minimum long term credit rating of A-):

1.5 RE FINANCING

1.5.1 Projected capital investment requirements

The Cabinet will approve a three year plan for capital expenditure for the Council. This will be in accordance with Government's capital consent guidelines. The capital plan will be used to prepare a three year revenue budget for interest and expenses that will take account of the plans for capital expenditure and forecasts of interest rate changes.

1.5.2 Policy concerning limits on revenue consequences of capital financing

The Council is likely to enter into permanent long term borrowing towards the end of 2008/09.. The revenue budget for investment income will be set to take account of the depletion of cash balances due to financing of capital expenditure.

1.6 LEGAL AND REGULATORY

1.6.1 References to relevant statutes and regulations

The treasury management activities of the Council shall comply fully with legal statute and the regulations of the Council. These are:

- The Treasury Management Strategy Statement in accordance with the CIPFA Code of Practice on Treasury Management
- The reporting of the Prudential Indicators as required by the CIPFA Prudential Code for Capital Finance in Local Authorities
- The Annual Investment Strategy (in accordance with the CLG investment guidance)
- CIPFA's Code of Practice on Treasury Management
- CIPFA's Code of Practice on Local Authority Accounting
- CIPFA Prudential Code
- CIPFA Guide for Chief Financial Officers on Treasury Management in Local Authorities
- CIPFA Standard of Professional Practice on Treasury Management

- Local Government Act 2003
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended SI 3146
- DCLG Investment Guidance
- The Non Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.
- The Council's Standing Order relating to Contracts
- The Council's Constitution
- Council's Scheme of Delegated Functions

1.6.2 Procedures for evidencing the Council's powers/authorities to counterparties

The Council will prepare, adopt and maintain, as the cornerstones for effective treasury management:-

- a Treasury Management Policy Statement, stating the overriding principles and objectives of its treasury management activities and, as an integral part of that Statement,
- Treasury Management Practices, setting out the manner in which the Council will achieve those principles and objectives, and prescribing how it will manage and control those activities.

1.6.3 Required information from counterparties concerning their powers/authorities

Lending shall only be made to counterparties who meet the selection criteria in 1.4.2.

1.6.4 Statement on the Council's political risks and management of same

The Head of Finance shall take appropriate action with the Council, the Chief Executive and the Leader of the Administration to respond and manage appropriately political risks such as change of majority Group, Leadership etc.

1.7 FRAUD, ERROR AND CORRUPTION, AND CONTINGENCY MANAGEMENT

1.7.1 Details of systems and procedures to be followed, including Internet services

Authority:

The Scheme of Delegation to Officers sets out the appropriate delegated levels. All loans and investments, including PWLB, are negotiated by the Head of Finance or authorised persons.

Occurrence:

A detailed register of loans and investments is maintained in the Treasury Management section. This is independently checked to the ledger balance.

Adequate and effective cash flow forecasting records are maintained in the Treasury Management section to support the decision to lend or borrow.

A written acknowledgement of the deal is sent promptly to the lending or borrowing institution. Written confirmation is received.

All transactions placed through the brokers are confirmed by a broker note showing details of the loan arranged.

Completeness:

The loans register is updated to record all lending and borrowing. This includes the date of the transaction, brokerage fees etc.

Measurement:

The calculation of repayment of principal and interest notified by the lender or borrower is checked for accuracy against the amount calculated by the Treasury Management section.

Timeliness:

The Treasury Management section ensures that money borrowed or lent is repaid when due.

Regularity:

- All lending is only made to institutions meeting the selection criteria in 1.4.2.
- All loans raised and repayments made go directly to and from the institution's bank account.
- Authorisation limits are set for every organization type (see 1.4.1.10.).
- Brokers have a list of named officials authorised to perform loan transactions.
- There is adequate insurance cover for employees involved in loans management and accounting.
- The manual records of borrowing and lending are regularly reconciled with the ledger balance sheet codes by the Treasury Management section.
- There is a separation of duties in the Section between the repayment of a loan and its checking and authorisation.
- The bank reconciliation is carried out regularly from the bank statement to the financial ledger.
- The treasury team has an up to date financial code list.

Security:

Payments can only be authorised on line by an officer who has the necessary level of access to the payments system. Such officers are always cheque signatories, the list of signatories having previously been agreed with the current provider of our banking services.

Substantiation:

The method of accounting for unrealised losses or gains on the valuation of assets within the funds will comply with best ACOP accounting practice by reflecting the market value of the fund in the balance sheet. This will be agreed with Council's external auditors.

1.7.2 Emergency and contingency planning arrangements

In the event of an Electronic Banking System Failure, CHAPS payments may be made by a faxed instruction to the bank, signed by an authorised signatory. Balances can be obtained by telephone or from the HSBC web site.

1.7.3 Insurance cover details

The Council has 'Fidelity' insurance cover with Zurich Municipal Insurance (ZMI). This covers the loss of cash by fraud or dishonesty of employees. This cover is restricted to 10 designated officers limited to £5 million for any one event with an excess of £1,000 for any one event. There is also a £250,000 limit for all other employees.

The Council also has a 'Professional Negligence' insurance policy with ZMI, which covers loss to the Council from the actions and advice of its officers, which are negligent and without due care.

The Council also has a 'Business Interruption' cover as part of its property insurance with ZMI.

1.8 MARKET VALUE OF INVESTMENTS

1.8.1 Details of approved procedures and limits for controlling exposure to investments whose capital value may fluctuate (gilts, CDs, etc.)

Some investment instruments are subject to fluctuation in capital movements and exposed to interest rate risk. In order to minimise these risks capital preservation is set as the primary objective and investment performance should be commensurate with this objective.

Additionally the following fund guidelines have been set to control risk.

- a) Maximum permitted average duration of the fund: 5 years
- b) Maximum permitted exposure to bonds 50%
- c) Maximum permitted exposure to gilts 100% (central government could be the borrower of last resort in the event of a market collapse)
- d) Maximum maturity of any instrument is 5 years

TMP 2 BEST VALUE AND PERFORMANCE MEASUREMENTS

2.1 METHODOLOGY TO BE APPLIED FOR EVALUATING THE IMPACT OF TREASURY MANAGEMENT DECISIONS

The Council carries out strategic, scrutiny and efficiency business transformation reviews. Consideration will be given to the appropriateness of a scrutiny review. An efficiency business transformation review will be carried out across the major front line services. Our Treasury Management Consultants review our existing debt/investment portfolio twice yearly and all transactions that have occurred in the interim in order to ensure that best practice has been achieved.

Our Treasury Management consultant will carry out a health check of our Treasury Management function on a per-value basis.

2.2 POLICY CONCERNING METHODS FOR TESTING BEST VALUE IN TREASURY MANAGEMENT,

2.2.1 Frequency and processes for tendering

Tenders are normally awarded on a three year basis with the option to extend for one year, if approved by the Cabinet. The process for advertising and awarding contracts will be in line with the Council's Contract Standing Orders.

2.2.2 Banking services

Banking services will be retendered or renegotiated every five years to ensure that the level of prices reflect efficiency savings achieved by the supplier and current pricing trends.

2.2.3 Money-broking services

The Council will use money broking services in order to make deposits or to borrow, and will establish charges for all services prior to using them.

An approved list of brokers will be established which takes account of both prices and quality of services.

2.2.4 Consultants'/advisers' services

This Council's policy is to appoint full-time professional treasury management consultants and separate leasing advisory consultants.

2.3 METHODS TO BE EMPLOYED FOR MEASURING THE PERFORMANCE OF THE ORGANISATION'S TREASURY MANAGEMENT ACTIVITIES

2.3.1 Performance measured against Annual Treasury Strategy Statement targets.

2.3.2 Compliance to CIPFA Code of Treasury Practice.

2.3.3 Expenses contained within approved budget.

2.4 BENCHMARKS AND CALCULATION METHODOLOGY:

2.4.1 Debt management

Average rate on all external debt

Average rate on external debt borrowed in previous financial year

Average rate on internal borrowing

Average period to maturity of external debt

Average period to maturity of new loans in previous year

2.4.2 Investment.

The performance of in house investment earnings will be measured against the weekly average 7 day LIBID.

TMP 3 DECISION-MAKING AND ANALYSIS

3.1 FUNDING, BORROWING, LENDING, AND NEW INSTRUMENTS/TECHNIQUES:

3.3.1 Records to be kept

The following records will be used relative to each loan or investment:

- Daily cash projections.
- Email/Telephone rates.
- Dealing slips for all money market transactions – including rate changes.
- Temporary loan receipts.
- Market bond certificates.
- Special loan certificates.
- Brokers confirmations for deposits/investments

3.1.2 Processes to be pursued

- Cash flow analysis.
- Maturity analysis.
- Ledger reconciliations
- Review of borrowing requirement.
- Monitoring of projected loan charges and interest and expenses costs.
- Collation of monthly performance information.

3.1.3 Issues to be addressed.

3.1.3.1. In respect of every decision made the organisation will:

- a) above all be clear about the nature and extent of the risks to which the organisation may become exposed
- b) Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained
- c) Be content that the documentation is adequate both to deliver the organisation's objectives and protect the organisation's interests, and to deliver good housekeeping
- d) Ensure that third parties are judged satisfactory in the context of the organisation's creditworthiness policies, and that limits have not been exceeded
- e) Be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive.

3.1.3.2 In respect of borrowing and other funding decisions, the organisation will:

- a) Evaluate the economic and market factors that might influence the manner and timing of any decision to fund
- b) Consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships
- c) Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use
- d) Consider the ongoing revenue liabilities created, and the implications for the Council's future plans and budgets.

3.1.3.3 In respect of investment decisions, the organisation will:

- a) Consider the optimum period, in the light of cash flow availability and prevailing market conditions
- b) Consider the alternative investment products and techniques available, especially the implications of using any which may expose the organisation to changes in the value of its capital.

TMP 4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

4.1 APPROVED ACTIVITIES OF THE TREASURY MANAGEMENT OPERATION

- borrowing;
- lending;
- debt repayment and rescheduling;
- consideration, approval and use of new financial instruments and treasury management techniques;
- managing the underlying risk associated with the Council's capital financing and surplus funds activities;
- managing cash flow;
- banking activities;
- leasing;

4.2 APPROVED INSTRUMENTS FOR INVESTMENTS

All investments will comply with the Local Authorities Capital Finance and Accounting (England) Regulations 2003 SI3146 and subsequent amendments. The instruments used will be:

- term deposits with banks and building societies up to a maximum of 5 years
- certificates of deposits up to a maximum of 5 years days
- government securities (gilts)
- euro sterling bonds
- money market funds that meet the criteria set in SI 451 of 2002

4.3 APPROVED TECHNIQUES

- Forward dealing up to 364 days forward, for durations of up to 4 years
- LOBOs (lenders option/borrowers option)

4.4 APPROVED METHODS AND SOURCES OF RAISING CAPITAL FINANCE

The Council is debt free and there is no requirement to raise finance to support capital expenditure, although this is likely to change towards the end of 2008/09.

TMP 5 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

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5.1 Limits to responsibilities/discretion at committee/executive levels

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5.3 Treasury management organisation chart

5.4 Statement of duties/responsibilities of each treasury post

5.5 Absence cover arrangements

5.6 Dealing Limits

5.7 List of approved brokers

5.8 Policy on brokers' services

5.9 Policy on taping of conversations

5.10 Direct dealing practices

5.11 Settlement transmission procedures

5.12 Documentation requirements

5.1 LIMITS TO RESPONSIBILITIES/DISCRETION AT COMMITTEE/EXECUTIVE LEVELS

Council

- a) The Cabinet will receive and review reports on treasury management policies and the annual treasury management strategy.
- b) The Audit Committee will receive and review treasury management policy and practices and schedules and the annual treasury management report.
- c) The Head of Finance will be responsible for amendments to the organisations adopted clauses, treasury management policy statement and treasury management practices/schedules.
- d) The Cabinet will consider and approve the treasury management budget as part of the overall revenue budget.
- e) The Head of Finance will approve the segregation of responsibilities.
- f) The Head of Finance will receive and review all external/internal audit reports and present reports to Scrutiny.
- g) Approving the selection of external service providers and agreeing terms of appointment will be decided by the Head of Finance and Finance Portfolio Holder in accordance with Financial Procedure Rules.

5.2 PRINCIPLES AND PRACTICES CONCERNING SEGREGATION OF DUTIES

Short term borrowing and investment is authorized by Financial Accountant

5.3 TREASURY MANAGEMENT ORGANISATION CHART

		Head of Finance		
		I		
		Financial Accountant		
		I		
		Accounting Technician - Treasury		
		I		
		Finance Officer Income Collection		

The Financial Accountant and the Accounting Technician - Treasury, Finance Officer – Income Collection are referred to as the Treasury Management Section. Cover for absence is provided by members of the Finance Team.

5.4 STATEMENT OF DUTIES/RESPONSIBILITIES OF EACH TREASURY POST

5.4.1 Head of Finance

1. The Head of Finance will:

- a) Recommend clauses, treasury management policy / practices for approval, reviewing the same on a regular basis, and monitoring compliance.
- b) Submit treasury management policy reports as required.
- c) Submit budgets and budget variations in accordance with Financial Regulations and guidance.
- d) Receive and review management information reports.
- e) Review the performance of the treasury management function and promote best value reviews.
- f) Ensure the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
- g) Ensure the adequacy of internal audit, and liaising with external audit.
- h) Recommend on appointment of external service providers in accordance with council standing orders.

1. The Head of Finance has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments.
2. The Head of Finance may delegate his power to borrow and invest to members of his staff. The Financial Accountant or the Accounting Technician - Treasury must conduct all dealing transactions. In the event of leave sickness temporary cover will be provided by staff authorised by the Head of Finance. All transactions must be authorised by at least two of the above.
3. The Head of Finance will ensure that the Policy is adhered to, and if not will bring the matter to the attention of Finance Portfolio Holder as soon as possible.
4. Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the Head of Finance to be satisfied, by reference to the Council's legal department and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's Financial Procedural Rules
5. It is also the responsibility of the Head of Finance to ensure that the Council complies with the requirements of The Non Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.

5.4.2 Financial Accountant

The responsibilities of this post will be: -

- a) Execution of transactions.
- b) Adherence to agreed policies and practices on a day-to-day basis.
- c) Maintaining relationships with third parties and external service providers.
- d) Supervising treasury management staff.
- e) Monitoring performance on a day-to-day basis.
- f) Submitting management information reports to the responsible officer.
- g) Identifying and recommending opportunities for improved practices.
- h) Preparing reports for Cabinet.

5.4.3 Chief Executive

The responsibilities of this post will be: -

- a) Ensuring that the Head of Finance reports regularly to the Cabinet on treasury policy, activity and performance.

5.4.4 Corporate Officer (Democratic Services) (in the role of monitoring officer)

The responsibilities of this post will be: -

- a) Ensuring compliance by the Head of Finance with the treasury management policy statement and treasury management practices and that they comply with the law.
- b) Being satisfied that any proposal to vary treasury policy or practice complies with law or any code of practice.
- c) Giving advice to the Head of Finance when advice is sought.

5.4.5 Internal Audit

The responsibilities of Internal Audit will be: -

- a) Reviewing compliance with approved policy and procedures.
- b) Reviewing division of duties and operational practice.
- c) Assessing value for money from treasury activities.
- d) Undertaking probity audit of treasury function.

5.5 ABSENCE COVER ARRANGEMENTS

Refer to the organisation chart at 5.3 above and role responsibilities at 5.4 above.

5.6 DEALING LIMITS

Persons authorised to deal are identified at 5.4.1 above and dealing limits are as set out in 1.4 above.

5.7 LIST OF APPROVED BROKERS

A list of approved brokers is maintained within the Treasury Management section and a record of all transactions recorded against them.

5.8 POLICY ON BROKERS' SERVICES

It is the Council's policy to use a broker from the approved list.

5.9 POLICY ON TAPING OF CONVERSATIONS

It is not Council policy to tape brokers' conversations. It is assumed that the brokers themselves will do so.

5.10 DIRECT DEALING PRACTICES

The Council uses direct contacts for the establishment and use of business reserve or similar notice accounts in its own name. Direct dealing may be used on the basis of advice and information from the treasury consultants.

5.11 SETTLEMENT TRANSMISSION PROCEDURES

Payments are set up and authorized on line using the Electronic Banking System.

5.12 DOCUMENTATION REQUIREMENTS

For each deal undertaken a record should be prepared giving details of dealer, amount, period, counterparty, interest rate, dealing date, payment date(s), broker. In addition a note of the basis on which the particular deal was judged to be the right one is to be prepared by the Financial Accountant or in his/her absence by officer covering that absence.

TMP 6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

6.1 ANNUAL TREASURY MANAGEMENT STRATEGY STATEMENT

1. The Treasury Management Strategy sets out the specific expected treasury activities for the forthcoming financial year. This strategy will be submitted to the Cabinet for approval before the commencement of each financial year and recommended to full Council.
2. The formulation of the annual Treasury Management Strategy involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter -term variable interest rates. For instance, this organisation may decide to postpone borrowing if fixed interest rates are expected to fall, or borrow early if fixed interest rates are expected to rise.
3. The Treasury Management Strategy is concerned with the following elements:
 - the current Treasury portfolio position;
 - the prospects for interest rates;
 - the limits placed by this organisation on treasury activities;
 - the expected borrowing strategy;
 - the expected temporary investment strategy;
 - any extraordinary treasury issue
4. The Treasury Management Strategy will establish the expected move in interest rates against alternatives (using all available information such as published interest rate forecasts where applicable), and highlight sensitivities to different scenarios.

6.2 POLICY ON INTEREST RATE EXPOSURE

- a) The Council approves before the beginning of each financial year the following treasury limits:
 - the amount of the overall borrowing limit which may be outstanding by way of short term borrowing
 - the maximum proportion of interest on borrowing which is subject to variable rate interest.
- b) The Head of Finance is responsible for incorporating these limits into the Annual Treasury Management Strategy, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the Head of Finance shall submit the changes for approval to the Cabinet.

6.3 ANNUAL REPORT ON TREASURY MANAGEMENT ACTIVITY

An annual report will be presented to the Cabinet and the Audit Committee at the earliest practicable meeting after the end of the financial year, but in any case by the end of September. This report will include the following: -

- a) a comprehensive picture for the financial year of all treasury policies, plans, activities and results;
- b) transactions executed and their revenue (current) effects;
- c) report on risk implications of decisions taken and transactions executed;
- d) monitoring of compliance with approved policy, practices and statutory / regulatory requirements;
- e) monitoring of compliance with powers delegated to officers;
- f) degree of compliance with the original strategy and explanation of deviations;
- g) explanation of future impact of decisions taken on the organization;
- h) measurements of performance;
- i) report on compliance with CIPFA Code recommendations.

6.4 MANAGEMENT INFORMATION REPORTS

Management information reports will be prepared every month by the Financial Accountant and will be presented to the Head of Finance.

These reports will contain the following information: -

- a) A summary of transactions executed and their revenue effects;
- b) measurements of performance including effect on investment income;
- c) degree of compliance with original strategy and explanation of variances.

6.5 PERIODIC MONITORING CABINET REPORTS

The Cabinet will receive and consider as a minimum:

- a) an annual treasury strategy before the commencement of the new financial year;

- b) an annual treasury management activity before the 30 September after the year end to which it relates;
- c) a monthly report on the performance of treasury activities compared to the budget, incorporated within the overall budget monitoring report.

TMP 7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

7.1 STATUTORY/REGULATORY REQUIREMENTS

The accounts are drawn up in accordance with the Code of Practice on Local Authority Accounting in Great Britain that is recognized by statute as representing proper accounting practices.

7.2 ACCOUNTING PRACTICES AND STANDARDS

Due regard is given to the Statements of Recommended Practice and Accounting Standards as they apply to Local Authorities in Great Britain. The Council adopts in full the principles set out in CIPFA's 'Code of Best Practice and Guide for Treasury Management in the Public Services' (the 'CIPFA Code and Guide'), together with those of its specific recommendations that are relevant to the Council's activities.

7.3 SAMPLE BUDGETS / ACCOUNTS

The Financial Accountant will prepare an annual budget for treasury management, which will bring together all the costs involved in running the function, together with associated income. The Financial Accountant will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with section 6 above.

7.4 LIST OF INFORMATION REQUIREMENTS OF EXTERNAL AUDITORS.

- Reconciliation of loan interest and premiums paid to financial ledger by loan type.
- Maturity analysis of loans outstanding.
- Calculation of loans fund interest and debt management expenses.
- Annual Treasury Report.
- Calculation of Revenue Interest.
- Analysis of any Deferred Charges.
- Debt charges listing report.
- Interest accrual report

7.5 MONTHLY BUDGET MONITORING REPORT

This report will consider year to date and forecast outturn against budget with variances examined.

7.6 BUDGET SETTING EXERCISE

A budget for interest, expenses and loan charges costs is prepared as part of a budget setting exercise.

TMP 8 CASH AND CASH FLOW MANAGEMENT

8.1 ARRANGEMENTS FOR PREPARING/SUBMITTING CASH FLOW STATEMENTS

A cash flow projection is prepared annually, before the start of the year, and updated daily throughout the year. The annual and monthly cash flow projections are prepared from the previous years daily cash flow records, adjusted for known changes in levels of income and expenditure and also changes in payment and receipt dates.

8.2 CONTENT AND FREQUENCY OF CASH FLOW BUDGETS

Payroll - monthly

NI payments – monthly

Superannuation - monthly

Housing Benefit payments – various

Housing Benefit Subsidy - monthly

NNDR - various

Precept payments

8.3 LISTING OF SOURCES OF INFORMATION

Budget for payrolls, NI, Superannuation and Income Tax information;

Revenues for Council Tax and NNDR receipts;

DCLG schedule for RSG and NNDR pool contributions;

Precept demands for precept payments;

Individual Counterparties;

8.4 BANK STATEMENTS PROCEDURES

Payments into the Collection and Giro accounts are downloaded daily from the bank mailbox and processed through the income collection system. Payments received at the Council's offices are paid into the Revenue account and entered in the income collection system. Details of cheques clearing in the Creditors account are downloaded weekly and loaded into the bank reconciliation module of the finance system.

8.5 PAYMENT SCHEDULING AND AGREED TERMS OF TRADE WITH CREDITORS

Our policy is to pay creditors within 30 days of the invoice date and this is set as a parameter in the finance system. Other terms are possible, for instance benefit recipients are set up for immediate payment.

8.6 ARRANGEMENTS FOR MONITORING DEBTORS / CREDITORS LEVELS

The debtors section provides the Head of Finance with a monthly report on the level of outstanding debt.

The creditors section provides the Head of Finance with monthly statistics of invoices paid by department and the percentage paid within 30days.

8.7 PROCEDURES FOR BANKING OF FUNDS

All money received by any officer on behalf of the Council will without unreasonable delay be passed to the Head of Finance to deposit in the Council's banking accounts. No deductions may be made from such money save to the extent that the Head of Finance may specifically authorise.

8.8 PRACTICES CONCERNING PREPAYMENTS TO OBTAIN BENEFITS

All prepayments must be authorised by the Head of Finance.

TMP 9 MONEY LAUNDERING

9.1 PROCEDURES FOR ESTABLISHING IDENTITY / AUTHENTICITY OF LENDERS

Councils appear to fall outside the scope of the Money Laundering Regulations 2003, although a council and its employees may fall foul of Money Laundering offences under the Proceeds of Crime Act and Part III of the Terrorism Act 2000.

As a minimum CIPFA recommends councils:

- Make those staff most likely to be exposed to, or suspicious of Money laundering situations aware of the requirements and obligations placed on them as individuals by the Proceeds of Crime Act and the Terrorism Act.
- Give targeted training to those considered to be the most likely to encounter money laundering.
- Adopt a risk-based approach to develop and put in place policies and procedures to help forestall and prevent money laundering. In particular to identify and know the customer the Council deals with.
- Request Internal Audit to carry out a review of arrangements

9.2 METHODOLOGIES FOR IDENTIFYING SOURCES OF DEPOSITS

In the course of its Treasury activities, the Council will only lend money to or invest with those counterparties that are on its approved lending list.

If any investment counterparties are not known to the council the treasury officer will ensure identification of the counterparty by checking the credit rating of the organisation with Butlers. If the counterparty is neither credit rated, nor known to be carrying on regulated business the council will not deal with that organisation.

TMP 10 STAFF TRAINING AND QUALIFICATIONS

- 10.1** Details of staff training needs will be identified as part of the training needs analysis undertaken during staff appraisals.

10.2 Treasury management seminars will be attended as appropriate.

10.3 The Head of Finance is committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained. Other staff involved in treasury management activities are committed towards compliance with the Standard of Professional Practice published by CIPFA.

TMP 11 USE OF EXTERNAL SERVICE PROVIDERS

11.1 DETAILS OF CONTRACTS WITH SERVICE PROVIDERS, INCLUDING BANKERS, BROKERS, CONSULTANTS, ADVISERS

11.1.1 Banking services

- a) Name of supplier of service is HSBC Bank plc. The branch address is:
46 Fore Street
Trowbridge
Wiltshire BA14 8EL
- b) Contract commenced 1 April 2004 and runs for 5 years.
- c) Cost of service is variable depending on schedule of tariffs and volumes
- d) Payments due monthly

11.1.2 Money-broking services

Name of supplier of service: Tradition UK Limited and ICAP.

11.1.3 Consultants'/advisers' services

Treasury Consultancy Services

- a) Name of supplier of service is Butlers. Their address is:
5th Floor
2 Broadgate
London EC2M 7UR
Tel: 020 7000 5900
Fax: 020 7000 5912
- b) Contract commenced 1 April 2005 and runs for 3 years extended to 31 March 2009.
- c) Cost of service £7,500 per annum.
- d) Payments due once a year.

Leasing Consultancy Services

- a) Name of supplier of the service is The Leasing Partnership Ltd. The address is:
Grove House
Lutyens Close
Chineham Court

Basingstoke
Hants RG24 8AG

Tel: 01256 338655

- b) Service Agreement started on the 30 July 2002 and is renewed annually.
- c) Fee is agreed at 1.00% of the capital cost of drawdown.
- d) Purchase Agency Agreement started on 1 July 2005 and will run to 30 June 2006.

Other Consultancy services may be employed on short-term contracts as and when required.

11.2 PROCEDURES AND FREQUENCY FOR TENDERING SERVICES

See TMP2

TMP 12 CORPORATE GOVERNANCE

12.1 LIST OF DOCUMENTS TO BE MADE AVAILABLE FOR PUBLIC INSPECTION

- Annual Accounts
- Annual Budget
- 3 Year Capital Strategy
- Treasury Management Policy
- Treasury Management Strategy
- Annual Treasury Report
- Access to minutes at libraries