

## **9. FINANCIAL PROCEDURE RULES**

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## 1. INTRODUCTION

- 1.1 Under the Local Government Act 2000 the Council has adopted the Cabinet form of governance. The Council's governance structure is laid down in its constitution, which sets out how the council operates, how decisions are made and the procedures that are followed.
- 1.2 To conduct its business efficiently, the Council needs to ensure that it has sound financial management policies in place and that they are strictly adhered to. Part of this process is the establishment of Financial Procedure Rules that set out the financial policies of the Council.
- 1.3 The Financial Procedure Rules provide clarity about the financial accountabilities of individuals – Cabinet Members, the Head of Paid Service, the Monitoring Officer, the Chief Finance Officer, the Directors, and the Heads of Service.

## 2. FINANCIAL PROCEDURE RULES

- 2.1 This document sets out how we intend to interpret these Financial Procedure Rules. Both Members and Officers may have delegated powers and functions mentioned in this document.
- 2.2 Each section of the financial procedures follows the format set out below:
  - **Why is this important?** - this sets the context for the financial procedures and accountability
  - **Key controls** - this explains the key internal controls that set the framework for ensuring Financial Procedure Rules are operating effectively
  - **Responsibilities of the Chief Finance Officer**
  - **Responsibilities of Officers.**

## 3. STATUS OF FINANCIAL PROCEDURE RULES

- 3.1 Financial Procedure Rules provide the framework for managing the Council's financial affairs. They apply to every member and officer of the Council and anyone acting on its behalf.
- 3.2 The regulations identify the financial responsibilities of the Council, Cabinet, Cabinet committees, Overview and Scrutiny members, Corporate Governance, Audit and Standards Committee, the Head of Paid Service (Chief Executive), the Monitoring Officer (Director and Deputy Chief Executive) and the Chief Finance Officer (Executive Head of Finance). Cabinet members and Officers should maintain a written record where decision making has been delegated to members of their staff, including seconded staff.
- 3.3 All members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.

- 3.3 The Chief Finance Officer is responsible for maintaining a continuous review of the Financial Procedure Rules and submitting any additions or changes necessary to the Council for approval. The Chief Finance Officer is also responsible for reporting, where appropriate, breaches of the Financial Procedure Rules to the Council and/or to Cabinet members as appropriate.
- 3.4 The Council's detailed financial procedures, setting out how the regulations will be implemented, are contained in separate guidance and do not form part of the Constitution.
- 3.5 Executive Directors, Head of Service and Service Managers are responsible for ensuring that all staff in their services are aware of the existence and content of the Council's Financial Procedure Rules and other internal regulatory documents and that they comply with them. They must also ensure that an adequate number of copies are available for reference within their areas of responsibility.
- 3.6 The Chief Finance Officer is responsible for issuing advice and guidance to underpin the Financial Procedure Rules that members, officers and others acting on behalf of the Council are required to follow.

## **FINANCIAL REGULATION A: FINANCIAL MANAGEMENT AND ADMINISTRATION**

### **INTRODUCTION**

- (A1) Financial management covers all financial accountabilities in relation to the running of the Council, including the policy framework and budget.
- (A2) All staff (including temporary and contract staff and consultants) and members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

### **THE COUNCIL**

- (A3) The Council is responsible for adopting the Council's Constitution and Members' Code of Conduct and for approving the budget and policy framework within which the Cabinet operates. It is also responsible for approving and monitoring compliance with the Council's overall framework of accountability and control. The framework is set out in its constitution. The Council is also responsible for monitoring compliance with the agreed policy and related Cabinet decisions.
- (A4) The Council is responsible for approving procedures for recording and reporting decisions taken. This includes those key decisions delegated by and decisions taken by the Council, the Cabinet and standing committees. These delegations and details of who has responsibility for which decisions are set out in the Constitution.

### **THE CABINET**

- (A5) The Cabinet is responsible for proposing the policy framework and budget to the Council, and for discharging Cabinet functions in accordance with the policy framework and budget.
- (A6) Executive decisions can be delegated to a committee of the Cabinet, an individual Cabinet member, an officer or a joint committee.
- (A7) The Cabinet is responsible for establishing protocols to ensure that individual Cabinet members consult with relevant officers before taking a decision within his or her delegated authority. In doing so, the individual member must take account of legal and financial liabilities and risk management issues that may arise from the decision.

### **Chief Finance Officer (Executive Head of Finance)**

- (A8) The Executive Head of Finance, as the Council's Chief Finance Officer, has statutory duties in relation to the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. The statutory duties arise from:
  - Section 151 of the Local Government Act 1972
  - The Local Government Finance Act 1988
  - The Local Government and Housing Act 1989
  - The Accounts and Audit Regulations 1996 (as amended)

- (A9) The Chief Finance Officer is responsible for:
- The proper administration of the Council's financial affairs
  - Setting and monitoring compliance with financial management standards, advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
  - Providing financial information
  - Preparing the revenue budget and capital programme
  - Treasury management.
- (A10) Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to the Council, Cabinet and external auditor if the Council or one of its officers:
- Has made, or is about to make, a decision which involves incurring unlawful expenditure
  - Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Council
  - Is about to make an unlawful entry in the Council's accounts.
- (A11) Section 114 of the 1988 Act also requires:
- The Chief Finance Officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under section 114 personally
  - The Council to provide the Chief Finance Officer with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.

### **Executive Directors, Head of Service and Service Managers**

- (A12) Executive Directors, Head of Service and Service Managers are individually responsible for the proper financial management of resources allocated to their services through the budget process and for the identification of and accounting for income which falls due within their area. This includes control of staff and the security, custody and control of all other resources including plant, buildings, material, cash, stores and equipment.
- (A13) Executive Directors, Head of Service and Service Managers shall ensure that their staff receive sufficient training to enable them to be aware of and comply with the requirements of Financial Procedure Rules and The Constitution.
- (A14) Executive Directors, Head of Service and Service Managers are responsible for ensuring that Cabinet members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Finance Officer
- (A15) It is the responsibility of Executive Directors, Head of Service and Service Managers to consult with the Chief Finance Officer and seek approval on any matter liable to affect the Council's finances materially, before any commitments are incurred.

## **FINANCIAL REGULATION B: FINANCIAL PLANNING**

### **INTRODUCTION**

- (B1) The Council is responsible for agreeing the Council's budget and policy framework, which will be proposed by the Cabinet. In terms of financial planning, the key elements are:
- The Council Business Plan
  - The Budget
  - The Capital Programme
- (B2) The Council is responsible for approving the budget and policy framework. The framework comprises those statutory plans and strategies set out in the Council's Constitution.
- (B3) The Cabinet shall consider and recommend a capital programme and estimates of revenue expenditure and income. These programmes and estimates shall cover such future periods and be in such form as the Cabinet requires.
- (B4) The Cabinet will review fees and charges annually taking into account the policy framework previously agreed.
- (B5) The Cabinet shall consider the aggregate effect of these programmes and estimates on the Council's financial resources and, after any amendments shall submit them to the Council for approval, together with a recommendation of the Council Tax to be levied for the following financial year.
- (B6) The Council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework. Such decisions should be referred to the Council by the Monitoring Officer and the Chief Finance Officer.

## **BUDGETING**

### **Budget Format**

- (B7) The general format of the budget will be approved by the Council and proposed by the Cabinet on the advice of the Chief Finance Officer. The draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds.

### **Budget Preparation**

- (B8) The Chief Finance Officer is responsible for ensuring that a revenue budget is prepared on an annual basis and a Medium-Term Financial Strategy (MTFS) on a rolling four-year basis as part of the financial strategy for consideration by the Cabinet.
- (B9) The Cabinet is responsible for issuing guidance on the general content of the budget in consultation with the Chief Finance Officer as soon as possible following approval by the Council.

### **Resource Allocation**

- (B10) The Chief Finance Officer is responsible for developing and maintaining a resource allocation process that ensures due consideration of the Council's policy framework.

### **Preparation of the Capital Programme**

- (B11) The Chief Finance Officer is responsible for ensuring that a capital programme on a rolling four-year basis is prepared on an annual basis for consideration by the Cabinet before submission to the Council.

### **Guidelines**

- (B12) Guidelines on budget preparation are issued to Executive Directors, Head of Service and Service Managers by the Chief Finance Officer. The guidelines will take account of:
- Legal requirements
  - Medium-Term planning prospects
  - The Council Business Plan available resources
  - Savings target and spending pressures
  - Best Value and other relevant government guidelines other internal policy documents

### **Maintenance of Reserves**

- (B13) It is the responsibility of the Chief Finance Officer to advise the Cabinet and the Council on prudent levels of reserves for the Council.

## **FINANCIAL REGULATION C: BUDGETARY CONTROL**

### **INTRODUCTION**

- (C1) Budget management ensures that once the budget has been approved by the Council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget. By continuously identifying and explaining variances against budgetary targets, the Council can identify changes in trends and resource requirements at the earliest opportunity. The Council itself operates within an annual budget limit, approved when setting the overall budget. To ensure that the Council in total does not overspend, each service is required to manage its own expenditure within the budget allocated to it.

### **Budget Monitoring and Control**

- (C2) The Chief Finance Officer is responsible for providing appropriate financial information to enable budgets to be monitored effectively. He or she must monitor and control expenditure against budget allocations and report to the Cabinet and to the relevant standing committee on the overall position on a regular basis.
- (C3) It is the responsibility of Executive Directors, Head of Service and Service Managers to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Chief Finance Officer. They should report on variances within their own areas. They should also take any action necessary to avoid exceeding their budget allocation and alert the Chief Finance Officer to any problems.
- (C4) Budgetary control shall be exercised at cost centre level. Additional income, or any improvement in the financial position of a service, does not confer authority to incur additional expenditure on items within that service, or any other service.
- (C5) Executive Directors, Head of Service and Service Managers who are considering undertaking activities which have financial implications, but which have not been provided for in the Council's budget, shall consult the Chief Finance Officer before making any commitment, or reporting their plans to the Cabinet.
- (C6) Properly authorised officers can incur expenditure only if:
- it is provided for in the revenue or capital budget; or
  - a virement has been approved; or
  - a supplementary estimate has been approved; or
  - approval has been given as set out in Financial Procedure Rule (xxx) below.
- (C7) All new projects and proposals for additional expenditure require the submission of an appropriate business case to CLT, to be prepared in consultation with the Chief Finance Officer. The business case will need to be geared to the significance of the project/additional expenditure in both policy and financial terms. As a minimum, however, it will include the full financial implications of the scheme.

- (C8) Variations against existing budgets in excess of £20,000 (this includes virements, changes in revenue and capital expenditure and changes in income) must be reported to the Chief Finance Officer at the earliest opportunity, together with a full explanation of the reasons for the variances and any planned actions to mitigate the financial impact. These variations will be reported to CLT and the Cabinet by the Chief Finance Officer as part of the regular financial reports.
- (C9) The Executive Directors, Head of Service and Service Managers in consultation with the Chief Finance Officer should first look at funding additional expenditure or any shortfall in income through transferring budget provision between cost centres (known as virement).
- (C10) Virement must:
- Not result in the proposed reduction to the appropriate estimate expenditure head (or increase to income head) being caused by an abandonment or reduction in the level of a service/item following a change in Council or National Policy;
  - not cause a net increase in expenditure in the initial or any subsequent years;
  - be consistent with current accounting practice;
  - not be justified by an increase in income to a cost centre; and
  - not result in a movement of budget from Pay to Non-Pay without the agreement of the Head of Paid Service and the Chief Finance Officer.

The table below sets of the relevant approval process for virements and supplementary estimates:

Limit	Approval
Up to but not exceeding £20,000	Executive Directors, Head of Service and Service Managers in consultation with Chief Finance Officer
Above £20,000 but not exceeding £50,000	Executive Directors, Head of Service and Service Managers in consultation with the Chief Finance Officer and relevant Cabinet Portfolio holder
Above £50,000	Cabinet

- (C11) All Individual variations in expenditure (supplementary estimates and virements) over £50,000 will require the approval of the Cabinet. If variations in expenditure exceeding £50,000 have not been reported to the Chief Finance Officer before they have been committed, then a report explaining the reasons for the variation, and why it had not been reported, will be prepared by the appropriate Executive Director, Head of Service or Service Manager, in consultation with the Chief Finance Officer for submission to CLT.

### **Treatment of Year-End Balances**

- (C12) Carry forward of revenue budgets to the following financial year of planned under or over-spending will be allowed with agreement of CLT. The Chief Finance Officer will provide guidance to Executive Directors, Head of Service and Service Managers on the procedures and approach for carrying forward underspending on budget headings. The Chief Finance Officer shall report agreed carry forwards to the Cabinet for each year.

- (C13) The carry forward of resources relating to individual revenue or capital budget headings will normally only be permitted after (a) consideration of the draft outturn position and (b) for individual amounts in excess of £10,000 where there is clear justification as to why the resources could not be utilised in the financial year for which they were originally allocated.

### **Accounting Policies**

- (C14) The Chief Finance Officer is responsible for selecting accounting policies as per CIPFA and ASB guidelines and ensuring that they are applied consistently.

### **Accounting Records and Returns**

- (C15) The Chief Finance Officer is responsible for determining the accounting procedures and records for the Council and shall arrange for the proper administration of all accounts and accounting records in accordance with the Accounts and Audit Regulations 2015.
- (C16) Wherever possible, the following principles shall be complied with when allocating financial duties:
- Separating the duties of providing information about sums due to or from the authority and calculating, checking and recording these sums from the duty of collecting or disbursing them.
  - Employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
- (C17) The Chief Finance Officer must be consulted on and approve any changes to accounting records and procedures.
- (C18) All staff and members must maintain adequate records to provide an audit trail leading from the source of income/expenditure through to the accounting statements.

### **The Annual Statement of Accounts**

- (C19) The Chief Finance Officer is responsible for ensuring that the annual statement of accounts is prepared in accordance with the *Code of Practice on Local Council Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC). The Council or an appropriate committee is responsible for approving the annual statement of accounts.

### **Banking Arrangements**

- (C20) The Chief Finance Officer is authorised to open such bank accounts considered necessary for the conduct of the Council's business
- (C21) All arrangements with the Council's bankers will be authorised by the Chief Finance Officer
- (C21) Cheques drawn on the Council's bank account shall bear the facsimile signature of the Chief Finance Officer.

(C22) All cheques drawn for an amount in excess of £25,000 shall be countersigned by another authorised officer from the Council's list of authorised signatories.

## **FINANCIAL REGULATION D: RISK MANAGEMENT, INSURANCE AND CONTROL OF RESOURCES**

### **INTRODUCTION**

- (D1) It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to the Council. This should include the proactive participation of all those associated with planning and delivering services.

### **Risk Management**

- (D2) The Chief Finance Officer is responsible for preparing the Council's risk management policy statement, for promoting it throughout the Council and for advising the Cabinet on proper insurance cover where appropriate.

### **Insurance**

- (D3) The Chief Finance Officer is responsible for arranging appropriate Insurance cover where necessary for:
- Known insurances risks; and
  - Assets owned and/or used, in connection with the Council's activities and for negotiating all claims (in consultation with other officers where necessary).
- (D4) Such cover shall be in accordance with statutory requirements.
- (D5) The Chief Finance Officer shall arrange for a Fidelity Guarantee Policy to cover the Council against fraud or dishonesty by an officer of the Council.
- (D6) The Chief Finance Officer shall regularly review the Council's insurances with the appropriate Executive Directors, Head of Service and Service Managers.
- Inform the Chief Finance Officer of all new or changed insurance requirements in their service areas, as soon as they are known. This should include any areas of responsibility undertaken in respect of an external organisation whether or not linked to the Council's activities.
  - Notify the Chief Finance Officer in writing as soon as is practicable of any loss, liability, damage or event which may lead to a claim. In exceptional circumstances, Executive Directors, Head of Service and Service Managers shall give the Chief Finance Officer verbal notification and confirm the information in writing as soon, as is practicable.
  - Consult the Chief Finance Officer regarding the terms of any indemnity the Council is requested to give.
  - Notify the Head of Finance immediately on receipt of any insurance claim.
- (D7) All Council staff shall have regard to the Council's Risk Management Policy

## **Internal Control**

- (D8) Internal control refers to the systems of control devised by the Council's Corporate Leadership Team 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.
- (D9) The Chief Finance Officer is 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 in accordance with the statutory and other organisations that govern their use.
- (D10) It is the responsibility of Executive Directors, Head of Service and Service Managers to establish sound arrangements 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.

## **Audit Requirements**

- (D11) The Accounts and Audit Regulations 2015 require every local authority to maintain an adequate and effective internal audit. The Council will comply with this requirement.
- (D12) The Council is required to appoint an external auditor. The basic duties of the external auditor are governed by legislation
- (D13) The Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Customs and Excise and the Inland Revenue, who have statutory rights of access.

## **Preventing Fraud and Corruption**

- (D14) The Chief Finance Officer and Internal Audit Manager are responsible for the development and maintenance of an anti-fraud and anti-corruption policy.

## **Assets**

- (D15) The Council holds assets in the form of land, property, vehicles, equipment, furniture and other items worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management.
- (D16) Executive Directors, Head of Service and Service Managers should ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

- (D17) The Chief Finance Officer shall ensure that an asset register is maintained in accordance with good practice for all fixed assets with a value in excess of £20,000. The function of the asset register is to provide the authority with information about fixed assets so that they are:
- safeguarded
  - used efficiently and effectively
  - adequately maintained.
- (D18) Any use of Council property or equipment other than for direct service delivery should be supported by documentation identifying terms, responsibilities and duration of use.
- (D19) Staff and elected members shall not use any Council asset or item of equipment for personal use without proper authority.
- (D20) Staff and elected members shall ensure the safe custody of monies, vehicles, equipment, furniture, inventories and other property belonging to the Council.
- (D21) Executive Directors, Head of Service and Service Managers shall ensure that their service areas maintain a register of moveable assets and equipment in accordance with arrangements defined by the Chief Finance Officer.
- (D22) Executive Directors, Head of Service and Service Managers shall ensure that assets and equipment are identified, their location recorded and that they are appropriately marked as Council property and insured.
- (D23) The Chief Finance shall be consulted in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- (D24) Cash holdings on premises shall be kept to a minimum.
- (D25) Keys to safes and similar receptacles shall be carried on the person of those responsible at all times; loss of any such keys must be reported to the Chief Finance Officer as soon as possible.
- (D26) The disposal or part exchange of assets over £20,000 in value should normally be by public auction or open market sale.
- (D27) Staff and elected members have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the Council in some way, or may be in breach of General Data Protection Regulation (GDPR) legislation.

## **Land and Property**

- (D28) Legal Services shall hold and provide for the safe custody of all deeds, leases and similar documents relating to the ownership of land and buildings.

- (D29) No proposal shall be made to acquire properties under the Housing Acts without prior consultation with the Chief Finance Officer in order to prevent the adverse consequences resulting from the re-creation of the Housing Revenue Account.
- (D30) The acquisition or disposal of commercial investment property is subject to separate arrangements through the Cabinet. The Property Investment Advisory Group (PIAG) provides Cabinet with advice on the Council's Investment Property portfolio both in terms of balance and performance and act as a consultative body in acquiring new properties / in disposing of existing properties in line with the budgetary framework and scheme of delegation.
- (D31) In all other cases, no proposal shall be made to acquire or dispose of land or property without prior consultation with the Chief Finance Officer.

### **Stocks and Inventories**

- (D32) Heads of Service and Service Managers shall ensure that inventories are maintained at reasonable levels, are adequately recorded and safe-guarded, and are subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion.
- (D33) Heads of Service and Service Managers shall arrange for independent stock takes by the 31 March each year and shall provide a certified stock valuation certificate to the Chief Finance Officer in accordance with the timetable specified for the production of the annual statement of accounts.

### **Write-Outs**

- (D34) The Chief Finance Officer may authorise for write off or disposal redundant stocks and equipment up to a total value of £5,000. If the total written out exceeds £10,000, in aggregate, during the financial year a report must be made to Cabinet.

### **Treasury Management**

- (D35) The Council has adopted CIPFA's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code).
- (D36) The Council is responsible for approving the Treasury Management Strategy which shall be proposed to it by the Cabinet. The Chief Finance Officer is responsible for reporting a proposed treasury management strategy for the coming financial year at or before the start of each financial year. The Chief Finance Officer has delegated responsibility for implementing and monitoring the statements.
- (D37) The Treasury Management Strategy includes the following strategies and policies and is supported by the Annual Capital Strategy:
- Treasury Management Strategy
  - Non-Treasury Management Strategy
  - Minimum Revenue Provision (MRP) Statement

- (D38) All money in the hands of the Council is controlled by the officer designated for the purposes of section 151 of the Local Government Act 1972, referred to in the code as the Chief Finance Officer.
- (D39) All decisions on borrowing, investment or financing shall be delegated to the Chief Finance Officer, who is required to act in accordance with the CIPFA Code.
- (D40) The Chief Finance Officer is responsible for reporting to the Corporate Governance, Audit and Standards Committee, Cabinet and Council on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers.

## FINANCIAL REGULATION E: SYSTEMS AND PROCEDURES

### INTRODUCTION

- (E1) Sound financial systems and procedures are essential to an effective framework of accountability and control.

#### General

- (E2) The Chief Finance Officer is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. Any changes made by Executive Directors, Head of Service and Service Managers to the existing financial systems or the establishment of new systems must be approved by the Chief Finance Officer. However, Executive Directors, Head of Service and Service Managers are responsible for the proper operation of financial processes in their own services.
- (E3) Any changes to agreed procedures by Executive Directors, Head of Service and Service Managers to meet their own specific service needs must be agreed with the Chief Finance Officer prior to implementation.
- (E4) Executive Directors, Head of Service and Service Managers must ensure
- That their staff receive relevant financial training that has been approved by the Chief Finance Officer.
  - Where appropriate, computer and other systems are registered in accordance with GDPR legislation.
  - That staff are aware of their responsibilities under freedom of information legislation. When records are computerised they must be compatible with the financial information system.
- (E5) Public money should be spent with demonstrable probity and in accordance with the Council's policies. The Council has a statutory duty to achieve best value, in part through economy and efficiency. The Council's procedures should help to ensure that services obtain value for money from their purchasing arrangements. These procedures must be read in conjunction with the Council's Contract Standing Orders relating to contracts.
- (E6) Every officer and member of the Council has a responsibility to declare any links or personal interests that they may have with suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council, in accordance with the relevant Code of Conduct.
- (E7) All work, goods or services to be supplied to the Council shall be ordered on the Council's approved electronic systems and other electronic or paper-based forms approved by the Chief Finance Officer, with the exception of:
- Regular payments for utilities and services, e.g. rents, gas, water, electricity, telephone lines;
  - Items purchased through petty cash;
  - Work which is part of a formal contract (excluding term or "schedule of rates" contracts); and

- Other items specifically approved by the Chief Finance Officer; this authority cannot be delegated.
- (E8) All orders shall be placed through the approved systems in accordance with procedures published by the Chief Finance Officer, which may be amended by him or her from time to time. All such orders must be authorised by officers within the department requesting them.
- (E9) Prior to placing an order, officers shall ensure that provision has been made in the budget for the works, goods or services to be supplied.
- (E10) The Head of ICT, Facilities and Project Services shall normally place all orders for IT-related hardware and software.
- (E11) When ordering, officers shall follow the Council's Contract Standing Orders and Financial Procedure Rules and any other procedures laid down by the Chief Finance Officer.
- (E12) Authorised officers must sign orders. It is the responsibility of each Executive Director, Head of Service and Service Managers to supply and keep up to date a list of authorised officers to the Chief Finance Officer.
- (E13) Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Council contracts or purchasing arrangements.

#### **Payment of Invoices and Accounts**

- (E14) The Chief Finance Officer is responsible for payment of all invoices and accounts, and all such accounts must be referred to him or her for payment, except for payments made using payment cards following the appropriate procedures and guidelines issued by the Chief Finance Officer
- (E15) Executive Directors, Head of Service and Service Managers are responsible for examining and certifying invoices, payment vouchers, or accounts arising from sources in their departments. Such documents must be signed or authorised electronically by authorised officers.
- (E16) Executive Directors, Head of Service and Service Managers will prepare and maintain an accurate list of authorised signatories, which have been agreed by the Chief Finance Officer.
- (E17) Before certifying, authorised officers shall check the validity of invoices or accounts to be paid.
- (E18) Payment shall not be made unless a proper VAT invoice has been received, checked, coded and certified for payment, in accordance with the procedures specified by the Chief Finance Officer. Invoices shall not be amended; if any invoice is found to be incorrect, a replacement shall be requested from the originator. Where the invoice is not subject to VAT, officers amending accounts shall record and initial the amendment, and state the reason for the amendment.

- (E19) Payments shall not be made on photocopied or faxed invoices, statements or any documents other than the formal invoice which may be received via email. Where an original document cannot be supplied, due to it having been lost or not received, copies must be duly certified as such in accordance with the procedures specified by the Chief Finance Officer.
- (E20) The Chief Finance Officer shall promptly pay all accounts properly certified and payable by the Council, in a manner determined by him or her. Executive Directors, Head of Service and Service Managers must ensure all accounts are properly certified and paid within 30 days or any mutually agreed terms in order to avoid penalty interest becoming payable.
- (E21) Any penalty interest becoming payable under the Late Payment of Commercial Debts (Interest) Act 1998 shall be charged back to the appropriate budget head.
- (E22) Executive Directors, Head of Service and Service Managers must consult the Chief Finance Officer before entering mutual payment terms with a supplier. All such agreements must be made in writing.
- (E23) The Chief Finance Officer may examine any account, and obtain any explanation considered necessary.
- (E24) Apart from petty cash, Procurement Card, and payments made from cash advances, the normal method of payment shall be by cheque or BACS, drawn on the Council's bank account by the Chief Finance Officer. The use of direct debit for any payment shall require the prior agreement of the Chief Finance Officer.
- (E25) Executive Directors, Head of Service and Service Managers shall notify the Chief Finance Officer of all outstanding expenditure relating to the previous financial year, in accordance with the closing timetable produced by the Chief Finance Officer.

### **Salaries**

- (E26) The Corporate Manager (People) shall approve and control arrangements for the payment of all salaries, compensation and other emoluments to employees, or former employees of the Council, in consultation with the Chief Finance Officer.
- (E27) Executive Directors, Head of Service and Service Managers shall inform the Corporate Manager (People) of all matters affecting salaries.
- (E28) Appointments shall be made in accordance with the Officer Employment Procedure Rules of the Council, approved establishments, grades and rates of pay.
- (E29) The Corporate Manager (People) shall approve the form of all time records and pay documents, in consultation with the Chief Finance Officer. Executive Directors, Head of Service and Service Managers shall authorise appropriate supervisors to certify such records.
- (E30) The Corporate Manager (People) shall inform the Chief Finance Officer of the appointment, or resignation, of any officer to which the Council's assisted car purchase scheme or other salary sacrifice scheme applies.

## **Travelling, Subsistence, Expenses and Members Allowances**

- (E31) Claims for payments of car allowances, travelling and subsistence expenses, and other expenses shall be made using the Council's self-service HR application (MyHR), or in a form approved by the Corporate Manager (People), in consultation with the Chief Finance Officer.
- (E32) Claims must be certified by authorised officers, who are responsible for ensuring that journeys made and expenses claimed have been properly incurred.
- (E33) Claims shall normally be made monthly and passed to the Corporate Manager (People).
- (E34) Payments to Members for travelling or other allowances will be made by the Head of Democracy and Community upon receipt of the prescribed form duly completed.

## **Petty Cash**

- (E35) Payments made from Petty Cash shall normally be of a minor nature up to a maximum of £100. Payments in excess of this will normally be paid through the Council's self-service HR application (MyHR) or Creditors system. However, the Chief Finance Officer has discretion to allow larger payments to be made in exceptional cases.
- (E36) All payments will normally be supported by receipted vouchers and proper VAT receipts where appropriate. However, the Chief Finance Officer has discretion to allow payments to be made without obtaining receipts in exceptional cases.
- (E37) The officer responsible for petty cash accounts will provide the Chief Finance Officer with a certificate regarding the state of the account, when requested.
- (E38) Officers shall account to the Chief Finance Officer in full for the petty cash advanced:
- on leaving the employment of the Council;
  - on ceasing to require petty cash; and
  - at any other time if so required.

## **Ex-Gratia Payments**

- (E39) The Chief Executive has discretion to make ex gratia payments up to £5,000 to effect local settlement in disputes. Approval from the Corporate Governance, Audit and Standards Committee is required above this amount.
- (E40) Ex-gratia payments shall be met from appropriate service budgets and the Chief Finance Officer shall be notified of such payments.

**Contractual Payments (to be read in conjunction with the Contract Standing Orders)**

- (E41) Executive Directors, Head of Service and Service Managers shall ensure that appropriate records of payments under contract are kept and regularly monitored with contract payments made on a certificate issued by an authorised officer.
- (E42) Variations can only be made in writing by an authorised officer.
- (E43) In accordance with the Contract Standing Orders, the responsible Executive Directors, Head of Service and Service Managers shall report to the Cabinet, as soon as is practicable, any variation, or cost, which is likely to have a significant effect on the approved tender as determined by the Executive Directors, Head of Service and Service Managers in consultation with the Chief Finance Officer. The report shall detail the cumulative effect on the original tender sum.
- (E44) The Executive Directors, Head of Service and Service Managers, in consultation with the Chief Finance Officer, shall report to the appropriate Cabinet Member on a regular basis (not more than six monthly intervals) on the progress of capital contracts above £250,000. On completion of such a contract, a report will be made to the Cabinet stating the final cost, together with any associated costs, and explain any matter which has significantly affected the original tender sum.
- (E45) Where disputed claims cannot be resolved by the Contractor and the Executive Directors, Head of Service and Service Managers concerned, the matter shall be referred to the Corporate Manager (Legal) for consideration of the Council's legal liability, and to the Chief Finance Officer for financial consideration, before any payment or commitment is made.

**Taxation**

- (E46) Like all organisations, the Council is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers to be aware of their role.
- (E47) The Chief Finance Officer is responsible for advising Executive Directors, Head of Service and Service Managers, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Council.
- (E48) The Chief Finance Officer is responsible for maintaining the Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.
- (E49) Capital Schemes – There are VAT implications for de minimus exempt income calculation. There is a need to consult with the Chief Finance Officer on VAT implications of all new schemes.

## **Trading Accounts/Business Units**

(E50) It is the responsibility of the Chief Finance Officer to advise on the establishment and operation of trading accounts, business units, and any other financial structure that is appropriate to the delivery of Council services or holding of assets.

## **INCOME**

(E51) Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Council's cashflow and avoids the time and cost of administering debts.

(E52) Executive Directors, Head of Service and Service Managers shall inform the Chief Finance Officer of all sources of income arising from the work in their department.

(E53) The Chief Finance Officer shall approve all arrangements made for collecting income and the procedures, systems and documentation for its collection.

(E54) All monies received by an officer on behalf of the Council shall be paid to the Head of Customer Experience or direct into the Council's bank account without delay and always within three working days unless otherwise agreed by the Chief Finance Officer, in accordance with Accounts and Audit Regulations 2015.

(E55) Payments received in "full and final settlement" shall only be accepted and paid in if they are sufficient to fully clear the appropriate debt, unless with the approval of the Chief Finance Officer. Deductions may not be made from such money unless specifically authorised by the Chief Finance Officer.

(E56) Executive Directors, Head of Service and Service Managers shall establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, and to review it regularly, in line with Council policies.

(E57) Executive Directors, Head of Service and Service Managers must seek to recover sundry debt outstanding in accordance with up to date Debt Recovery Policy of the Council (if any) as approved by the Chief Finance Officer.

(E58) Guidance will be issued from time to time by the Chief Finance Officer to set out responsibilities to establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.

(E59) The Revenues and Benefits Manager in consultation with the Chief Finance Officer may write off accounts:

- For Council Tax, Business Rates and Housing Benefit where there is proof of Bankruptcy, Debt Relief Orders (DRO), Individual Voluntary Arrangements (IVA), or Liquidation;
- In relation to overpaid Housing Benefit

(E60) The Chief Finance Officer shall approve all debts to be written off in accordance with the authorisation limits as set out in the table below and shall keep a record of all

sums written off and will adhere to the requirements of the Accounts and Audit Regulations 2015 currently in force.

<b>Amount/Limit</b>	<b>Authorisation process</b>
Amounts not exceeding £500	Service Manager in consultation with the Finance Manager
Amounts greater than £500 but not exceeding £5,000	Chief Finance Officer in consultation with the relevant Executive Directors, Head of Service and Service Managers
Amounts greater than £5,000 but not exceeding £10,000	Chief Finance Officer in consultation with the relevant Executive Directors, Head of Service and Service Managers.  Write-offs must be reported retrospectively to the Cabinet.
Amounts greater than £10,000	These should only be written-off with the approval of Cabinet

- (E61) This authority cannot be delegated. Cabinet approval is required for writing off all other debts.
- (E62) The Head of Operations may waive standard car park charge notices and shall maintain records detailing the reason and amounts of notices waived.
- (E63) Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.
- (E64) The Chief Finance Officer shall be notified of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Chief Finance Officer.

## **FINANCIAL REGULATION F: EXTERNAL ARRANGEMENTS**

### **Introduction**

- (F1) The Council provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion and improvement of the economic, social or environmental well-being of its area.

### **Partnerships**

- (F2) The Cabinet is responsible for approving delegations, including frameworks, for partnerships. The Cabinet is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs, in line with the Council's Strategic Objectives and Key Priorities
- (F3) The Monitoring Officer and Chief Finance Officer are responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the Council.
- (F4) Executive Directors, Head of Service and Service Managers, following consultation with the Chief Finance Officer must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. They must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. They must ensure that the risks have been fully appraised before agreements are entered into with external bodies and comply with the requirements of the Contract Standing Orders.
- (F5) Executive Directors, Head of Service and Service Managers are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

### **External funding**

- (F6) Executive Directors, Head of Service and Service Managers are responsible for informing the Chief Finance Officer of any anticipated external funding.
- (F7) The Chief Finance Officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts.