

## 4.8 FINANCIAL PROCEDURE RULES (FINANCIAL REGULATIONS)

### Introduction to Financial Regulations

1. Financial Regulations provide the framework for managing the Authority's financial affairs. They apply to every member and officer of the Authority and anyone acting on its behalf.
2. The regulations identify the financial responsibilities of the full Council, Cabinet and Scrutiny members, the Head of Paid Service, the Monitoring Officer, Director of Services, Director of Housing, the Head of Finance and other Team Managers.

The Council has designated the following posts as shown:

Post	Designation
Chief Executive	Head of Paid Service
Head of Finance	Chief Finance Officer (S151)
Head of Legal and Support Services	Monitoring Officer

Cabinet members, the Chief Executive, Director of Services, Director of Housing, Heads of Service and Team Managers should maintain a written record where decision making has been delegated to members of their staff, including seconded staff.

3. These Financial Regulations are complementary to:
  - (i) the Council Procedure Rules (Standing Orders of the Council);
  - (ii) the Codes of Conduct for Members and Officers;
  - (iii) the EEC Public Procurement Directives;
  - (iv) Contracts Procedure Rules (Standing Orders with respect to Contracts);
  - (v) any such legislation affecting the functions of the Council.

The Chief Executive, Director of Services, Director of Housing, Heads of Service, Team Managers and Monitoring Officer shall be responsible for ensuring compliance with these Financial Regulations.

4. 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.

5. Heads of Service and Team Managers are responsible for ensuring that all staff in their Services are aware of the existence and content of the Authority's Financial Regulations and other internal regulatory documents and that they comply with them.

## FINANCIAL REGULATION A: FINANCIAL MANAGEMENT

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### INTRODUCTION

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- A.1 Financial management covers all financial accountabilities in relation to the running of the Authority, including the policy framework and budget.

### THE FULL COUNCIL

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- A.2 The full Council is responsible for adopting the Authority's Constitution and Members' Code of Conduct and for approving the policy framework and budget within which the Cabinet operates. It is also responsible for approving and monitoring compliance with the Authority's overall framework of accountability and control. The framework is set out in its constitution. The full Council is also responsible for monitoring compliance with the agreed policy and related Cabinet decisions.
- A.3 The full 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 and its Boards. These delegations and details of who has responsibility for which decisions are set out in the constitution.

### THE CABINET

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- A.4 The Cabinet is responsible for proposing the policy framework and budget to the full Council, and for discharging executive functions in accordance with the policy framework and budget.
- A.5 Cabinet decisions can be delegated to a sub-committee of the Cabinet, an individual Cabinet member or members or an officer.
- A.6 Where A.5 occurs, the Cabinet is responsible for establishing protocols to ensure that individual Cabinet members consult with relevant officers before taking a decision within his, her or their 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.

## SCRUTINY COMMITTEES

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### Policy Development Group

**A.7** The Policy Development Group is responsible for scrutinising executive decisions before or after they have been implemented and for holding the Cabinet to account. The Policy Development Group is also responsible for making recommendations on future policy options and for reviewing the general policy and service delivery of the Authority.

### Audit and Governance Committee

**A.8** The Audit and Governance Committee is established by the full Council and is responsible for promoting and maintaining high standards of conduct amongst councillors. In particular, it is responsible for advising the council on the adoption and revision of the Members' Code of Conduct, and for monitoring the operation of the code. It may also make recommendations to the full Council on the council's constitution.

### Other Regulatory Committees

**A.9** Planning and licensing are not executive functions but are exercised through the multiparty Planning and Licensing Committees under powers delegated by the full Council. The Planning and Licensing Committees report to the full Council.

## THE STATUTORY OFFICERS

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### Head of the Paid Service (Chief Executive)

**A.10** The Head of the Paid Service is responsible for the corporate and overall strategic management of the Authority as a whole. He or she must report to and provide information for the Cabinet, the full Council, the Policy Development Group and other Committees. He or she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Head of the Paid Service is also responsible, together with the Monitoring Officer, for the system of record keeping in relation to all the full Council's decisions (see below).

### Monitoring Officer

**A.11** The Monitoring Officer is responsible for promoting and maintaining high standards of financial conduct and therefore provides support to the Audit and Governance Committee. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the full Council and/or to the Cabinet, and for ensuring that procedures for recording and reporting key decisions are operating effectively.

- A.12** The Monitoring Officer must ensure that executive decisions and the reasons for them are made public. He or she must also ensure that council members are aware of decisions made by the Cabinet and of those made by officers who have delegated executive responsibility.
- A.13** The Monitoring Officer is responsible for advising all councillors and officers about who has authority to take a particular decision.
- A.14** The Monitoring Officer is responsible for advising the Cabinet or full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.
- A.15** The Monitoring Officer, together with the Chief Executive, is responsible for advising the Cabinet or full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:
- initiating a new policy
  - committing expenditure in future years to above the budget level
  - incurring transfers contrary to virement rules and limits
  - causing the total expenditure financed from council tax, grants and corporately held reserves to increase, or to increase by more than a specified amount.
- A.16** The Monitoring Officer is responsible for maintaining an up-to-date constitution.

## **Head of Finance (See A Statement on the Role of the Finance Director in Local Government (CIPFA, 1999))**

- A.17** The Head of Finance has statutory duties in relation to the financial administration and stewardship of the Authority. 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 2003.
- A.18** The Head of Finance is responsible for:  
the proper administration of the Authority'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.

**A.19** The Head of Finance shall:

- (i) report to the Cabinet with respect to the level of financial resources estimated to be available in each financial year;
- (ii) report to the Cabinet quarterly with an annual outturn on the Council's financial position and performance;
- (iii) report to the Cabinet in respect of the Medium Term Financial Strategy.

**A.20** Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to the full Council, Cabinet and External Auditor if the Authority 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 Authority;

is about to make an unlawful entry in the Authority's accounts.

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 Authority 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.

## OTHER OFFICERS

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### Team Managers

- A.21** The Chief Executive, Directors, Heads of Service and Team 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 Head of Finance.
- A.22** It is the responsibility of Team Managers to consult with the Head of Finance and seek approval on any matter liable to affect the Authority's finances materially, before any commitments are incurred.
- A.23** Team Managers are responsible for the control and accountability of resources consumed and generated by their service areas.

## OTHER FINANCIAL ACCOUNTABILITIES

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### Virement

- A.24** The full Council is responsible for agreeing procedures for virement of expenditure between budget headings.
- A.25** When a proposal arises to spend money or forego income from a budget area where an underspending would otherwise occur and the overall net expenditure of a Service Area is not altered by such changes this may be approved by the relevant Director/Head of Service/Team Manager in consultation with the Head of Finance.
- A.26** Where in exceptional or unexpected circumstances a Directorate is faced with a material increase in its net expenditure, which cannot reasonably be contained within its resource allocation figure for the year, the Chief Executive or Directors must (wherever possible, prior to incurring the expenditure) submit a request to Cabinet for a supplementary estimate to cover the additional expenditure. The Cabinet will also decide how the expenditure will be funded, e.g. from revenue, loan or otherwise.
- A.27** The Chief Executive, Directors and Heads of Service shall monitor revenue expenditure and the Asset Management Group (Capital Working Party) shall monitor Capital expenditure on a regular basis. Significant matters will be reported to the Cabinet as necessary.

### Treatment of Year-end Balances

- A.28** The full Council is responsible for agreeing procedures for carrying forward under and overspendings on budget headings.

## Accounting Policies

**A.29** The Head of Finance is responsible for selecting accounting policies and ensuring that they are applied consistently.

## Accounting Records and Returns

**A.30** The Head of Finance is responsible for determining the accounting procedures and records for the Authority.

## The Annual Statement of Accounts

**A.31** The Head of Finance is responsible for ensuring that the annual statement of accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC). The full Council is responsible for approving the annual statement of accounts.

## FINANCIAL REGULATION B: FINANCIAL PLANNING

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### INTRODUCTION

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**B.1** The full Council is responsible for agreeing the Authority's policy framework and budget, which will be proposed by the Cabinet. In terms of financial planning, the key elements are:

the corporate plan;

the budget;

the capital programme.

### POLICY FRAMEWORK

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**B.2** The full Council is responsible for approving the budget and policy framework (which is detailed at Part 2, Article 4 and Part 4, Item 4.3 in the constitution).

**B.3** The full 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. Decisions should be referred to the full Council by the Monitoring Officer.

**B.4** The full Council is responsible for setting the level at which the Cabinet may reallocate budget funds from one service to another. The Cabinet is responsible for taking in-year decisions on resources and priorities in order to

deliver the budget policy framework within the financial limits set by the Council.

## Preparation of the Council's Delivery Plan

**B.5** The Head of the Paid Service is responsible for proposing the Delivery Plan to the Cabinet for consideration before its submission to the full Council for approval.

## BUDGETING

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**B.6** The Head of Finance shall report annually to the Cabinet the details of capital and revenue estimates for all the council's functions. He or she shall prepare and update annually a three-year rolling revenue budget forecast. Each year the Cabinet shall consider and recommend, based on corporate priorities, the strategic allocation of resources to services and submit a report to Council.

**B.7** The format and timescale of the estimates shall be determined by the Head of Finance. It is the responsibility of the Directors, Heads of Service and Team Managers to ensure that budget estimates reflecting agreed service plans are submitted to the Head of Finance and that these are prepared and submitted as directed by the Head of Finance.

## Budget Monitoring and Control

### B.8

- (a) The Chief Executive, Head of Finance, Directors, Heads of Service and Team Managers shall:
- (i) only incur revenue expenditure where there is an approved budget provision in that financial year;
  - (ii) only incur capital expenditure where that project is in the Council's capital programme as applied to that financial year;
- (b) The Head of Finance 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 on the overall position on a regular basis.
- (c) It is the responsibility of Team Managers to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Head of Finance. 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 Head of Finance to any problems.



## Budgetary Control - Capital

- B.9** In addition to B8 above, the following Financial Regulations shall apply:
- (a) whenever a new capital project is considered desirable, the Chief Executive or Directors shall (after submitting the project (with a Project Benefit Analysis) to the Asset Management Group and Corporate Leadership Team) submit the project to the Cabinet which shall, after considering advice from the Head of Finance (to include the implications of the Prudential Code if applicable and any current and future revenue implications) and other appropriate officers, make recommendations to the Council as to its acceptance or otherwise, indicating where appropriate its inclusion on the Long Term Capital Projects List and the level of priority for its implementation;
  - (b) subject to (c) below, approval by Council of the Capital Programme shall be a prerequisite for the commencement of a project and to enter into a contract;
  - (c) notwithstanding approval in the Capital Programme, if the proposed or actual expenditure (excluding supervision costs) exceed the approved estimate, the Team Manager shall, before proceeding, refer the proposal, with the comments of the Head of Finance, to the Cabinet;
  - (d) any re-phasing of capital expenditure between years shall be subject to approval by the Head of Finance;
  - (e) the Head of Finance is empowered to authorise spending in an emergency on any unforeseen health and safety work relating to a project.

## EMERGENCIES OR DISASTERS

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- B.10** In the event of an emergency or disaster, these Financial Regulations shall be suspended and the Chief Executive, Director of Services and/or the Head of Finance be given delegated powers to take any action deemed necessary in respect of the financial matters of the Council, subject to such action being reported to the Cabinet.

## MAINTENANCE OF RESERVES

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- B.11** It is the responsibility of the Head of Finance to advise the Cabinet and/or the full Council on prudent levels of reserves for the Authority.

## FINANCIAL REGULATION C: RISK MANAGEMENT AND CONTROL OF RESOURCES

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### INTRODUCTION

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- C.1** It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to the Authority.

This should include the proactive participation of all those associated with planning and delivering services.

## RISK MANAGEMENT

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- C.2** The Cabinet is responsible for approving the Authority's risk management policy statement and strategy and for reviewing the effectiveness of risk management. The Cabinet is responsible for ensuring that proper insurance exists where appropriate.
- C.3** The Head of Finance is responsible for preparing the Authority's risk management policy statement, for promoting it throughout the Authority and for advising the Cabinet on proper insurance cover where appropriate.

## INTERNAL CONTROL

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- C.4** Internal control refers to the systems of control devised by management to help ensure the Authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Authority's assets and interests are safeguarded.
- C.5** The Head of Finance 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 authorities that govern their use.
- C.6** It is the responsibility of the Chief Executive, Directors, Heads of Service and Team 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.
- C.7** The duties of providing information regarding any sums of money due to or from the Council and of calculating, checking and recording such amounts, shall be separated as completely as possible from the duty of collecting or disbursing them.

## AUDIT REQUIREMENTS

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- C.8** The Accounts and Audit Regulations 2011 (s6) requires every local authority to undertake an adequate and effective internal audit of its accounting records and of its system of internal control. This legal requirement shall be delegated to the Head of Finance. Internal Audit shall, as far as possible, comply with the Public Sector Internal Audit Standards.

**C.9** Internal Audit will have the responsibility to review, appraise and report as necessary on:-

- (a) the adequacy and effectiveness and application of internal controls and processes and systems;
- (b) the extent of compliance with Financial Regulations and Standing Orders and approved policies and procedures of the Council plus the extent of compliance with external laws and regulation;
- (c) the extent to which the Council's assets and interests are accounted for and safeguarded from losses of all kinds arising from waste, inefficient administration, poor value for money, fraud or other cause.

**C.10** The Auditor shall have the Authority to:

- (a) enter any Council owned or occupied premises or land at all times (subject to any legal restrictions outside the Council's control);
- (b) have access at all times to all the Council's records, documents and correspondence;
- (c) require and receive such explanations from any employee or member of the Council as he or she may deem necessary concerning any matter under examination; and
- (d) require any employee or member of the Council to produce cash, stores or any other Council owned property under their control.
- (e) The Senior Internal Auditor shall have access to, and the freedom to report in his/her own name to all boards, members or officers, as he/she deems necessary.

**C.11** Any officer suspecting any irregularity in connection with financial or accountancy transactions shall inform his/her Team Manager, who shall immediately refer the matter to the Senior Internal Auditor who shall consult with the Head of Finance and the appropriate Team Manager and, if necessary, the police. A joint report shall be submitted to the Cabinet, if deemed necessary by the Head of Finance, Team Manager concerned and the Chief Executive.

**C.12** Financial Regulations C.8 to C.11 above are inclusive and complementary to and not a substitution for the statutory audit undertaken by the External Auditors and shall not diminish each Team Manager's responsibility to take adequate measures to safeguard the Council's cash, stores and other assets.

## STORES AND INVENTORIES

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- C.13** Each Team Manager shall be responsible for the custody and physical control of the stocks and stores in his/her service area and the records kept by the storekeepers shall be prescribed by the Head of Finance. Wherever possible, stocks and stores should be marked as the property of the Council.
- C.14** Each Team Manager, in conjunction with the Head of Finance, shall make arrangements for continual stock-taking covering all items at least once per year. Stock-taking procedures shall be conducted by officers independent of the day to day activities within the system. Any surpluses or deficiencies revealed shall be reported to the Head of Finance who shall, in conjunction with the appropriate Team Manager, agree any action required/recommend to the Cabinet any action considered necessary.
- C.15** Stocks shall be maintained within the minimum and maximum levels determined by the appropriate Team Manager, and the maximum level shall not be exceeded, except in special circumstances with the approval of the Head of Finance.
- C.16** Each Team Manager shall prepare and maintain an inventory in a form approved by the Head of Finance. The inventory shall include movable plant and machinery, rolling stock, furniture, fittings and equipment. The only exception is office stationery equipment (for example; calculators, hole punches, staplers, waste bins).
- In addition to the divisional inventory, equipment purchased by the Information Technology Section, including that purchased on behalf of other Services, shall be recorded on the Information Technology inventory.
- C.17** All inventories shall be checked annually by Team Managers. Individual surpluses or deficiencies over £50 shall be dealt with in the manner prescribed for stores in paragraph C.14 (above). Where individual inventory items with an estimated value below £50 become surplus to requirements, the Council has a procedure for dealing with such items, which shall be adhered to.
- C.18** The Council's property shall not be removed otherwise than in accordance with the ordinary course of the Council's business or used otherwise than for the Council's purposes except in accordance with specific directions issued by the relevant Team Manager.
- C.19** All items appearing on the Inventory shall be indelibly marked as property of the Council.

## SECURITY

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- C.20** Each Team Manager shall be responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, etc. under his/her control. He/she shall consult the Head of Finance in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- C.21** The maximum limit for cash holdings shall be agreed with the Head of Finance and shall not be exceeded without his/her express permission.
- C.22** Keys to safes and similar receptacles are to be carried on the person of those responsible at all times. The loss of such keys must be reported to the Head of Finance immediately the loss is discovered.
- C.23** The Head of Finance shall be responsible for maintaining proper security and privacy as respects information held on computer for its use, in accordance with the Data Protection Acts 1984 and 1998, the Computer Misuse Act 1990 and the Freedom of Information Act 2000.

## BANKING ARRANGEMENTS

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- C.24** All arrangements with the Council's Bankers shall be made by or under arrangements approved by the Head of Finance, who shall be authorised to operate such banking accounts as he/she may consider necessary. Such arrangements shall be reported to the Cabinet from time-to-time.
- C.25** Transfers from accounts (but not between accounts) shall not be made unless authorised by one of the Financial Signatories to the Council.
- C.26** The Head of Finance shall be responsible for the ordering and custody of cheques to meet payments by him/her on behalf of the Council. Cheques shall be prepared, verified and accounted for under the direction of the Head of Finance and signed by him/her or one of the Financial Signatories to the Council provided that, for the purpose of this regulation only, 'signature' shall include the printed/facsimile signature of the Head of Finance.

## PETTY CASH AND FLOAT ACCOUNTS

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- C.27** The Head of Finance shall issue guidance as to the operation and management of these accounts.
- C.28** Team Managers shall ensure that:
- (a) disbursements (other than renewal of imprest) shall be limited to expenses which are unavoidable and urgent. No single item exceeding £50 in amount (unless specifically authorised by the Head of Finance) shall be paid out of the petty cash account. All payments shall be supported by a receipted voucher

to the extent that the Head of Finance may require and in particular to enable the recovery of Value Added Tax.

- (b) each account is accurately maintained on an imprest system;
- (c) such accounts are not used for depositing income nor for employees personal expenditure;
- (d) an officer responsible for an account shall make adequate arrangements for the security of cash and accounting records;
- (e) On leaving the employment of the Council or otherwise ceasing to hold an imprest advance, an officer shall account to the Head of Finance for the amounts advanced to him/her and payments made.

## TREASURY MANAGEMENT

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**C.29** The Authority has adopted CIPFA's Code of Practice for Treasury Management in the Public Services.

**C.30** The full Council is responsible for approving the treasury management policy statement setting out the matters detailed in paragraph 15 of CIPFA's Code of Practice for Treasury Management in the Public Services. The policy statement is proposed to the full Council by the Cabinet. The Head of Finance has delegated responsibility for implementing and monitoring the statement.

**C.31** All money in the hands of the Council shall be aggregated for the purpose of treasury management and shall be under the control of the Head of Finance.

**C.32** The Head of Finance is responsible for reporting to the Cabinet a proposed treasury management strategy for the coming financial year at or before the start of each financial year.

**C.33** All Cabinet decisions on borrowing, investment or financing shall be delegated to the Head of Finance, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in the Public Services.

**C.34** The Head of Finance is responsible for reporting annually to the Cabinet on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers.

## STAFFING

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**C.35** The full Council is responsible for determining how officer support for Cabinet and non-executive roles within the Authority will be organised.

- C.36** The Chief Executive, Directors, Heads of Service and Team Managers are responsible for providing overall management to staff. The Human Resources Team Manager is responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.
- C.37** The Chief Executive, Directors, Heads of Service and Team Managers are responsible for controlling total staff numbers by:
- advising the Cabinet on the budget necessary in any given year to cover estimated staffing levels
  - adjusting the staffing to a level that can be funded within approved budget provision
  - varying the provision as necessary within that constraint in order to meet changing operational needs
  - the proper use of appointment procedures.

### INSURANCES

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- C.38** The Head of Finance shall effect all insurance cover and register all claims in consultation with other officers where necessary.
- C.39** Team Managers shall give prompt notification to the Head of Finance in writing of all new risks, properties, vehicles or other assets which require to be insured and of any alterations affecting existing insurances.
- C.40** Team Managers shall immediately notify the Head of Finance in writing of any loss, liability or damage or any event likely to lead to a claim and inform the police where necessary unless otherwise decided by the Chief Executive.
- C.41** All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.
- C.42** The Head of Finance shall annually, or at such other period as he/she may consider necessary, review all insurances in consultation with other Team Managers as appropriate.
- C.43** Team Managers shall consult the Head of Finance respecting the terms of any indemnity which the Council is requested to give.
- C.44** Team Managers shall ensure that their employees are aware of any limitation of cover, e.g. motor insurance covering official duty only.
- C.45** Where a claim arises which is less than or equal to the value of the excess on any policy, the Team Manager shall submit a written request to the Head of Finance to make a specific financial offer. The request must be supported by

reasons in favour of settlement and can only be signed by the Chief Executive, Head of Finance or Team Manager.

## CONTRACTS

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- C.46** The Head of Finance shall advise upon the financial aspects of all contracts before acceptance and shall keep a contracts register showing particulars of all contracts entered into by the Council for the execution of work and of payment made under such contracts. The Head of Finance shall retain copies of all contract documents and keep an appropriate register.
- C.47** The appointed Supervising Officer in control of the works shall give written orders in respect of all variations from the specification of the works included in the contracts and copies of these orders shall be forwarded to the Head of Finance with the estimated variations in cost noted thereon. Any such extra variation, where the estimated additional cost of which exceeds 5%, shall be reported to the appropriate Board as soon as practicable with details of the reason for the additional cost and the proposed method of funding the extra cost.
- C.48** Payments to contractors on account of contracts shall be made only on a certificate issued by the Supervising Officer in control of the works which shall show the total amount of the contract, the value of work executed to date, retention money, amount paid to date and amount certified as due. Details, variations and fluctuations included in the value of work to date shall accompany the certificate.
- C.49** On completion of a contract and before the issue of the certificate for final payment thereunder, the appointed Supervising Officer shall produce to the Senior Internal Auditor a detailed statement of the work under the contract, with all vouchers and documents relating to prime cost and provisional sums and any other particulars required showing full measurements, additions, deductions and omissions. The Final Certificate shall not be issued nor shall the contractor be informed that the final account is agreed and the balance under the contract paid until:
- (a) the Senior Internal Auditor has examined the accounts, vouchers and documents, and approved the final account.
  - (b) If any question of propriety of payment arises, the Cabinet shall have directed payment.
- C.50** Claims from contractors in respect of matters not clearly within the terms of an existing contract shall be referred to the Chief Executive/Head of Legal and Support Services for consideration of the Council's legal liability and where necessary, to the Head of Finance for financial consideration before a settlement is reached.



- C.51** Where completion of a contract is delayed beyond the completion date or any properly authorised extension thereof, it shall be the duty of the Supervising Officer to take appropriate action in respect of any claim for liquidated damages.
- C.52** In any case where the total cost of any work carried out under a contract exceeds by more than 10%, or £10,000, whichever is the lesser amount, the approved contract sum, a report of such cost shall, after agreement of the final account, be submitted to the appropriate Board by the appropriate Head of Service detailing any additional cost and proposed method of funding not previously reported under Regulation C.47.
- C.53** Subject to the expenditure on such matters being included in approved estimates, all orders or contracts for the supply of goods or materials or for the execution of work shall comply with the Contract Procedure Rules.
- C.54** When, in exceptional circumstances authority is sought to waive Financial Procedure Rules, the report to the appropriate Board must give adequate reasons and specify precisely the procedures to be waived.

### SALARIES

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- C.55** The payment of all salaries, wages and other emoluments to all employees of the Council shall be made by the Head of Finance and under arrangements approved and controlled by him/her.
- C.56** The Head of Finance shall be responsible for all records relating to National Insurance, Income Tax, Superannuation and Statutory Sick Pay. The Human Resources Team Manager shall be responsible for the issue of statements under the Contracts of Employment Acts.
- C.57** Each Head of Service shall be responsible for the completion of timesheets by employees, other than officers, under his/her control and for their evaluation and certification. Timesheets shall be forwarded to the Head of Finance in accordance with his/her directions, who shall be responsible for the preparation of salaries or wages. The Head of Service concerned, under the directions of the Head of Finance shall be responsible for the provision of transport and staff for the payment of salaries or wages.
- C.58** Each Head of Service shall notify the Head of Finance, as soon as possible, and in a form prescribed by him/her, of all matters affecting payment of salaries and wages and in particular:
- (a) appointments, resignations, dismissals, suspensions, secondment and transfers.
  - (b) Absences from duty for sickness or other reason, apart from approved leave with pay.

- (c) Changes in remuneration, other than normal increments, pay awards and agreements of general application.
- (d) Information necessary to maintain records of service for superannuation, income tax, national insurance, etc.

**C.59** Each Head of Service, in conjunction with the Human Resources Team Manager, shall make arrangements to annually confirm the authenticity of those employees appearing on the payroll for his/her Service. Such arrangements shall include the verification of individual rates of pay.

## LEASING

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**C.60** All items proposed to be leased shall be approved by the Council prior to arrangements being made.

**C.61** All leasing agreements will be arranged and agreed by the Head of Finance. An agreement can only be signed on behalf of the Council, by the Chief Executive or the Head of Finance, providing that the revenue estimate is not exceeded.

**C.62** The Head of Service responsible for the goods to be leased shall provide the Head of Finance with such information as is required by him/her in order to obtain the best and most appropriate type of lease possible.

## FINANCIAL REGULATION D: SYSTEMS AND PROCEDURES

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### INTRODUCTION

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**D.1** Sound systems and procedures are essential to an effective framework of accountability and control.

### GENERAL

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**D.2** The Head of Finance is responsible for the operation of the Authority's accounting systems, the form of accounts and the supporting financial records. Any changes proposed by the Chief Executive, Directors, Heads of Service and Team Managers to the existing financial systems or the establishment of new systems must be approved by the Head of Finance. However, the Chief Executive, Directors, Heads of Service and Team Managers are responsible for the proper operation of financial processes in their own Services.

**D.3** The Chief Executive, Directors, Heads of Service and Team Managers should ensure that their staff receive relevant financial training that has been approved by the Head of Finance.

- D.4** The Chief Executive, Directors, Heads of Service and Team Managers must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation. Team Managers must ensure that staff are aware of their responsibilities under freedom of information legislation.

## AUTHORISED SIGNATORIES

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- D.5** It is the responsibility of the Chief Executive, Directors and Heads of Service to ensure that a proper scheme of delegation has been established within their area and is operating effectively. The scheme of delegation should identify staff authorised to act on their behalf in respect of payments, income collection and placing orders, together with the financial limits of their authority. The financial limits will be determined by the Council's Corporate Leadership Team. Team Managers shall ensure that specimen signatures and initials of such authorised staff are sent to the Head of Finance and such records shall be amended by the Team Manager on the occasion of any change therein.

## CONTROL OF EXPENDITURE

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- D.6** Orders for goods and services shall not be issued unless the expenditure is included in an approved estimate or other specified financial provision.
- D.7** All orders shall be in writing, signed by the appropriate Team Manager or such other officer as nominated by him/her and notified to the Head of Finance.
- D.8** Official orders shall be issued for all work, goods or services to be supplied to the Council except for supplies of public utility service; and for periodical payments such as rent or rates/local tax, for petty cash purchases or such other exceptions as the Head of Finance may approve.
- D.9** Each order shall conform to the directions of the Council with respect to central purchasing, use of contracts and the standardisation of supplies and materials and be in a form approved by the Head of Finance in accordance with Regulation D.2 above.
- D.10** Monied invoices and/or delivery notes should, where appropriate, accompany the delivery of goods and the receiving officer must certify thereon, at the time of delivery, receipt of the goods. Where ordered and delivered by weight or volume the receiving officer shall make such periodical tests as are necessary to ensure that the quantities charged have actually been delivered.
- D.11** All invoices, accounts and claims relating to amounts due from the Council shall be checked in the Service concerned and such checking being indicated by the initials of the examining officer and certified by the appropriate Team Managers or such other officer as nominated by him/her. The number of the

official order and the head of expenditure to which it relates must be indicated thereon. Expenditure/income should be coded in accordance with instructions issued by the Head of Finance, with VAT appropriately identified in order that the Head of Finance may recover output tax (VAT). A VAT invoice/receipt must be obtained in all appropriate cases.

**D.12** The Team Managers concerned shall be responsible for the accuracy of accounts submitted for payment which shall be signed by the Team Managers or authorised officer in accordance with regulation D.5. The passing of an account for payment by or on behalf of the Team Managers shall mean:

- (a) that the materials have been supplied, the work performed or the services rendered and that they are satisfactory as to quality and correct as to quantity;
- (b) that the price is in accordance with quotations, contract agreement or current market rate whichever is applicable;
- (c) that the account is allocated to the correct expenditure heading;
- (d) that all trade and cash discounts and other proper allowances have been deducted;
- (e) that the account has not been previously paid and that the copy of the official order has been marked off to prevent duplicate payment;
- (f) that the account is arithmetically correct unless a variation has been agreed by the Head of Finance;
- (g) that the expenditure is within the Authority's legal powers.

NOTE: The passing of an account for payment by a Team Manager or authorised officer confirms that he/she is satisfied that all necessary steps in the certification procedure have been satisfactorily carried out.

Accordingly, it is for the Team Manager or authorised officer to recognise the initials of officers carrying out this preliminary certification procedure as those of officers who are in a position to satisfactorily perform the work responsibly. It is essential that a minimum of two officers at least should be involved in the preliminary certifications in order that the officer certifying that the goods have been supplied or the work done is different from the officer certifying the remaining items. It is also desirable that the making out of official orders and the entering of goods received records are undertaken by different officers and that this should be divorced from the certification of invoices although it is appreciated that this is not always possible in smaller Services. A Team Manager who delegates the certification of accounts should satisfy him/herself that the procedure is operating satisfactorily by signing all accounts personally from time-to-time).

- D.13** Before authorising payments to a sub-contractor, as defined by the Inland Revenue, for construction work carried out, the certifying officer of the Service concerned shall satisfy himself/herself that the sub-contractor to whom payment is due is the holder of a valid Sub-Contractors Tax Certificate issued by the Inland Revenue, otherwise tax at the appropriate rate must be deducted as required by any statutory provisions in being at that time.
- D.14** Invoices made out by an officer of the ordering Service and statements unaccompanied by the relative invoices and delivery notes, copy invoices or reminders shall not be accepted as a basis for payment.
- D.15** In all cases of purchase of property, the Head of Finance shall be the authorising officer. When requesting payment he/she shall provide full particulars of the property, the name of the vendor/purchaser, the amount of purchase money, expenses and Minute authorisation. Full particulars of the property purchased shall be entered in the official Register of Properties kept by the Head of Finance.
- D.16** Duly certified accounts shall be passed without delay to the Head of Finance who shall examine them to the extent that he/she considers necessary, for which purpose he/she shall be entitled to make such enquiries and to receive such information and explanation as he/she may require.
- D.17** The Head of Finance shall be authorised to pay all accounts duly certified in accordance with these regulations. The normal method of payment shall be by cheque, BACS or other instrument drawn on the Council's banking account.
- D.18** Each Head of Service/Team Manager shall, as soon as possible after 31 March and no later than detailed in the final accounts timetable each year, notify the Head of Finance of outstanding expenditure relating to the previous financial year.

### CONTROL OF INCOME

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- D.19** All arrangements for the collection of monies due to the Council shall be subject to approval by the Head of Finance in conjunction with the appropriate Team Manager and the Head of Finance shall set up debits for all items of income due. No such items over £10,000 shall be written off as irrecoverable unless approved by the Cabinet. Any request to forego income shall be subject to written approval of the Head of Finance.
- D.20** The Team Managers shall promptly furnish the Head of Finance with such particulars in such form as he/she may require in connection with work done, goods supplied or service rendered and all other amounts due to the Council as may be required by him/her to record correctly all sums due to the Council and to ensure the prompt rendering of accounts for the recovery of income due.

- D.21** The Head of Finance shall be notified promptly of all money due to the Council and of contracts, leases and other agreements and arrangements entered into which involve the receipt of money by the Council and the Head of Finance shall have the right to inspect any documents or other evidence in this connection as he/she may decide.
- D.22** All receipt forms, books, tickets and other such items shall be ordered and supplied to Team Managers by the Head of Finance, who shall satisfy himself/herself as to the arrangements for their control.
- D.23** Each employee who receives monies on behalf of the Council or in the normal course of their duty shall give such acknowledgment and enter up punctually such records as may be approved by the Head of Finance. Such income shall be paid to the Head of Finance or direct to the Council's account, either daily or when there is a sum of £100 in hand. Any variation from this procedure shall be subject to the written approval of the Head of Finance. On no account should such monies be paid into the personal account of an employee. No deduction may be made from such money save to the extent that the Head of Finance may specifically authorise. Each officer who so banks money shall enter on the paying-in slip a reference to the related debt or otherwise indicate the origin of the cheque on the reverse of each cheque, the officer shall enter the name of his/her Service, office or establishment.
- D.24** Personal cheques shall not be cashed out of money held on behalf of the Council.
- D.25** Every transfer of official money from one member of staff to another will be evidenced in the records of the Services concerned by the signature of the receiving officer.
- D.26** Post-dated cheques will not normally be accepted. The only formal exception to this rule will be acceptance of a cheque, by the Assistant Senior Exchequer Services Officer, which shall not be dated more than 7 working days in advance\*. This will only be allowed where the debtor has no previous history of dishonoured cheques. The Assistant Senior Exchequer Services Officer will only accept one cheque per debtor on each occasion. Such cheques will be recorded and retained by the Assistant Senior Exchequer Services Officer.

In exceptional circumstances, any other requests to accept a post-dated cheque must have the approval of the Head of Finance.

\*(This is to allow provision where a debtor is expecting funds to be credited to a bank account during the period it is likely to take to return a cheque and receive replacement.)

- D.27** The Chief Executive, Directors, Heads of Service or Team Managers may in conjunction with the Head of Finance write-off as irrecoverable sundry and

other debts not exceeding £10,000. The Chief Executive or Heads of Service may write-off as irrecoverable sundry and other debts not exceeding £25 where these are deemed uneconomical to pursue and cannot be added to a future account. No debts over £10,000 shall be written off as irrecoverable without the approval of Cabinet.

NOTE: Outstanding debts will still be pursued after write-off should information be received which indicates that there is a possibility that the debt can be recovered.

- D.28** The Chief Executive, Directors or Heads of Service may, in conjunction with the Head of Finance, write-off as non-refundable credits on accounts not exceeding £10,000. The Chief Executive or Heads of Service may write-off as non-refundable credits on accounts not exceeding £25 where these are deemed uneconomical to pursue and cannot be deducted from a future account. No such items over £10,000 shall be written off as non-refundable without the approval of the Cabinet.

## FINANCIAL REGULATION E: EXTERNAL ARRANGEMENTS

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### INTRODUCTION

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- E.1** The local authority 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 or improvement of the economic, social or environmental well-being of its area.

### PARTNERSHIPS, JOINT VENTURES AND COMPANIES IN WHICH THE COUNCIL IS A GUARANTOR OR HAS A SHARE HOLDING INTEREST

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- E.2** 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.
- E.3** The Cabinet can delegate functions - including those relating to partnerships - to officers. These are set out in the scheme of delegation that forms part of the Authority's constitution. Where functions are delegated, the Cabinet remains accountable for them to the full Council.
- E.4** The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the Authority.
- E.5** The Head of Finance must ensure that the accounting arrangements to be adopted relating to partnerships, joint ventures and companies are satisfactory. He or she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies.

He or she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.

- E.6** Team Managers are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies. Where it is proposed that the Council be involved in an arrangement of this nature the appropriate officer will first consult with the Head of Finance and the Head of Legal and Support Services on the proposals.
- E.7** The Head of Finance is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Authority's accounts.
- E.8** Further to Regulation E.7 unless secure arrangements are put in place to the contrary, any such arrangements will comply with the Council's Financial Regulations and this shall be stated in any such contracts.