

# **Part Three, Section G**

## **Financial Procedure Rules**

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## 1. INTRODUCTION

- 1.1 Financial procedures provide the framework for managing the Council's financial affairs. They apply to every Councillor and officer of the Council and anyone acting on its behalf. Robust systems and procedures are essential to an effective framework of accountability and control.
- 1.2 These procedures identify the financial responsibilities of **Full Council**, **Cabinet** and **Councillors**, the **Chief Executive** as **Head of Paid Service**, the **Monitoring Officer**, the **Chief Finance Officer**, the Executive Heads, Heads of Service and other employees.
- 1.3 All Councillors and officers 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.
- 1.4 The **Chief Finance Officer** is responsible for maintaining a continuous review of the financial procedures and submitting any additions or changes necessary to **Full Council** for approval.
- 1.5 The **Head of Paid Service** and Executive Heads are responsible for ensuring that all officers in their service areas are aware of the existence and content of these **Financial Procedure Rules** and other internal regulatory documents and that they comply with them.
- 1.6 Failure of officers to comply with these procedures may constitute misconduct or gross misconduct, depending on the circumstances of the case in question, and may result in disciplinary action being taken in accordance with the Council's Disciplinary Procedure.
- 1.7 All Council employees must seek to achieve value of money and shall give appropriate consideration to:
  - a. Economy – acquiring resources of appropriate quality for the minimum cost;
  - b. Efficiency – ensuring that the maximum output is obtained from the resources devoted to an activity;
  - c. Effectiveness – ensuring that the output from any activity is achieving the desired result or target set; and
- d. Council Strategy – How each activity contributes to corporate objectives and how performance can be compared objectively and by the more subjective views of the local community.
- 1.8 The **Chief Finance Officer** has overall responsibility to ensure the proper administration of the Council's financial affairs, as the responsible financial officer under section 151 of the Local Government Act 1972. The **Chief Finance Officer** may delegate responsibilities to the Deputy **S151 Officer** where appropriate.

## 2. RESPONSIBILITIES FOR FINANCIAL MANAGEMENT

### Introduction

Financial management covers all financial accountabilities in relation to the running of the Council. The overall roles and responsibilities for the **Cabinet, Full Council, Audit Committee** and statutory officers are outlined in **Part 2** of the Constitution.

### 2.1 Financial Responsibilities of the Full Council

**Full Council** is responsible for:

- a. Approving the Council's expenditure plans, including Medium Term Financial Strategy, Revenue Budget, Capital, Council Tax and Reserves annually;
- b. Approving the Council's **Treasury Management** Strategy and Investment Strategy annually including the Prudential Indicators;
- c. Approving the Council's **non-executive** Fees & Charges annually;
- d. Movement of budget (virement) between services over £250,000 capital and £100,000 revenue; and
- e. Ensuring financial accountability through ownership of these Financial Regulations.

### 2.2 Financial Responsibilities of the Cabinet

**The Cabinet** is responsible for:

- a. Proposing the policy framework and budget to **Full Council**;
- b. Authorising release of capital funds on the basis of detailed project plans;
- c. Approving the Council's **executive** Fees & Charges annually;
- d. Movement of budget (virement) between services between £100,000 (revenue and capital) and £250,000 (revenue to capital);
- e. Agreeing expenditure outside of the budget framework up to the sum of £2M in any one financial year; or when additional expenditure can be funded through:
  - i. Additional external resources;
  - ii. Additional capital resources; or
  - iii. Additional credit approvals.
- f. Receiving forecast reports and an outturn report;

- g. Approving the use of underspends post year end;
- h. Approving the use of the General Fund balance; and
- i. Approving delegations, including financial frameworks, for partnerships.

## **2.3 Financial Responsibilities of the Audit Committee and the Overview & Scrutiny Committee**

The Audit Committee is responsible for:

- a. Monitoring and annually reviewing corporate governance arrangements;
- b. Receiving risk management updates;
- c. Acting as audit committee; and
- d. Approving the Annual Statement of Accounts.

## **2.4 Financial Responsibilities of the Overview & Scrutiny Committee**

The Overview & Scrutiny Committee is responsible for:

- a. Scrutinising **Cabinet** decisions, including financial implications, before or after they have been implemented and for holding the **Cabinet** to account.
- b. Assisting with the formulation of the Council's budget in accordance with the **Budget and Policy Framework** Standing Orders

## **2.5 Financial Responsibilities of the Statutory Officers**

### **2.5.1 Head of Paid Service (Chief Executive)**

The core financial responsibilities of the **Head of the Paid Service** are:

- a. Overall management of the number and grade of officers required for providing Council services, ensuring that staffing levels are adequately budgeted;
- b. Ensuring that Council budgets provide enough resources to meet the aims and objectives of the Corporate Strategy and Business Plans; and
- c. Together with the Executive Leadership Team, to input into financial planning processes, review quarterly budget monitoring and outturn reports; and to make recommendations to Cabinet/Council on budget/outturn issues.

## 2.5.2 Monitoring Officer

The **Monitoring Officer** (together with the **Chief Finance 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 budget. Actions that may be 'contrary to the budget' include:

- a. Initiating a new service or significant changes to the standard of a service, particularly one which commits expenditure in future years in excess of the service budget;
- b. Incurring budget transfers above **virement** limits; and
- c. Cumulatively causing the total expenditure financed from Council Tax, grants and corporately held reserves in the current financial year to increase significantly.

## 2.5.3 Chief Finance Officer

The **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 include:

- a. Section 151 of the Local Government Act 1972;
- b. The Local Government Finance Act 1988;
- c. The Local Government and Housing Act 1989; and
- d. The Accounts and Audit Regulations 2015.

The **Chief Finance Officer** is responsible for:

- a. Ensuring lawfulness and financial prudence of decision making. After consulting with the **Head of Paid Service** and the **Monitoring Officer**, the Chief Finance Officer will report to **Full Council**, or to the **Cabinet** in relation to an **executive function** if he or she considers that any proposal, decision or course of action will involve incurring unlawful expenditure, or is unlawful and is likely to cause a loss or deficiency, or if the Council is about to enter an item of account unlawfully or if 'the books don't balance' (section 114 Local Government Finance Act 1988);
- b. The administration of the financial affairs of the Council;
- c. Contributing to the corporate management of the Council, in particular through the provision of professional financial advice;

- d. Promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the Council;
- e. Providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and **Budget and Policy Framework** issues to all **Councillors** and will support and advise Councillors and officers in their respective roles;
- f. Providing financial information to the media, Councillors, the public and the community;
- g. Authorising exceptional payments for which budget provision has not been made, if the Council is legally obliged to make such payments;
- h. The selection of accounting policies, procedures and records for the Council and ensuring that they are applied consistently; and
- i. Ensuring that the annual **Statement of Accounts** is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC). The **Chief Finance Officer** shall present the Statement of Accounts for approval within the statutory timeframes outlined in the Accounts and Audit Regulations 2015.

## 2.6 Financial Responsibilities of the Executive Leadership Team

The Executive Leadership Team consists of the **Head of Paid Service, Statutory Officers** and **Executive Heads**. The financial responsibilities of the Executive Leadership Team are:

- a. To ensure that the **Cabinet** and **Full Council** are advised of the financial implications of all proposals and that the financial implications have been agreed by the **Chief Finance Officer**;
- b. To review the budget performance every quarter, make changes and recommend changes to Cabinet; and
- c. To input into the financial planning processes; to review quarterly budget monitoring and outturn reports; and to make recommendations to Cabinet/Council on budget/outturn issues.

**2.7** The **Head of Paid Service** and **Executive Heads** will consult with the **Chief Finance Officer** and seek approval on any matter liable to materially affect the Council's finances, before any commitments are incurred.

**2.8** All reports to the **Cabinet**, committees and the **Full Council** shall identify financial implications in a format agreed with the **Chief Finance Officer**.

- 2.9 In exceptional circumstances, the **Head of Paid Service, Statutory Officer** or an **Executive Head**, in consultation with the **Chief Finance Officer**, may incur expenditure which is essential to meet any immediate need created by an emergency or a situation related to Section 138 of the Local Government Act 1972, such as during a pandemic. This is subject to the action being reported as soon as practical to the **Executive Leadership Team** and the **Cabinet member** with relevant portfolio responsibility, and if the expenditure exceeds £50,000, to **Cabinet**.

### 3. FINANCIAL PLANNING

- 3.1 **Full Council** is responsible for agreeing the Council's budget, which will be proposed by the **Cabinet**. In terms of financial planning, the key elements are:

- a. The Council's Corporate Strategy;
- b. The Medium Term Financial Strategy (via a recommendation from **Cabinet**);
- c. The Revenue Budget and Capital Programme;
- d. Investment Strategy; and
- e. The **Treasury Management** Strategy.
- f. The Minimum Revenue Provision Strategy

### 3.2 Policy framework

- 3.2.1 The Budget includes the allocation of financial resources to different services and projects, proposed contingency funds, setting Council Tax discounts policy, setting the Council Tax charges and decisions relating to the control of the Council's borrowing requirements, Prudential Indicators, the control of its capital and reserves expenditure and setting of **virement** procedures.
- 3.2.2 **Full Council** is also responsible for approving procedures for agreeing variations to the approved **Budget and Policy Framework**.
- 3.2.3 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 (and permitted **virement**) set by the **Full Council**.

### 3.3 Budgeting

- 3.3.1 The form of presentation of capital and revenue estimates shall be determined by the **Chief Finance Officer**. Budget estimates shall be prepared by the Heads of Service, in consultation with the **Head of Paid Service, Statutory Officers** and **Executive Heads** and returned to the Chief Finance Officer who shall co-ordinate budget presentation. The draft revenue budget shall include allocation to different services and projects, proposed taxation levels and contingency funds.

- 3.3.2 It is the responsibility of the Heads of Service to control revenue and capital income and expenditure within their services and to monitor performance, taking account of financial information provided by the **Chief Finance Officer**. They must allocate an accountable budget holder for each service budget, and report to the Chief Finance Officer on variances within their own areas and how any additional expenditure can be met. They should also take any action necessary to avoid exceeding their budget allocation and alert the Chief Finance Officer to any problems at the earliest opportunity.
- 3.3.3 It is the responsibility of the **Chief Finance Officer** to determine and agree the annual Council Tax and Business Rates Tax Bases for the purposes of budget setting.

### 3.4 Revenue Budget preparation

- 3.4.1 The **Chief Finance Officer** is responsible for ensuring that a balanced revenue budget is prepared on an annual basis and that a financial strategy is prepared covering at least three years for consideration by the **Cabinet**, before recommendation to Full Council. (Prior to the start of the financial year being considered)
- 3.4.2 It is the responsibility of the Heads of Service to ensure that budget estimates are submitted to the Chief Finance Officer in line with guidance he/she has issued.
- 3.4.3 The **Chief Finance Officer** is responsible for ensuring that there is adequate consultation and challenge to the budget process.

### 3.5 Revenue budget monitoring and control

Once approved by the **Full Council** the revenue budget gives authority for expenditure to be incurred for the amounts shown in the budget. The **Chief Finance Officer** is responsible for providing appropriate financial information to enable budgets to be monitored effectively. He or she must co-ordinate the monitoring and control of expenditure and income against budget allocations carried out by the Heads of Service, reporting to the **Executive Leadership Team** and to **Cabinet** on the overall position as necessary.

### 3.5 Resource allocation

The **Chief Finance Officer** is responsible for developing and maintaining a resource allocation process, through the annual review of the financial strategy, that ensures due consideration of **Full Council's** policy framework.

### 3.6 Resource Reallocation – Budget Virements

**Virement** shall not be allowable unless the budget provision to be transferred can be transferred as a result of a genuine overall saving to the Council. Where it appears that expenditure against a revenue budget heading will be exceeded, income will be less than forecast or additional expenditure is desirable to meet the objectives of the budget,



the limits in relation to virements are laid out in Budget and Policy Framework Standing Orders.

Virements within budget headings/services areas can be made as long as the balance to the cash limited budget is £0.00

### **3.7 Budget Carry Forwards, Brought Forwards and Budget Variations**

- 3.7.1 Carry forward to the following financial year of planned under or over-spending will be allowed by the **Chief Finance Officer** in consultation with the **Cabinet member** with portfolio responsibility for finance. The Chief Finance Officer will report such carry-forwards in Budget Monitoring and Outturn reports. The Chief Finance Officer is responsible for implementing processes for the submission of bring forward and carry-forward applications. The amount of a carry-forward may be varied subsequently with the agreement of the Chief Finance Officer.
- 3.7.2 Brought Forward Budgets refer to the use of future year budgets in the current financial year, particularly capital budgets. The **Chief Finance Officer** is responsible for collating and agreeing bids to bring forward budgets, and will report such bring forwards in Budget Monitoring and Outturn reports.
- 3.7.3 The **Chief Finance Officer** is responsible for agreeing variations between budgeted and actual income and expenditure, the use of underspends to fund other expenditure and reporting them in Budget Monitoring and Outturn Reports.

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

- 3.8.1 The **Chief Finance Officer** is responsible for ensuring that a capital programme is prepared for consideration by the **Cabinet** before submission to **Full Council**. New Capital projects should be identified by Heads of Service to the Chief Finance Officer, as part of the Budget Planning Process, for inclusion in the Capital Programme.
- 3.8.2 Capital schemes may only be committed after:
  - a. An assessment in the agreed standard format including an estimate of the associated revenue expenditure and income has been approved by the Cabinet; and
  - b. Appropriate finance has been made available.

### **3.9 Control of Capital Schemes**

Where it appears that any scheme in the capital programme will be overspent by a sum of £50,000 or more a report shall be made to the **Cabinet**. The **Chief Finance Officer** will advise the Cabinet whether or how requests for additional capital finance can be achieved within the overall capital programme. The Chief Finance Officer is authorised

to approve **virements** within the capital programme as outlined in Budget and Policy Framework Standing Orders.

### 3.10 Guidelines

Guidelines on capital budget preparation are to be issued by the **Chief Finance Officer**. The guidelines will take account of:

- a. Legal requirements;
- b. Links with the Business Planning process;
- c. The Council's Corporate Strategy;
- d. Available resources;
- e. Spending pressures;
- f. Relevant government guidelines;
- g. Other internal policy documents; and
- h. Issues that cut across various areas (where relevant).

### 3.11 Maintenance of reserves

- 3.11.1 It is the responsibility of the Chief Finance Officer to advise the Cabinet and/or Full Council on prudent levels of reserves for the Council.
- 3.11.2 It is the responsibility of Heads of Service as Budget holders to submit expenditure plans for specific reserves to the Chief Finance Officer for consideration by Cabinet. It is the responsibility of Cabinet to agree to the creation of specific reserves, the closure of specific reserves, virement between reserves and the delegations in place to release funds from reserves prior to the release of funds from those reserves.

## 4. RISK MANAGEMENT AND CONTROL OF RESOURCES

### Introduction

It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant strategic and operational risks to the Council including the proactive participation of all those associated with planning and delivering services.

### 4.1 Risk management

- 4.1.1 The Audit Committee is responsible for reviewing the effectiveness of risk management. The **Chief Finance Officer** is responsible for promoting good

risk management practice, advising upon and ensuring that proper insurance exists where appropriate.

- 4.1.2 The **Head of Paid Service** and the **Executive Heads** responsible for corporate risk management having regard to advice from the **Chief Finance Officer** and other specialist officers (e.g. Health and Safety). The key controls for risk management are:
- 4.1.3 Procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the Council and for all significant projects;
- 4.1.4 A monitoring process is in place to regularly review the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis;
- 4.1.5 Managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives;
- 4.1.6 Risks are quantified in financial terms and provision is made for losses that might result from the risks that remain;
- 4.1.7 Procedures are in place to investigate claims within required timescales;
- 4.1.8 Acceptable levels of risk are determined and insured against where appropriate; and
- 4.1.9 The Council has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

## 4.2 Insurances

- 4.2.1 The **Chief Finance Officer** shall effect all insurance cover deemed necessary and negotiate all claims in consultation with other officers where necessary. The Monitoring Officer has authority to settle claims on behalf of the Council.
- 4.2.2 Heads of Service shall give prompt notification to the **Chief Finance Officer** of all new risks, properties or vehicles or other assets which may require to be insured and of all alterations which may affect existing insurances.
- 4.2.3 Heads of Service shall notify the **Chief Finance Officer** in writing of any loss, liability or damage or any event likely to lead to a claim and inform the police where appropriate. In cases of urgency the **Head of Paid Service** and **Executive Heads** will report orally pending submission of a written report. The Chief Finance Officer shall, appropriately, keep the Head of Paid Service informed.

- 4.2.4 The **Chief Finance Officer** shall periodically review all insurances in consultation with the Heads of Service, Head of Paid Service and **Executive Heads** as appropriate.
- 4.2.5 The **Chief Finance Officer** shall review the internal funding for insurance risks on a regular basis and report to the **Cabinet** as required.
- 4.2.6 The **Head of Paid Service** and **Executive Heads** shall consult the **Chief Finance Officer** and the **Monitoring Officer** regarding the terms of any indemnity which the Council is requested to give.
- 4.2.7 The **Head of Paid Service** or **Executive Head** concerned shall notify the **Chief Finance Officer** in such form as he/she may require of any case known to him/her where steps are necessary to prevent or mitigate loss or damage of property not belonging to the Council but in their control.

### 4.3 Internal Control

- 4.3.1 Internal control refers to the systems of control devised by management 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.
- 4.3.2 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 authorities that govern their use.
- 4.3.3 It is the responsibility of the Heads of Service to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness (best value) and for achieving their financial performance targets.
- 4.4.4 It is the responsibility of the **Chief Finance Officer** to ensure that a review of the adequacy of Corporate Governance arrangements is carried out at least annually, in accordance with the Accounts and Audit Regulations 2015.

### 4.5 Audit requirements

- 4.5.1 The Accounts and Audit Regulations 2015 require every local authority to maintain an adequate and effective internal audit of its accounting records and of its system of internal control. The standards for proper practices in relation to internal audit are laid down in the Public Sector Internal Audit Standards.
- 4.5.2 Responsibility for maintaining an adequate and effective system of internal audit is delegated to the **Chief Finance Officer**. Heads of Service must

ensure that agreed actions regarding audit recommendations are carried out in a timely and efficient manner.

- 4.5.3 The **Chief Finance Officer** is required to present the annual Audit Plan, for approval, to the **Audit Committee** and, at least three times in each year, report on progress against the plan and give details of management responses to audit recommendations.
- 4.7.4 The Internal Auditor, **Chief Finance Officer** or his/her authorised representatives, and relevant external bodies, such as HM Revenues & Customs, shall have authority where necessary in the performance of their duties to:
- a. Enter any Council premises or land in the occupation of the Council;
  - b. Have access to all records, documents and correspondence relating to any financial and other transaction of the Council;
  - c. Require and receive oral or written explanations from any employee as he/she thinks necessary concerning any matter under examination; and
  - d. Require any employee of the Council to produce cash, stores or any other Council property under his/her control.
- 4.7.5 The **Chief Finance Officer** is responsible for ensuring that the selection of External Auditors is carried out in line with statutory guidance. The basic duties of the external auditor are governed by part 5 of the Local Audit and Accountability Act 2014. The role of the Council's external auditor is to examine the Council's Statement of Accounts to ensure they are a true and fair representation of the Council's financial position. The External Auditor also is responsible for reviewing certain grant claims and performing value for money reviews.

#### **4.8 Preventing fraud and corruption**

- 4.8.1 The **Chief Finance Officer** is responsible for the development, promotion and maintenance of an anti-fraud and anti-corruption policy. The **Head of Paid Service, Executive Heads** and Heads of Service are responsible for reporting to the Chief Finance Officer all suspected irregularities and to instigate the appropriate disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- 4.8.2 Whenever any matter arises which involves, or is thought by any officer or Councillor to involve, irregularities concerning cash, stores or other property of the Council or any suspected irregularity as to finance, property or advantages in the exercise of the functions of the Council, the officer or Councillor concerned shall forthwith notify the **Chief Finance Officer** who shall, in consultation with the **Monitoring Officer**, take such steps as are considered necessary.

## 4.9. Assets Security

- 4.9.1 Heads of Service must ensure that records and assets are properly maintained and securely held. They must 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.
- 4.9.2 The **Head of Paid Service** and **Executive Heads** are responsible for ensuring that proper arrangements exist for the security and care at all times of all buildings, stocks, stores, furniture, equipment, cash etc., under their control and shall consult the **Chief Finance Officer** in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 4.9.3 Maximum limits for cash holdings shall be agreed with the **Chief Finance Officer** and shall not be exceeded without his/her express permission.
- 4.9.4 Keys to safes and similar receptacles are to be carried on the person of those responsible at all times except where this is wholly impracticable when the keyholder must always ensure the absolute safety of the keys; the loss of any such keys must be reported to the **Chief Finance Officer** immediately after the loss is discovered.
- 4.9.5 The **Head of Paid Service** and **Executive Heads** shall be responsible for maintaining proper security and privacy of information contained in all financial records under their control, in accordance with the principles of the Data Protection Act. The Head of Paid Service and Executive Heads shall have regard to any advice given by the officer appointed as Data Protection Officer or Information Risk Officer.
- 4.9.6 The **Head of Paid Service** and **Executive Heads** shall have regard to the Council's I.S./I.T. Security Policy and ensure that only licensed software is used in systems under their control, seeking advice from the internal specialists as necessary. In addition, appropriate measures must be taken to ensure that the Council's Rules and Regulations with regard to the use of the Council's Intranet, and communication by e-mail, are observed at all times.
- 4.9.7 Council property, for example printing, telephones and photo-copiers, computers, laptops and tablets shall not be used for private purposes.

## 4.10. Stocks and Stores

Stock and store records are to be kept in a form approved by the **Chief Finance Officer**. An independent stock take of all stocks shall be arranged by the Head of Service concerned, who shall periodically certify the stores in hand and give a written explanation of differences. Only the **Chief Finance Officer** or his/her authorised representative shall agree write-offs of deficiencies in stock.

#### 4.11. Intellectual Property

Heads of Service must protect intellectual property rights of any value. A register shall be maintained by the Head of Finance.

#### 4.12. Physical Assets

4.12.1 A register of Council land holdings shall be maintained by the Head of Finance & Assets of all land and property owned by the Council, recording the purpose for which it is held, the location, extent and plan reference, purchase details, particulars of nature or interest, rents payable and tenancies/other interests granted.

4.12.2 The **Monitoring Officer** shall have the custody of all title deeds of property belonging to or mortgaged to the Council.

Heads of Service shall supply the **Chief Finance Officer** with such information as he/she requires to maintain an Asset Register recording all Council owned land, buildings and assets initially costing (or currently valued at) greater than £10,000 for the purposes of Capital Accounting.

4.12.3 Inventories shall be maintained by all service units of furniture, fittings and equipment, vehicles, plant and machinery, in a form and to such extent as prescribed by the **Chief Finance Officer**. Inventories shall include for each item the date of purchase and the purchase price.

4.12.4 Heads of Service shall nominate inventory holders, and be responsible for ensuring the inventories are checked at least annually and on a change of inventory holders.

4.12.5 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 purpose without the approval of the **Head of Paid Service** and **Executive Head** concerned.

4.12.6 Disposals of land and property assets for best consideration may be undertaken by the Head of Finance & Assets provided that the assets have been declared by **Cabinet** to be surplus to requirements, or they are included within a planned disposal programme approved by **Cabinet**, or the disposal is agreed by the **Cabinet member** with relevant portfolio responsibility.

4.12.7 Plant, equipment and vehicle asset disposals may be agreed by the relevant **Executive Head**, in consultation with the **Chief Finance Officer**. Further information on disposal methods can be obtained from the Chief Finance Officer.

4.12.8 Best consideration must be achieved in the disposal of all fixed assets. Where items are to be scrapped at nil consideration they must be disposed of directly to a County Council Waste Disposal facility, or through a commercial company approved by the **Chief Finance Officer**.

- 4.12.9 Land and property assets to be disposed of shall normally be offered for sale on the open market, other than where only one buyer for the asset is likely to exist, or where a higher price is likely to be achieved by negotiating direct with the buyer with a special interest (i.e. a special purchaser), or where **Cabinet** approved the disposal to a specific buyer. Any decision taken to dispose of land or property shall be informed by professional valuation and marketing advice provided by appropriately qualified and experienced officers or external consultants. The method of disposal, and the level and form of marketing, shall be appropriate to the nature of the asset to be disposed of and to the market in which the disposal is to take place. It shall be designed to achieve the best consideration reasonably obtainable, unless Cabinet has expressly approved the disposal of the asset to a specified buyer at less than best consideration (with approval of the Secretary of State as necessary).
- 4.12.10 Surplus IT or other equipment, if appropriate, may be disposed of to bona fide non-profit distributing organisations based within the Council's area free of charge. Further information on disposal methods is available from the **Chief Finance Officer**.

#### 4.13. Treasury management

- 4.13.1 The Council has adopted the CIPFA Treasury Management in the Public Services Code of Practice ("the Code").
- 4.13.2 The Council will create and maintain a **Treasury Management** Strategy, stating the policies, objectives and approach to risk management of its treasury management activities. Suitable treasury management practices (TMPs) will set out how the organisation will achieve those policies and objectives, prescribing how it will manage and control those activities.
- 4.13.3 The content of the policy statement and TMPs will follow the recommendations contained in the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.
- 4.13.4 The **Treasury Management** Strategy will determine the reporting structure for Treasury Management Activities. Quarterly performance information on Treasury Management activities will be included in budgetary control reports to all Councillors.
- 4.13.5 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices, and for the execution and administration of treasury management decisions to the **Chief Finance Officer**, who will act in accordance with the organisation's policy statement and TMPs and, CIPFA's Standard of Professional Practice on Treasury Management.



- 4.13.6 Under the Local Government Act 2003 the Council is required to “have regard to” the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council’s plans are affordable, prudent and sustainable. All day to day decisions on borrowing, investment or financing shall be delegated to the **Chief Finance Officer**, who is required to act in accordance with the Prudential Indicators set by the Council.
- 4.13.7 For the avoidance of doubt there is no financial limit on the amounts of money that can be borrowed, lent, held, invested or otherwise dealt with by the **Chief Finance Officer** in pursuance of any Council adopted plan or strategy.
- 4.13.8 All investments of money under its control shall be made in the name of the Council except where Fund Managers are employed to act on behalf of the Council; bearer securities shall be excepted from this regulation.
- 4.13.9 All securities which are the property of, or in the name of, the Council shall be held in the custody of the **Monitoring Officer** or **Chief Finance Officer**, except where Fund Managers are employed to act on behalf of the Council.
- 4.13.10 All borrowings shall be undertaken in the name of the Council.
- 4.13.11 Any trust funds shall wherever possible be in the name of the Council.
- 4.13.12 All officers acting as trustees by virtue of their official position shall deposit all securities etc. relating to the trust with the **Monitoring Officer** unless the trust provides otherwise.

#### **4.14. Banking arrangements**

- 4.14.1 All arrangements with the Council’s bankers shall be made by the **Chief Finance Officer** and he or she shall be authorised to operate such banking accounts, as he or she may consider necessary.
- 4.14.2 All cheques and electronic transfers, shall be authorised only on the authority of the **Chief Finance Officer** or officers nominated by him or her.
- 4.14.3 Cheques on the Council’s Account, shall bear the facsimile signature of the **Chief Finance Officer**, or be signed by the Chief Finance Officer or other Officer authorised by him/her and in accordance with the Bank Mandate.

#### **4.15. Staffing**

- 4.15.1 The **Head of Paid Service** is responsible for the overall management of staff and ensuring that there are proper evaluation, pay negotiations, and other agreed systems for determining the remuneration of a post.
- 4.15.2 The **Head of Paid Service, Executive Heads** and Heads of Service are responsible for controlling total staff numbers by:

- a. Advising the **Cabinet** on the budget necessary in any given year to cover estimated staffing levels;
- b. Managing staffing establishments and budgets in the most advantageous manner to achieve the policies agreed by the **Cabinet** and the **Full Council**;
- c. Ensuring at all times, that spending committed by contracts of employment is, and will be, within approved budgets, published forward projections and confirmed external funding – thus not increasing future year commitments. The **Chief Finance Officer** and Head of Organisational Development shall be consulted on all proposed changes;
- d. Changes affecting officers on **chief officer** terms and conditions cannot be made outside of the parameters in the approved Pay Policy Statement without approval of **Full Council**; and
- e. Reviewing staffing levels periodically. Where this results in one off costs exceeding £50,000, a business case should be provided to Cabinet/Committee for consideration.

## 5 FINANCIAL SYSTEMS AND PROCEDURES

- 5.1 The **Chief Finance Officer** is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. However, the **Head of Paid Service, Statutory Officers** and **Executive Heads** are responsible for the proper operation of financial processes in their own service areas.
- 5.2 Any amendments to agreed financial procedures by the **Head of Paid Service, Statutory Officers** and **Executive Heads** to meet their own specific service needs must be agreed with the **Chief Finance Officer**.
- 5.3 The **Head of Paid Service, Statutory Officers** and **Executive Heads** should ensure that their staff receive relevant financial training that has been approved by the **Chief Finance Officer**.
- 5.4 The following principles shall be observed in the allocation of accounting duties:
  - a. Wherever possible there should be adequate segregation of duties so that employees with the duty of checking transactions are not themselves engaged in any of those transactions;
  - b. The duty of providing information, calculating, checking and recording sums due to or from the Council shall wherever possible be separated from the duty of collecting and disbursing them;
  - c. Wherever possible accounting transactions and control functions (such as reviews and reconciliations) should be evidenced, providing a full audit trail; and

- d. Employees shall not certify claims for reimbursement of expenses or other payments to themselves.

## 5.5 Income and expenditure

### 5.5.1 Collection of income

5.5.1 The collection of all money due to the Council shall be in accordance with arrangements approved by the **Chief Finance Officer**. Unless otherwise agreed by the Chief Finance Officer no money received by Council employees in the course of their duties shall be paid into any other bank account other than the Council's bank account.

5.5.2 The **Head of Paid Service, Statutory Officers** or appropriate **Executive Head** shall be responsible, in accordance with the current policies of the Council, for the review of prices for services.

5.5.3 The Heads of Service shall ensure that accounts are rendered promptly in connection with income due in respect of work done, goods supplied, services rendered or other amounts payable to the Council. They shall also ensure that any service area computer systems recording income are reconciled monthly to the cash received in the Council's main financial system, and that this is taken into account when purchasing such computer systems.

5.5.4 The **Chief Finance Officer** shall be notified promptly of contracts, leases and other agreements and arrangements entered into which involve the receipt of money by the Council.

5.5.5 Arrangements for the control of all receipt forms, receipt books, tickets and other such items shall be approved by the **Chief Finance Officer**.

5.5.6 Each employee who banks money shall comply with any instructions prescribed by the **Chief Finance Officer**. All money received on behalf of the Council shall be made to the Council's cashier, approved cash receptacles, or to the Council's bank account without delay and always within three working days of collection. Payments received in full and final settlement shall only be accepted if they are sufficient to fully clear the appropriate debt.

5.5.7 Personal cheques shall not be cashed out of the money held on behalf of the Council.

5.5.8 The **Chief Finance Officer** shall be the only officer authorised to write off uncollectable debts over £5,000, after taking the advice of the Head of Service and Debt Recovery Teams as appropriate. Debts under £5,000 may be written off by the **Chief Finance Officer** and Head of Customer Services. Cumulative debts over £50,000 may be written off by the **Chief Finance Officer** after consultation with the **Cabinet member** with portfolio responsibility for Finance.

## 5.6 Expenditure

### 5.6.1 Orders

Official orders shall be in a form determined by the **Chief Finance Officer**. They are to be authorised only by officers agreed by the **Head of Paid Service, Statutory Officers** or appropriate **Executive Head** who shall be responsible for official orders issued from his/her Service areas. The appointment of signatories or requisitioners and approvers in the electronic systems requires the approval of the Chief Finance Officer. Signatories must ensure that goods and services are appropriate and needed, that there is adequate budget provision, that **Contract Standing Orders** have been complied with and that value for money principles have been followed prior to signing or authorising invoices.

Official orders shall be issued for all work, goods or services to be supplied to the Council except for supplies of services by public utilities, for periodical payments such as rent or rates, for petty cash payments, for contracts in writing signed in accordance with **Contract Standing Orders**.

Each order shall conform with the directions of the Council, Standing Orders related to contracts and any policies or directions of the Council related to purchasing. The Council's computerised commitment accounting system shall be used unless otherwise agreed by the **Chief Finance Officer** and outstanding orders shall be checked by service units periodically, and at least annually, to ensure management accounting information is accurate.

Where an official order is not issued, a contracts register or other record shall be kept by the Finance Business Partners to monitor payments and prevent duplicate payments. Budget holders will consult with Finance Business Partners prior to committing expenditure without official order.

### 5.6.2 Payment of Accounts

The **Chief Finance Officer** shall promptly pay all accounts properly due and payable by the Council in accordance with the Prompt Payment Code (30 days) and Regulations. The Chief Finance Officer may withhold payment until the resolution of any dispute relating to an invoice.

The Head of Service responsible for an order is responsible for the processes for requisitioning, order and approval for payment in his/her service area in accordance with procedures approved by the **Chief Finance Officer** which shall include electronic receipting and approval processes.

When required to approve an account for payment either electronically or in writing, the checking officer shall ensure that:

- a. The works, goods or services to which the account relates have been received, carried out, examined and approved;

- b. The prices, extensions, calculations, trade discounts, other allowances, credits and tax have been compared to the order and are correct;
- c. The relevant expenditure has been properly incurred;
- d. The relevant expenditure is within the relevant budget provision as properly varied under these regulations; or is otherwise in pursuance of a Council instruction; or in case of agency or contract work, by the County Council or another principal authority; or is specifically required by law;
- e. Appropriate entries have been made in inventories and stores records as required;
- f. The account has not been previously passed for payment and is a proper liability of the Council;
- g. The account (including any Value Added Tax) has been correctly coded.

The **Chief Finance Officer** shall examine invoices received to the extent that he/she considers necessary for carrying out statutory duties.

Budget Holders will notify the **Chief Finance Officer** of the value and detail of all expenditure and income relating to goods or services provided by 31 March but not yet settled, to ensure these are accounted for on an accrued basis.

Use of Council corporate purchase cards, including fuel cards and credit cards, shall be in accordance with instructions issued by the **Chief Finance Officer** and a signed undertaking. Only the Chief Finance Officer shall have authority to obtain corporate purchase cards.

### 5.6.3 **Imprest Accounts**

The **Chief Finance Officer** shall authorise such **imprest accounts** as he/she considers appropriate for such officers of the Council as may need them for the purpose of petty cash payments and other expenses.

Income received on behalf of the Council may not be paid into an **imprest account** but must be banked, or paid to the Council.

Petty cash payments shall be limited to minor items of expenditure and to such other items as the **Chief Finance Officer** may approve and shall be supported by receipted vouchers and proper VAT receipts where appropriate. In no case shall the amount of an individual payment exceed £50. Petty cash payments may not be used for travel and subsistence payments, nor used to bypass the normal purchase ordering process.

An officer responsible for an **imprest account** shall, if so requested, give to the Chief Finance Officer a statement of the account as at a given date.

On leaving the employment of the Council or otherwise ceasing to be entitled to hold an **imprest account** the officer concerned shall account to the **Chief Finance Officer** for the amount advanced to him/her.

The **Chief Finance Officer** may authorise change floats as required and these shall be subject to the imprest account regulations.

#### 5.6.4 **Payments to Employees and Councillors**

The **Chief Finance Officer** is responsible for all payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to Councillors.

All Line Managers shall notify the Human Resources Team and the HR team shall notify payroll promptly within the time limits and in the form prescribed, of all matters affecting the payment of such emoluments, and in particular:

- a. Appointments, resignations, dismissals, suspensions, secondments and transfers;
- b. Absences from duty for sickness or other reasons, apart from approved leave;
- c. Changes in remuneration, other than normal increments and pay awards and agreements of general application; and
- d. Information necessary to maintain records of service for superannuation, income tax, national insurances and the like.
- e. All notifications must be signed/authorised by the appropriate manager or nominated officer.

Appointments of all employees shall be made in accordance with the regulations of the Council and the established grades and rates of pay.

All time records or other pay documents shall be in a form prescribed by the **Chief Finance Officer** and shall be certified by authorised officers. The names of officers authorised to sign such records shall be sent to Finance together with specimen signatures and shall be amended on the occasion of any change.

Heads of Service shall, at least annually, certify the staffing budget for their services as part of the budget setting process.

All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be submitted, duly certified, to the **Chief Finance Officer** in a form approved by him/her. The names of officers

authorised to sign such records shall be sent to the Chief Finance Officer, together with specimen signatures and shall be amended on the occasion of any change.

The certification of expense claims shall be taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are correctly calculated in line with the Council's Terms & Conditions.

Payments to Councillors, including co-opted members of the Council who are entitled to claim travelling or other allowances will be made by the **Chief Finance Officer** upon receipt of the prescribed form duly completed. The Chief Finance Officer shall be empowered to require periodically from Councillors claiming financial loss allowance a certified statement as to their income. Payments will be made in accordance with the scheme as directed by **Full Council**, following a review of the scheme by an appointed Independent Remuneration Panel.

#### 5.6.5 **Taxation**

The **Chief Finance Officer** is responsible for advising the **Executive Leadership Team** and Councillors, in the light of guidance issued by appropriate bodies and relevant legislation, on significant taxation issues that affect the Council.

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.

The **Head of Paid Service** and **Executive Heads** are responsible for ensuring that transactions within their responsibility comply with the law relating to general taxation and V.A.T. The **Chief Finance Officer** will provide guidance and advice on the administration of V.A.T.

All matters of both principle and practice, including any significant errors or discrepancies, shall be immediately referred to the Chief Finance Officer.

Contacts with HM Revenue and Customs concerning matters of V.A.T must be through the Chief Finance Officer.

#### 5.6.6 **Trading accounts/business units**

It is the responsibility of the **Chief Finance Officer** to advise on the establishment and operation of trading accounts and business units.

#### 5.6.7 **Ex-Gratia payments**

Ex-Gratia payments are defined as discretionary payments to staff, suppliers and third parties that the Council is under no legal obligation to make. The **Head of Paid Service** and **Executive Heads** in consultation with the **Chief**

**Finance Officer** and **Monitoring Officer** shall have discretion to make ex-gratia payments when he/she considers them justified by reason of the particular circumstances. Ex-gratia payments to staff shall not be made in respect of salary arrangements covered by established Council practice. Ex-gratia payments shall be met from appropriate service budgets.

#### 5.6.8 **Retention of records**

The **Chief Finance Officer** shall determine the requirements that the **Head of Paid Service** and **Executive Heads** shall observe in relation to the retention of financial records. Retention may be in electronic format.

## **6: EXTERNAL ARRANGEMENTS**

### **6.1 Introduction**

The Council provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It should also promote social value and the economic, social or environmental well-being of its area.

### **6.2 Partnerships**

The **Head of Paid Service, Statutory Officers** and **Executive Heads**, with agreement of the **Chief Finance Officer**, must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. He or she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. The **Chief Finance Officer** is also responsible for ensuring proper arrangements for partnership cost sharing where appropriate. He or she must ensure that risks have been fully appraised before agreements are entered into with external bodies.

The **Head of Paid Service, Statutory Officers** and **Executive Heads** are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to financial transactions with external bodies.

### **6.3 External funding**

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. The **Head of Paid Service, Statutory Officers** and **Executive Heads** shall inform the **Chief Finance Officer** immediately of funding notified by external bodies and any conditions attached, and shall ensure that claims for funds and project progress reports are submitted by the due date in liaison with the **Chief Finance Officer**. If any new financial obligations are placed upon the Council as a condition of receiving external funding, these obligations must be approved by the Cabinet prior to the submission of any bids.

Expenditure of any external funding will be the responsibility of the appropriate Head of Service, in consultation with the **Chief Finance Officer**.



#### **6.4 Work for third parties**

Contractual arrangements to undertake work for third parties, must be approved by Cabinet in situations where the **Chief Finance Officer** is of the view that such a contract may cause a significant risk of net cost to the Council, or where the total value of new work in one year will exceed £250,000.

Where support services and front line services are to be sold to external customers, due diligence must be undertaken to ensure that services provided are of good quality, and to minimise the risk of non-payment.