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# Financial Procedure Rules

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## **A. GENERAL**

### **A1. Applicability**

#### Status of Financial Regulations

- A1.1 These regulations provide the framework for managing the Council's financial affairs and were approved by the Council as part of the Constitution; they replace all previous financial regulations and financial standing orders.
- A1.2 These regulations form the major part of the framework for controlling financial affairs within the Council. Other elements include Contract Standing Orders, Procurement Strategy, and the Member and Employee Codes of Conduct.
- A1.3 The Head of Finance and Revenues will keep these regulations under review and will periodically submit any additions or changes to Council for approval.
- A1.4 For the purposes of these regulations the term "*Chief Officer*" shall refer to Chief Executive; Deputy Chief Executive, Heads of Service, and those authorised to act in their name.

### **A2. Compliance**

#### Who must comply with these Regulations

- A2.1 All officers and members are responsible for complying with Financial Regulations. They also apply, unless the Head of Finance and Revenues directs otherwise, to contractors providing Council functions using Council assets, and others acting on the Council's behalf.
- A2.2 It is the responsibility of Chief Officers to ensure that all employees with financial responsibilities are made aware of and have access to these regulations.
- A2.3 Where the responsibility for making financial decisions has been delegated by Members or Chief Officers to other members of staff, a written record of the details of these delegations shall be maintained.
- A2.4 Failure of any officer to comply with these regulations may constitute misconduct or gross misconduct, depending on the circumstances, and may result in disciplinary action being taken in accordance with the Council's Disciplinary Procedure.
- A2.5 Failure of contractors to comply with these regulations may constitute a breach of contract and result in the contract being terminated.

#### Duty to report Non-Compliance

- A2.6 When an officer is aware of a breach of these regulations they have a duty to report it to the Head of Finance and Revenues. Any such report will be treated in the strictest confidence.
- A2.7 Any serious breaches of Financial Regulations will be reported by the Head of Finance and Revenues to the Cabinet and/or Council.

### **A3. Responsibilities**

- A3.1 The Head of Finance and Revenues has been delegated the responsibility for the proper administration of the Council's financial affairs as required by section 151 of the Local Government Act 1972. To promote best financial practice within the Authority, the Head of Finance and Revenues may issue financial instructions at any time which must be complied with as if they were part of these regulations.
- A3.2 All officers and Members 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, properly authorised, provides value for money and achieves best value.
- A3.3 These Regulations are primarily concerned with the management and stewardship of the Council's resources; all legal issues such as the legality and powers to act, and terms and conditions of contracts and other agreements to protect the Council's interests, should be referred to the Head of Legal and Democratic Services who is the Council's Monitoring Officer.

### **A4. Distinctions between Revenue & Capital Income & Expenditure**

- A4.1 Local authorities are required to account for revenue and capital items in different ways. The Head of Finance & Revenues is responsible for ensuring that all items of income and expenditure are properly classified as either revenue or capital and that they are accounted for in accordance with appropriate Codes of Accounting Practice.
- A4.2 Revenue expenditure represents the day-to-day running costs of the Council and includes costs such as salaries, premises costs, travel and supplies & services.
- A4.3 Capital expenditure is classified as being over £10,000 and spent on items that will have an estimated useful economic life of more than one year and be carried on the Council's Balance Sheet.

## **B. Financial Management**

### **B1. Roles and Responsibilities - Members**

Key roles and responsibilities are as follows:

#### **B1.1 Full Council**

- (i) To adopt the Council's Constitution, including codes of conduct, rules and regulations (such as these regulations) and the policy framework within which the Cabinet operates.
- (ii) To approve the Council's revenue budget, capital programme and the level of council tax for the succeeding financial year.
- (iii) To approve and monitor compliance with the Authority's overall framework of accountability and control.
- (iv) To monitor compliance with agreed policy and related Cabinet decisions.

## B1.2 Cabinet

- (i) To propose the policy framework, budget and level of council tax for the succeeding financial year to the full Council and discharging executive functions in accordance with the policy framework and budget.
- (ii) To canvass the views of local stakeholders, as appropriate, prior to considering the budget for the succeeding financial year.
- (iii) To approve the fees and charges to be levied by the Authority for the services it provides.
- (iv) To establish protocols to ensure individual Cabinet members consult with relevant officers before taking a decision with his/her delegated authority. In doing so, the Member must take account of legal and financial liabilities and risk management issues that may arise from the decision.

## B1.3 Overview & Scrutiny Committee

- (i) To be responsible for scrutinising Cabinet decisions and holding the Cabinet to account, including examining the budget proposals and budget strategy proposed by the Cabinet to full Council.
- (ii) To review general policy and service delivery and make recommendations for future policy.

## B1.4 General Purposes Committee

- (i) To be responsible for the appointment, discipline and dismissal of Chief Officers (as defined in the Officer Employment Procedure Rules in Part 4), and appeals from other officers with a minimum of two years' service.
- (ii) To approve policies and procedures relating to staff including their conduct and terms and conditions.
- (iii) To approve local negotiations on salaries, wages and other employee-related matters.
- (iv) To be responsible for promoting and maintaining high standards of conduct amongst Councillors and investigating complaints about their conduct.

## B1.5 Audit Committee

- (i) To set the Council's Internal Audit Plan each year, taking due consideration of the risks and resources available.
- (ii) To consider the Internal Audit Manager's annual report and opinion, summary of Internal Audit activity undertaken and the level of assurance it can give over the Council's corporate governance arrangements.
- (iii) To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.

- (iv) To monitor the effective development and operation of risk management and corporate governance in the Council.
- (v) To monitor policies on whistleblowing and anti-fraud / anti-corruption strategies as well as the Council's complaints' process.
- (vi) To approve the annual Statement of Accounts and consider the auditor's report on issues arising from the audit of the accounts.

## **B2. Roles and Responsibilities - Officers**

Key roles and responsibilities are as follows:

### **B2.1 Chief Executive (Head of Paid Service)**

- (i) Corporate and strategic management of the Authority.
- (ii) Monitoring the performance of the organisation.
- (iii) Overall responsibility for providing information to the Council and its Committees and recording decisions made by them.

### **B2.2 Head of Legal and Democratic Services (Monitoring Officer)**

- (i) Maintaining an up to date constitution.
- (ii) Reporting actual or potential breaches of the law or maladministration to the Council after consultation with the Chief Executive and Head of Finance and Revenues.
- (iii) 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.
- (iv) Together with the Head of Finance and Revenues 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.
- (v) Promoting and encouraging high standards of behaviour in Council business.

### **B2.3 Head of Finance and Revenues (Chief Financial Officer)**

The Head of Finance and Revenues has statutory duties which 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 2015 including subsequent amendments

The Head of Finance and Revenues is the Council's financial and economic advisor and is responsible for:

- (i) the proper administration of the Authority's financial affairs.
- (ii) setting and monitoring compliance with financial management standards.
- (iii) ensuring proper professional practices are adhered to and to act as head of profession in relation to the standards, performance and development of all finance staff.
- (iv) keeping the Council, Cabinet and other Committees (as required) informed with respect to the Council's finances and financial performance.
- (v) advising on the key financial controls necessary to secure sound financial management.
- (vi) providing accurate and timely financial information.
- (vii) preparing the revenue budget and capital programme for each financial year.
- (viii) treasury management.

Section 114 of the Local Government Finance Act 1988 requires the Head of Finance and Revenues 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 Head of Finance and Revenues to nominate a properly qualified member of staff to deputise should he be unable to perform the duties under section 114 personally; and
- the Authority to provide the Head of Finance and Revenues with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.

#### B2.4 Chief Officers

Chief Officers are responsible for:

- (i) 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 and Revenues.
- (ii) consulting with the Head of Finance and Revenues and seeking approval on any matter liable to affect the Authority's finances materially, before any commitments are incurred.



- (iii) promoting the financial management standards set by the Head of Finance and Revenues in their services and monitoring adherence to those standards and practices, liaising as necessary with the Head of Finance and Revenues.
- (iv) promoting sound financial practices in relation to the standards, performance and development of staff within their services.

### **B3. Policy Framework**

The full Council is responsible for approving the policy framework and budget. The policy framework includes the following statutory plans and strategies:

- corporate plan;
- capital programme;
- capital strategy; and
- treasury management policy statement.

In terms of financial planning, the key elements are:

- the corporate plan;
- the budget;
- the Medium Term Financial Strategy; and
- the capital programme.

The full Council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework. Decisions should be referred to the full Council by the Monitoring Officer.

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 Corporate Plan

The Chief Executive is responsible for proposing the corporate plan to the Cabinet for consideration before its submission to the full Council for approval.

### **B4. Budgeting**

#### **B4.1 Format**

The format of the budget determines the level of detail to which financial control and management will be exercised and must comply with legal requirements and CIPFA recommended best practice, and reflect the accountabilities of service delivery.

The Head of Finance and Revenues has the responsibility to advise the Cabinet on the format of the budget that is approved by the full Council.

Chief Officers are responsible for complying with accounting guidance provided by the Head of Finance and Revenues.

## B4.2 Revenue budget preparation, monitoring and control

### General

Budget management ensures that once the budget has been approved by the full Council, resources allocated are used for their intended purposes and are properly accounted for. For the purposes of budgetary control by managers, a budget will normally be the planned income and expenditure for a service area or cost centre, broken down into a level of detail agreed by the Head of Finance and Revenues.

Expenditure within the provision of the estimates may be incurred without further reference to the Council by:

- (a) the Cabinet acting under delegated powers; or
- (b) a Chief Officer acting under delegated powers.

The inclusion of items in approved revenue estimates or the approved years of the capital programme shall constitute authority to incur such expenditure save to the extent to which the Cabinet, acting for the Council, shall have placed a reservation on any such item or items. Expenditure on any such reserved items may be incurred only when and to the extent that such reservation has been removed.

The Head of Environmental Services has delegated authority to incur appropriate expenditure outside of their budget where they have successfully tendered for work from other public bodies subject to fulfilling the requirements of that delegated authority.

### Urgent or Emergency Action

Expenditure outside the provision of revenue estimates may be incurred without further reference to the Cabinet by a Chief Officer, in consultation with the Head of Finance and Revenues, on any necessary or emergency actions.

The Chief Executive, in consultation with the Leader, also has powers under the Council's constitution to take action in emergency and urgent situations and has alone the authority to act in the event of a civil emergency.

### Responsibilities

- (a) Cabinet
  - (i) To monitor and regulate the Council's financial performance during the currency of each estimate period.
  - (ii) To consider and approve any proposal to add, delete or make a material modification to a project in the Capital Programme up to the amount shown in Appendix 1.
  - (iii) To approve expenditure outside the provision of revenue estimates where no equivalent savings are possible up to the limit shown in Appendix 1.

- (iv) To approve any expenditure incurred which is essential to meet any immediate needs created by a sudden emergency or which is referable to the Civil Contingencies Act 2004 as amended.
  - (v) To receive and consider reports annually from the Head of Finance and Revenues comparing actual and estimated revenue income and expenditure for the previous financial year including an explanation of significant variances between the two and details of capital expenditure in the previous financial year and resources utilised to meet that expenditure.
- (b) Head of Finance and Revenues
- (i) To establish an appropriate framework of budgetary management and control that ensures that:
    - i. budget management is exercised within annual cash limits unless the full Council agrees otherwise.
    - ii. each Chief Officer has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities.
    - iii. expenditure is committed only against an approved budget head.
    - iv. all officers responsible for committing expenditure comply with relevant guidance, and these Financial Regulations.
    - v. each cost centre has a single named manager, determined by the relevant Chief Officer. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure.
    - vi. significant variances from approved budgets are investigated and reported by budget managers regularly.
    - vii. regular reports are prepared and submitted to the Cabinet on each service's projected expenditure compared with its budget, in consultation with the relevant Chief Officer.
  - (ii) To administer the Authority's scheme of virement.
  - (iii) To submit reports to the Cabinet and to the full Council, in consultation with the relevant Chief Officer, where a Chief Officer is unable to balance expenditure and resources within existing approved budgets under his/her control.
  - (iv) To prepare and submit reports on the Authority's projected income and expenditure compared with the budget on a regular basis.
  - (v) To approve urgent and unforeseen items of expenditure up to a limit of the amount shown in Appendix 1 and will ensure that such actions shall be reported to a subsequent meeting of the Cabinet.

- (vi) To provide a statement to the Cabinet as soon as practicable after 31<sup>st</sup> March each year setting out a comparison of the Council's actual and estimated income and expenditure and explanations of variances between the two for the preceding financial year.

(c) Chief Officers

- (i) To maintain budgetary control within their services, in adherence to the principles outlined above.
- (ii) Where it appears that the amount of approved expenditure estimate may be materially exceeded or the amount of approved income estimate may not be reached, to consult with the Head of Finance and Revenues and as required by the Head of Finance and Revenues, to inform the Cabinet.
- (iii) To ensure that an accountable budget manager is identified for each item of income and expenditure under the control of the Chief Officer (grouped together in a series of cost centres). As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.
- (iv) To ensure that spending remains within the service's overall cash limit and that individual budgets are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.
- (v) To ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and is operating effectively.
- (vi) To ensure prior approval by the full Council or Cabinet (as appropriate) for new proposals of whatever amount that:
- create financial commitments in future years;
  - change existing policies, initiate new policies or cease existing policies;
  - materially extend or reduce the Authority's services.

The report on these proposals must fully explain the financial implications following consultation with the Head of Finance and Revenues. Unless the full Council or Cabinet agrees otherwise, Chief Officers must plan to contain the financial implications of such proposals within their cash limit.

- (vii) To ensure compliance with the scheme of virement.
- (viii) To agree with the relevant Chief Officer where it appears that a budget proposal, including a virement proposal, may impact materially on another service area or Chief Officer's level of service activity.

### B4.3 Budgets and medium-term planning

The budget is the financial expression of the Authority's plans and policies. The revenue budget must ensure that the resource allocation properly reflects the Council's Corporate Plan, Corporate Action Plan projects and service plans. Budgets (spending plans) are needed so that the Authority can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for the Authority to budget for a deficit.

To enable the Authority to prepare for events in advance, a rolling three-year medium term forecast is produced based on known and anticipated changes in the Authority's finances over that period.

#### Responsibilities

##### (a) Head of Finance and Revenues

- (i) To prepare and submit reports on budget prospects for the Cabinet, including resource constraints set by the Government. Reports should take account of medium-term prospects where appropriate.
- (ii) To determine the detailed form of revenue estimates and the methods for their preparation, consistent with the budget approved by full Council and after consultation with the Cabinet and Chief Officers.
- (iii) To prepare and submit reports to the Cabinet on the aggregate spending plans of services and on the resources available to fund them, identifying where appropriate, the implications for the level of council tax to be levied.
- (iv) To advise on the medium-term implications of spending decisions.
- (v) To encourage the best use of resources and value for money by working with Chief Officers to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.
- (vi) To advise the full Council on Cabinet proposals in accordance with his/her responsibilities under section 151 of the Local Government Act 1972.

##### (b) Chief Officers

- (i) To prepare estimates of income and expenditure, in consultation with the Head of Finance and Revenues, to be submitted to the Cabinet in accordance with timescales determined by the Head of Finance and Revenues.
- (ii) To prepare budgets that are consistent with any relevant cash limits, with the Authority's annual budget cycle as prescribed by the Head of Finance and Revenues.

- (iii) To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.
- (iv) In consultation with the Head of Finance and Revenues and in accordance with the laid-down guidance and timetable, to prepare detailed draft revenue and capital budgets for consideration by the Cabinet.
- (v) When drawing up draft budget requirements, to have regard to:
  - available resources;
  - medium-term planning prospects;
  - legal requirements;
  - spending patterns and pressures revealed through the budget monitoring process;
  - policy requirements as defined by the full Council in the approved policy framework;
  - initiatives already under way.

#### B4.4 Resource Allocation

It is necessary to carefully prioritise needs and ensure that resources are fairly allocated, in order to fulfil all legal responsibilities. Resources may include staff, money, equipment, goods and materials.

##### Responsibilities

#### (a) Head of Finance and Revenues

- (i) To advise on methods available for the funding of resources, such as grants from central government and borrowing requirements.
- (ii) To assist in the allocation of resources to budget managers.

#### (b) Chief Officers

- (i) To work within budget limits and to utilise resources allocated, and further allocate resources in the most efficient, effective and economic way.
- (ii) To identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.

#### B4.5 Capital programmes

Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the Authority, such as land, buildings and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs.

##### Responsibilities

###### (a) Head of Finance and Revenues

- (i) To prepare estimates jointly with Chief Officers and report them to the Cabinet for approval. The Cabinet will make recommendations on the capital estimates and on any associated financing requirements to the full Council.
- (ii) To prepare and submit reports to the Cabinet on the projected income, expenditure and resources compared with the approved estimates.
- (iii) To provide a statement to the Cabinet as soon as practicable after the 31<sup>st</sup> March each year detailing actual capital expenditure for the preceding financial year and resources utilised to meet that expenditure.
- (iv) To issue guidance concerning capital schemes and controls, for example, on project appraisal techniques. The definition of “capital” will be determined by the Head of Finance and Revenues, having regard to government regulations.
- (v) To obtain authorisation from the Cabinet for individual schemes where the estimated expenditure exceeds the capital programme provision by more than the amount specified in Appendix 1.

###### (b) Chief Officers

- (i) To comply with guidance concerning capital schemes and controls issued by the Head of Finance and Revenues.
- (ii) To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by the Head of Finance and Revenues.
- (iii) To review regular reports prepared by the Head of Finance & Revenues on the progress of capital programme provisions for their services. They should also prepare summaries of estimated final costs of schemes in the approved capital programme as required by the Head of Finance & Revenues.
- (iv) To ensure that adequate records are maintained for all capital contracts.
- (v) To proceed with projects only where there is adequate provision in the capital programme.

- (vi) To prepare and submit reports, jointly with the Head of Finance and Revenues, to the Cabinet, where the expenditure for an individual scheme is estimated to exceed the capital programme provision, or on completion of the scheme the final expenditure actually exceeds the approved provision, by more than the limit shown in Appendix 1.
- (vii) To ensure that credit arrangements, such as leasing arrangements, are arranged through the Head of Finance and Revenues or are not entered into without the prior approval of the Head of Finance and Revenues and, if applicable, approval of the scheme through the capital programme.

#### **B4.6 Maintenance of Reserves**

Reserves are maintained as a matter of prudence and the Council must decide the level of general reserves it wishes to maintain before it can decide the level of council tax.

Reserves are held for three purposes:

- To provide for unexpected events and thereby protect it from overspending, should such events occur.
- For specific purposes, such as the purchase or renewal of capital items or to enable carry forward of external funding / government grants between financial years.
- To build capacity for known future obligations / aspirations where there is expected to be a funding shortfall

Reserves are maintained in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and agreed accounting policies.

For each reserve established, the purpose, usage and basis of transactions should be clearly identified.

The Head of Finance and Revenues will advise the full Council on prudent levels of reserves for the Authority ahead of setting the budget for each financial year, and take account of the advice of the external auditor in this matter.

Chief Officers are responsible for ensuring that reserves are used only for the purposes for which they were intended.

### **C. Managing Expenditure**

#### **C1 Scheme of Virement**

##### **C1.1 What is a virement?**

The scheme of virement is intended to enable the Cabinet, Chief Officers and their staff to manage their budgets with a degree of flexibility within the overall policy framework determined by the full Council, and therefore to optimise the use of resources.



Virement is defined as the switching of resources between approved estimates or heads of expenditure. In practice this means a transfer of budgets between services and/or within a service between cost centres and/or between different types of expenditure at CIPFA Group Code level (i.e. salary related expenditure, supplies and services, etc.).

#### C1.2 How does the scheme work?

The scheme is administered by the Head of Finance and Revenues within guidelines set by full Council. Any variation from the scheme requires the approval of full Council.

The overall budget is recommended by the Cabinet to full Council for approval. Chief Officers and budget holders are authorised to incur expenditure in accordance with the estimates that make up the budget, subject to individual levels of authority relevant to their role.

Virement does not create additional overall budget liability. Chief Officers are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they must avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Chief Officers must plan to fund such commitments from within their own budgets.

#### C1.3 Thresholds

The authority required for approving virements depends on the amount of virement as shown in Appendix 1. In each case the Head of Finance and Revenues should be informed as to the amount of the virement using the appropriate form and that form should be certified by the Chief Officer concerned and, where necessary, the Head of Finance and Revenues. Where any virement proposed requires Cabinet or the Finance and Resources Portfolio Holder approval a joint report will be prepared by the Chief Officer concerned and the Head of Finance and Revenues seeking that approval. The report shall specify the proposed expenditure and source of funding and explain the implications in the current and future financial year.

Where a virement is proposed between budgets managed by different Chief Officers and the value of that virement requires the approval of the Cabinet or the Finance and Resources Portfolio Holder a report will be prepared jointly by the Chief Officers concerned and the Head of Finance and Revenues seeking approval.

#### C1.4 General

Virement that is likely to impact on the level of service activity of another Chief Officer should be implemented only after agreement with the relevant Chief Officer.

All budget virement journals must be appropriately authorised and contain a narrative that explains the reason for the virement.

No virement relating to a specific financial year should be made after 31 March in that year.

Where an approved budget is a lump-sum budget or contingency intended for allocation during the year, its allocation will not be treated as a virement. The Head of Finance and Revenues has authority to re-allocate such sums to the full amount that was budgeted.

## C2 Treatment of Year-End Balances

These rules cover the arrangements for the transfer of resources between accounting years, i.e. carry-forwards. For the purposes of this scheme, a budget heading refers to a group code level within a cost centre.

The Head of Finance and Revenues will administer year-end balances in accordance with guidelines approved by full Council and will report all over and under-spending on service estimates carried forward to the Cabinet and to the full Council.

Net underspendings on service estimates under the control of the Chief Officer may be carried forward subject to reporting to the Cabinet the source of underspending or additional income and the proposed application of those resources.

## C3 Accounting Policies

The Head of Finance and Revenues is responsible for the preparation of the Authority's Statement of Accounts, in accordance with proper practice as set out in the format required by the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC) for each financial year ending 31 March.

The Head of Finance and Revenues is responsible for selecting suitable accounting policies and ensuring that these are applied consistently. The accounting policies are set out in the Statement of Accounts, which is prepared at 31 March each year.

All Chief Officers are required to adhere to the accounting policies and guidelines approved by the Head of Finance and Revenues.

## C4 Accounting Records and Returns

Maintaining proper accounting records is one of the ways in which the Authority discharges its responsibility for stewardship of public resources. The Authority has a statutory responsibility to prepare its annual accounts to give a true and fair view of its operations during the year. These are subject to external audit. The audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed, and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the Authority's resources.

### Responsibilities

#### (a) Head of Finance and Revenues

- (i) To determine the accounting procedures and records for the Authority. Where these are maintained outside the Finance and Revenues Service, the Head of Finance and Revenues should consult the Chief Officer concerned.
- (ii) To arrange for the compilation of all accounts and accounting records under his/her direction.

- (iii) To comply with the following principles when allocating accounting duties:
    - (a) separating the duties of providing information about sums due to or from the Authority and calculating, checking and recording these sums from the duty of collecting or disbursing them; and
    - (b) employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
  - (iv) To make proper arrangements for the audit of the Authority's accounts in accordance with the Accounts and Audit Regulations 2015 and any subsequent amendments to these.
  - (v) To ensure that all claims for funds including grants are made by the due date.
  - (vi) To prepare and publish the audited accounts of the Authority for each financial year, in accordance with the statutory timetable and with the requirement for the Audit Committee to approve the Statement of Accounts.
  - (vii) To administer the Authority's arrangements for under and overspendings to be carried forward to the following financial year.
  - (viii) To ensure the proper retention of financial documents in accordance with the requirements set out in the Authority's document retention policy.
- (b) Chief Officers
- (i) To consult the Head of Finance and Revenues before making any changes to accounting records and procedures.
  - (ii) To comply with the principles of separation of duties outlined above (paragraph C4 (a) (iii)).
  - (iii) To maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements.
  - (iv) To supply information required to enable the statement of accounts to be completed in accordance with guidelines issued by the Head of Finance and Revenues.

## C5 The Statement of Accounts

The Authority has a statutory responsibility to prepare its own accounts to give a true and fair view of its operations during the year. The full Council, or any Committee nominated by the Council, is responsible for approving the statutory annual Statement of Accounts.

## Responsibilities

### (a) Head of Finance and Revenues

- (i) To select suitable accounting policies and apply them consistently.
- (ii) To make judgements and estimates that are reasonable and prudent.
- (iii) To comply with the Code of Practice on Local Authority Accounting in the United Kingdom.
- (iv) To sign and date the Statement of Accounts, stating that it presents a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March.
- (v) To draw up the timetable for the final accounts preparation and to advise staff and external auditors accordingly. This timetable should ensure that the accounts are prepared in time for approval within the statutory deadline.

### (b) Chief Officers

Chief Officers are responsible for ensuring that they comply with accounting guidance provided by the Head of Finance and Revenues and that they supply the Head of Finance and Revenues with information when required.

## **D. Risk Management and Control of Resources**

### **D.1 Risk Management**

#### D1.1 Definition

Risk is defined as the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then establishing and implementing the action which needs to be taken to control these risks effectively.

#### D1.2 Responsibilities

##### (a) Audit Committee

- (i) To recommend to Council the Authority's risk management strategy and to promote a culture of risk management awareness throughout the Authority.
- (ii) To monitor the effective development and operation of risk management and corporate governance in the Council.

##### (b) Head of Finance and Revenues

- (i) To prepare and promote the Authority's risk management strategy.

- (ii) To develop risk management controls in conjunction with other Chief Officers.
  - (iii) To include all appropriate employees of the Authority in a suitable fidelity guarantee insurance.
  - (iv) To effect corporate insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with other officers, where necessary.
- (c) Chief Officers
- (i) To notify the Head of Finance and Revenues immediately of any loss, potential liability or damage that may lead to a claim against the Authority, together with any information or explanation required by the Head of Finance and Revenues or the Authority's insurers.
  - (ii) To take responsibility for risk management in their Service, including maintaining an up-to-date Service risk register, having regard to advice from the Head of Finance and Revenues and other specialist officers e.g. health and safety and comply with the Risk Management Strategy.
  - (iii) To ensure business continuity plans and arrangements are in place in the event of disaster resulting in serious loss or damage to resources.
  - (iv) To ensure that there are regular reviews of risks within their services and action taken to reduce those risks and/or manage any retained risk.
  - (v) To notify the Head of Finance and Revenues promptly of all new risks, properties or vehicles that require insurance, and of any alterations affecting existing insurances.
  - (vi) To consult the Head of Finance and Revenues and Head of Legal and Democratic Services on the terms of any indemnity that the Authority is requested to give.
  - (vii) To ensure that employees, or anyone covered by the Authority's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

## **D2 Internal Controls**

The Authority is a large and complex organisation and therefore requires internal controls to manage and monitor progress towards its strategic objectives and to identify, meet and monitor compliance with its statutory obligations.

Internal controls are necessary to manage the wide range of financial, administrative and commercial risks facing the Authority.

## D2.1 Responsibilities

### (a) Head of Finance and Revenues

- (i) To assist the Authority to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.
- (ii) To prepare an annual statement on the effectiveness of internal controls within the Authority's Annual Governance Statement.

### (b) Chief Officers

- (i) To manage processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.
- (ii) To review existing controls in the light of changes affecting the Authority or as working patterns inherent in the operation of controls (such as a move to home-working) and to establish and implement new ones in line with guidance from the Head of Finance and Revenues. Chief Officers should also be responsible for removing controls that are unnecessary or not cost or risk effective – for example, because of duplication.
- (iii) To ensure that staff have a clear understanding of the consequences of lack of control.

## **D3 Audit Requirements**

### INTERNAL AUDIT

#### D3.1 Legal Requirement

The Local Government Act 1972 section 151 requires that authorities “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit Regulations 2015 section 6 more specifically require that a “relevant body must undertake an adequate and effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

#### D3.2 Role of Internal Audit

Internal Audit is an independent and objective assurance and consulting function established by the Authority for reviewing the system of internal control and designed to add value and improve the Council's operations. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

To ensure that Internal Audit can meet its objectives it is essential that:

- it is independent in its planning and operation.

- the Audit staff have direct access to the Chief Executive, all levels of management and directly to elected Members.
- the internal auditors comply with the “UK Public Sector Internal Audit Standards”, as these are considered “proper internal audit practices”.

### D3.3 Powers of Internal Audit

Internal Audit reports directly to the Head of Finance and Revenues and has the authority to:

- access the premises and land of the Authority at all times.
- access all assets, records, documents, correspondence and control systems in whatever form they are held.
- receive any information and explanation considered necessary concerning any matter under consideration within a timescale set by the Head of Finance and Revenues.
- require any employee of the Authority to produce and account for cash, stores or any other asset of the Authority under his or her control.
- remove and provide safe custody for books, records, vouchers, equipment or any other materials required as part of an audit investigation.
- access records belonging to third parties, such as contractors, when required.
- directly access the Chief Executive, Monitoring Officer, the Cabinet and the Audit Committee.

### D3.4 Responsibilities

#### (a) Audit Committee

Audit Plans, progress and significant areas of concern will be reported to the Council’s Audit Committee for consideration and that Committee will be responsible for monitoring the performance of the internal audit function.

The Committee has the authority to:

- investigate any activity within its terms of reference.
  - seek any information that it requires from the Head of Finance & Revenues, including obtaining legal or professional advice, subject to there being sufficient budget for the proposed advice.
- (b) Head of Finance and Revenues (as line manager for Internal Audit)
- To recommend the strategic and annual audit plans prepared by the Audit staff, which are based on an objective assessment of the risk of the activities of the Authority, to the Audit Committee for approval.
  - To ensure that there are effective procedures in place to investigate promptly any alleged fraud or irregularity.

- (iii) Following an investigation, to report to Chief Officers any loss which may have occurred as a result of waste, extravagance or maladministration within their service.
  - (iv) Where, following an investigation, there are reasonable grounds for suspecting that a loss may have occurred as a result of misappropriation, irregular expenditure or fraud, to determine with the Chief Executive and/or the Head of Legal and Democratic Services whether the matter should be referred to the Police as per the Council's Anti-Fraud and Corruption Policy. The Head of Finance and Revenues will also keep the appropriate Council Members informed as required by that Policy.
- (c) Chief Officers
- (i) To ensure that internal auditors are given access at all reasonable times to premises, personnel, electronic systems, documents and assets that the auditors consider necessary for the purposes of their work.
  - (ii) To ensure that auditors are provided with any information and explanations that they seek in the course of their work.
  - (iii) To ensure that they consider and respond promptly to action points raised in audit reports and implement agreed actions within agreed timescales.
  - (iv) To ensure that they notify the Head of Finance and Revenues or Internal Audit immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Authority's property or resources. Pending investigation and reporting, the Chief Officer should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
  - (v) In all cases of suspected irregularities, to ensure that, in consultation with the Head of Finance and Revenues or the Internal Audit Manager, shall report the matter to the Chief Executive, Human Resources Manager and the Deputy Chief Executive so that any possible breach of internal discipline may be dealt with by the Chief Officer in accordance with the agreed procedure.
  - (vi) To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed with the Internal Audit Manager prior to implementation.
  - (vi) Promote whistle-blowing policies to staff



(d) All Employees

Where any member of staff suspects any fraud or irregularities affecting income, expenditure, cash, stores or any other resources of the Council, or suspects any irregularity in the exercise of the functions of the Authority, they have a duty to immediately notify the Head of Finance and Revenues or the Internal Audit Manager, either directly or through their immediate supervisor, manager, or by reporting the matter to Internal Audit staff, in order that an independent investigation may be undertaken.

## EXTERNAL AUDIT

### D3.5 Legal Requirement

The Local Audit and Accountability Act 2014 requires the Council to have external auditors. The external auditors have right of access to all documents and information necessary for audit purposes.

The external auditors follow a code of practice prepared by the Comptroller and Auditor General and their statutory responsibilities are set out in National Audit Codes of Practice. The primary focus of the auditors is:

- (a) to be satisfied that the accounts comply with the requirements of the enactments that apply to them;
- (b) to be satisfied that proper practices have been observed in the preparation of the statement of accounts and that the statement presents a true and fair view and
- (c) to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- (d) that the use of the Going Concern basis of accounting is appropriate

From time to time the Authority may be subject to audit, inspection or investigation by other external bodies who have statutory rights of access, such as HM Revenue and Customs.

### D3.6 Responsibilities

(a) Head of Finance and Revenues

- (i) To ensure that external auditors and inspectors are given access at all reasonable times to premises, personnel, electronic systems, documents and assets that they consider necessary for the purposes of their work.
- (ii) To ensure that there is effective liaison between external and internal audit.
- (ii) To work with the external auditor and advise the full Council, Audit Committee and Chief Officers on their responsibilities in relation to external audit.

(b) Chief Officers

- (i) To ensure that external auditors are given access at all reasonable times to premises, personnel, electronic systems, documents and assets which the external auditors consider necessary for the purposes of their work.
- (ii) To ensure that all records and systems are up to date and available for inspection.

## **D4 Preventing Fraud and Corruption**

### **D4.1 Anti-Fraud Culture**

The Authority will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the authority.

The Authority's expectation of propriety and accountability is that Members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices (see Anti-Fraud and Corruption Policy for more information on the responsibilities of Members and officers for fraud prevention and detection).

The Authority also expects that individuals and organisations (e.g. suppliers, contractors, service providers) with whom it comes into contact will act towards the authority with integrity and without thought or actions involving fraud and corruption.

### **D4.2 Responsibilities**

(a) Head of Finance and Revenues

- (i) To develop and maintain an Anti-Fraud and Corruption Policy.
- (ii) To maintain adequate and effective internal control arrangements.
- (iii) To ensure that all suspected irregularities are reported to the Internal Audit Manager, Chief Executive and appropriate Council Members (as required by the Anti-Fraud and Corruption Policy).

(b) Chief Officers

- (i) To ensure that all suspected irregularities are reported to the Head of Finance and Revenues or the Internal Audit Manager.
- (ii) To instigate the Authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- (iii) To ensure that where the potential for or probability of financial impropriety is discovered, the Head of Finance and Revenues is informed. Where sufficient evidence exists to believe that a criminal offence may have been committed, the Police should be involved to determine with the Crown Prosecution Service whether any prosecutions will take place (refer to the Anti-Fraud and Corruption Policy as to the procedure for informing the Police).

- (iv) To maintain a service register of interests and a register for gifts and hospitality for officers within their service.

## **D5 Assets**

### SECURITY

#### D5.1 Introduction

The Authority holds assets in the form of property, vehicles, equipment, furniture and other items worth a considerable sum of money. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up to date asset register is a pre-requisite for proper fixed asset accounting and sound asset management.

#### D5.2 Responsibilities

##### (a) Head of Finance and Revenues

- (i) To ensure that an asset register is maintained in accordance with good practice for all fixed assets with a value in excess of the amount shown in Appendix 1.
- (ii) To receive the information required for accounting, costing and financial records from each Chief Officer.
- (iii) To ensure that assets are valued in accordance with the latest "Code of Practice on Local Authority Accounting in the United Kingdom".

##### (b) Head of Legal and Democratic Services

- (i) To notify the Head of Finance and Revenues of any financial rights or liabilities arising from the completion of any deed or agreement.
- (ii) To maintain custody of all title deeds under secure arrangements.

##### (c) Chief Officers

- (i) To maintain a property database in a form approved by the Head of Finance and Revenues for all properties, plant and machinery and moveable assets currently owned or used by the Authority. Any use of property by a service other than for direct service delivery should be supported by documentation identifying terms, responsibilities and duration of use.
- (ii) To ensure that lessees and other prospective occupiers of Council land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the Head of Property and Asset Management in consultation with, or as otherwise approved by the Head of Legal and Democratic Services, has been established as appropriate.
- (iii) To ensure the proper security of all buildings and other assets under their control.

- (iv) Where land or buildings are surplus to requirements, a recommendation for sale should be the subject of a joint report by the Chief Officer and the Head of Finance and Revenues.
- (v) To pass title deeds to the appropriate Chief Officer (currently Head of Legal and Democratic Services) who is responsible for the custody of all title deeds.
- (vi) To ensure that no Authority asset is subject to personal use by an employee without proper authority.
- (vii) To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the Authority.
- (viii) To ensure that the service maintains a register of moveable assets (inventory) in accordance with arrangements defined by the Head of Finance and Revenues.
- (ix) To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.
- (x) To consult the Head of Finance and Revenues in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- (xi) To ensure cash holdings on premises are kept to a minimum and maximum limits are agreed with the Head of Finance and Revenues and those holdings are kept in a safe or similar secure receptacle as agreed with the Head of Finance and Revenues.
- (xii) To ensure that keys to safes and similar receptacles are carried on the person of those responsible at all times; loss of any such keys must be reported to the Head of Finance and Revenues as soon as possible.
- (xiii) To record all disposal or part exchange of assets that should normally be by competitive tender or public auction, unless the Head of Finance and Revenues agrees otherwise.
- (xiv) To arrange for the valuation of assets for accounting purposes to meet requirements specified by the Head of Finance and Revenues.
- (xv) To ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the Authority in some way.

#### Inventories

- (xvi) To maintain inventories and recording an adequate description of furniture, fittings, equipment, plant and machinery in accordance with instructions from the Head of Finance and Revenues.

- (xvii) To carry out an annual check of all items on the inventory in order to verify location, review condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, cameras etc. owned by the Authority (not leased) should be identified with security markings as belonging to the Authority.
- (xviii) To make sure that the property is only used in the course of the Authority's business, unless the Chief Officer concerned has given permission otherwise and suitable arrangements have been made for private use e.g. booking out system, insurance cover.
- (xix) Items which are no longer required shall be either:
- offered to other services (if usable); or,
  - disposed of in accordance with the Head of Finance and Revenues' instructions. Under normal circumstances this will be by competitive tender or for vehicles part-exchange, although in exceptional circumstances other methods may be agreed. In any event, the inventory should be endorsed accordingly and any resulting payment received paid into the Council's account; or
  - offered to a charity or voluntary organisation, or scrapped if this is a cost effective method of disposal. In the latter case any environmental issues should be taken into account when items are to be scrapped.

IT equipment should be disposed of in accordance with the Council's relevant IT policies.

### Stocks and Stores

- (xx) To make arrangements for the care and custody of stocks and stores in the service.
- (xxi) To ensure stocks are maintained at reasonable levels and are subject to a regular (at least annual) independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion.
- (xxii) To investigate and remove from the Authority's records (i.e. write off) discrepancies as necessary. Where these exceed the amount shown in Appendix 1, approval from the Head of Finance and Revenues must be given.
- (xxiii) To authorise or write off disposal of redundant stocks and equipment. Procedures for the disposal of such stocks and equipment should be by competitive quotations or auction, unless the Head of Finance and Revenues decides otherwise in a particular case.
- (xxiv) To seek Head of Finance and Revenues approval to the write-off of redundant stocks and equipment where the value exceeds the amount shown in Appendix 1.

### D5.3 Intellectual Property

Intellectual property is a generic term which includes inventions and writing. If these are created by the employee during the course of employment, then, as a general rule, they belong to the employer, not the employee (see Officers' Code of Conduct).

Certain activities undertaken within the authority may give rise to items that may be patentable, for example, software development. These items are collectively known as intellectual property.

In the event that the Council decides to become involved in the commercial exploitation of inventions, proper procedures should be followed which are developed by the Head of Finance and Revenues and Head of Legal and Democratic Services.

Chief Officers should ensure that controls are in place to ensure that staff do not carry out private work in Council time and that staff are aware of an employer's rights with regard to intellectual property.

### D5.4 Asset Disposal

It would be uneconomic and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and the regulations of the authority.

Assets for disposal are identified and should be disposed of at the most appropriate time, and only when it is in the best interests of the Authority, and best price obtained, bearing in mind other factors, such as environmental issues. For items of significant value, disposal should be by competitive tender or public auction. Following procedures protects staff involved in the disposal from accusations of personal gain.

#### Responsibilities

##### (b) Head of Finance and Revenues

- (i) To issue guidelines representing best practice for disposal of assets.
- (ii) To ensure appropriate accounting entries are made to remove the value of disposed assets from the Authority's records and to include the sale proceeds if appropriate.

##### (c) Chief Officers

- (i) To obtain the best price from the disposal of surplus or obsolete materials, stores or equipment, unless otherwise agreed by the Head of Finance and Revenues.
- (ii) To ensure that income received for the disposal of an asset is properly banked and coded.

## **D6 Treasury Management**

### **D6.1 Introduction**

The aim of treasury management is to provide assurances that the Authority's money is properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of the Authority's capital sum.

The Council will ensure its practices are in line with all Codes of Practice issued periodically by CIPFA

### **D6.2 Responsibilities – Treasury Management and Banking**

#### **(a) Cabinet**

To implement and regularly monitor the treasury management policies and practices.

#### **(b) The Overview and Scrutiny Committee**

To ensure effective scrutiny of the treasury management and policies.

#### **(c) Head of Finance and Revenues**

##### **(i) To create and maintain:**

- a treasury management policy statement, stating the policies, objectives and approach to risk management of the Council's treasury management activities;
- suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control these activities.

The content of the policy statement and TMPs will follow the recommendations contained in relevant sections of the Code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments will not result in the Council materially deviating from the Code's key principles.

##### **(ii) To report on the Council's treasury management policies, practices and activities as required by the Prudential Code.**

##### **(iii) To act in accordance with the Council's policy statement, TMPs and CIPFA's Standard of Professional Practice on Treasury Management in the execution and administration of treasury management decision.**

##### **(iv) To report to the Cabinet where limits approved within the TMP have been or are likely to be breached.**

##### **(v) To be responsible for controlling all money in the hands of the Authority.**

- (vi) To operate bank accounts as are considered necessary – opening or closing any bank account shall require the approval of the Head of Finance and Revenues.
  - (vii) To order cheques and make proper arrangements for their safe custody, completion and despatch.
  - (viii) To ensure that cheques drawn on the Council's main bank accounts shall bear the facsimile signature of the Head of Finance and Revenues and, in the case of cheques exceeding the amounts shown in Appendix 1, together with letters or other documents of authority, shall be signed by signatories approved from time to time by the Head of Finance & Revenues
  - (ix) To ensure that the officer countersigning the cheque in the circumstances referred to in (viii) above shall not be the same officer who certified the payment voucher to which the cheque relates.
  - (ix) To ensure that where payments are to be made by other instruments such as BACS the requirements for countersigning large payments as outlined in (viii) and (ix) above will also apply.
- (d) Chief Officers
- (i) To follow the instructions on banking issued by the Head of Finance and Revenues.

### D6.3 Responsibilities – Investments and Borrowing

- (a) Head of Finance and Revenues
- (i) To ensure that all investments of money are made in the name of the Authority or in the name of nominees approved by the full Council.
  - (ii) To ensure that all securities that are the property of the Authority or its nominees and the title deeds of all property in the Authority's ownership are held in the custody of the Head of Legal & Democratic Services.
  - (iii) To effect all borrowings in the name of the Authority.
  - (iv) To act as the Authority's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the Authority.
- (b) Chief Officers
- (i) To ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the full Council, following consultation with the Head of Finance and Revenues.



#### D6.4 Responsibilities – Leasing

- (a) Head of Finance and Revenues
  - (i) To enter into leasing arrangements on behalf of the Authority for items with budget approval.
- (b) Chief Officers
  - (i) To provide the Head of Finance and Revenues with details of all items for which leasing arrangements are recommended according to the timescale laid down by the Head of Finance and Revenues.

#### D6.5 Responsibilities – Trust Funds and Funds held for Third Parties

- (a) Chief Officers
  - (i) To arrange for all trust funds to be held, wherever possible, in the name of the Authority. All officers acting as trustees by virtue of their official position shall deposit securities etc. relating to the trust with the Head of Finance and Revenues, unless the deed otherwise provides.
  - (ii) To arrange, where funds are held on behalf of third parties, for their secure administration, approved by the Head of Finance and Revenues, and to maintain written records of all transactions.
  - (iii) To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

#### D6.6 Responsibilities – Imprest (Petty Cash) Accounts

- (a) Head of Finance and Revenues
  - (i) To provide employees of the Authority with cash or bank imprest accounts as he/she thinks appropriate to meet minor items of expenditure on behalf of the Authority and to prescribe rules for operating these accounts. Minor items should not exceed the amount shown in Appendix 1 unless the Head of Finance and Revenues specifically approves a payment in excess of this limit.
  - (ii) To determine the petty cash limit and to maintain a record of all transactions and petty cash advances made, and periodically to review the arrangements for the safe custody and control of these advances.
  - (iii) To reimburse imprest holders as often as necessary to restore the imprests.
  - (iv) To provide cash floats of an appropriate level for specific purposes or events held by the Authority and to ensure those floats are promptly repaid intact at the appropriate time.

(c) Chief Officers

Chief Officers have the responsibility to ensure that the employees operating an imprest account:

- (i) comply with the rules for operating imprest accounts issued by the Head of Finance and Revenues.
- (ii) obtain and retain vouchers (meeting VAT requirements where appropriate) to support each payment from the imprest account. Where appropriate, an official receipted voucher must be obtained.
- (iii) make adequate arrangements for the safe custody of the account.
- (iv) produce upon demand by the Head of Finance and Revenues cash and all vouchers to the total value of the imprest amount.
- (v) record transactions promptly.
- (vi) reconcile and balance the account at least monthly; claims for reimbursement to be in a form approved by Head of Finance and Revenues.
- (vii) ensure that where a bank account is opened for use by an imprest holder, the holder shall not cause that account to become overdrawn. It shall be a standing instruction to the Council's bankers that the amount of any overdrawn balance on an imprest holder's bank account shall immediately be reported to the Head of Finance and Revenues.
- (viii) provide the Head of Finance and Revenues with a certificate of the value of the account held at 31 March each year.
- (ix) ensure that the float is never used to cash personal cheques or make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made; no other income shall be paid into the account.
- (x) ensure that on leaving the Authority's employment or otherwise ceasing to be entitled to hold an imprest advance, an employee shall account to the Head of Finance and Revenues for the amount advanced to him or her.
- (xi) ensure cash floats issued for specific purposes or events are repaid promptly and intact following the conclusion of the purpose or event.

**D7 Staffing**

**D7.1 Introduction**

In order to provide the highest level of service, it is crucial that the Authority recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level.

## D7.2 Responsibilities

### (a) Head of Finance and Revenues

- (i) To ensure that budget provision exists for all existing and new employees and that the budget is reconciled to the Establishment at the time the budget is set.
- (ii) To ensure that reconciliations of actual employee-related expenditure with those budgeted are carried out for each service no less than once every three months.

### (b) Human Resources Manager

- (i) To act as an advisor to Chief Officers on areas such as National Insurance and pension contributions, as appropriate.
- (ii) To carry out a quarterly review of the establishment to ensure the accuracy of staffing records.

### (c) Chief Officers

- (i) To ensure that the staffing budget prepared by the Head of Finance and Revenues is an accurate forecast of staffing levels and is equated to an appropriate revenue budget provision (including on-costs and overheads).
- (ii) To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.
- (iii) To ensure that the staffing budget is not exceeded without due authority and that it is managed to enable the agreed level of service to be provided.
- (iv) To ensure that the Head of Finance and Revenues is immediately informed if the staffing budget is likely to be materially over or under spent.

## **E. Financial Systems and Procedures**

### **E1. General**

#### **E1.1 General**

Services have many systems and procedures relating to the control of the Authority's assets, including purchasing, costing and management systems. The information must be accurate and the systems and procedures sound and well administered. They should include controls to ensure that transactions are properly processed, errors detected promptly and to assist the prevention and detection of fraud. Internal Audit must be consulted in the development of internal controls for any new system.

The Head of Finance and Revenues has a professional responsibility to ensure that the Authority's financial systems are sound and should therefore be notified of any new developments or changes.

## E1.2 Responsibilities

### (a) Head of Finance and Revenues

The Head of Finance and Revenues has the responsibility to make arrangements for the proper administration of the Authority's financial affairs, including to:

- (i) issue advice, guidance and procedures for officers and others acting on the Authority's behalf.
- (ii) determine the accounting systems, form of accounts and supporting financial records.
- (iii) establish arrangements for the audit of the Authority's financial affairs.
- (iv) approve any new financial systems to be introduced.
- (v) approve any changes to financial systems.

### (b) Chief Officers

- (i) To ensure that accounting records are properly maintained and held securely.
- (ii) To ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the Head of Finance and Revenues and the Service Document Retention Schedule.
- (iii) To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.
- (iv) To incorporate appropriate controls to ensure that, where relevant:
  - all input is genuine, complete, accurate, timely and not previously processed;
  - all processing is carried out in an accurate, complete and timely manner;
  - output from the system is complete, accurate and timely.
- (v) To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.
- (vi) To ensure there is a documented and tested business continuity plan to allow information system processing to resume quickly in the event of an interruption.
- (vii) To ensure that systems are documented and staff trained in operations.
- (viii) To consult with the Head of Finance and Revenues before changing any existing systems or introducing new systems.

- (ix) To identify and approve authorised officers to act upon the Chief Officer's behalf in respect of payments, income collection, placing orders and staffing costs such as overtime claims or travel expenses, and showing the limits of their authority.
- (x) To supply lists of authorised officers, with specimen signatures and delegated limits, to the Head of Finance and Revenues, together with any subsequent variations.
- (xi) To ensure that, where appropriate, computer systems are registered in accordance with data protection legislation and that staff are aware of their responsibilities under the legislation.
- (xii) To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, digital / cyber attack etc. and that all officers comply with relevant policies on use of Council IT equipment.
- (xiii) To comply with the copyright, designs and patents legislation and, in particular, to ensure that:
  - only software legally acquired, properly licensed and installed by the Authority is used on its computers;
  - staff are aware of legislative provisions;
  - in developing systems, due regard is given to the issue of intellectual property rights.

## **E2. Income**

### **E2.1 Introduction**

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

### **E2.2 Responsibilities**

#### **(a) Head of Finance and Revenues**

- (i) To agree arrangements for the collection of all income due to the Authority and to approve the procedures, systems and documentation for its collection, banking and reconciliation. The responsibility for cash collection should be separated from that:
  - for identifying the amount due; and
  - for reconciling the amount due to the amount received.
- (ii) To prepare and issue cash handling instructions to ensure that such income is managed according to best practice.

- (iii) To order and supply to services all receipt forms, books or tickets and similar items and to satisfy himself or herself regarding the arrangement for their control.
  - (iv) In consultation with the appropriate Chief Officer, to agree the write-off of bad debts or other sums due to the Authority up to the limit shown in Appendix 1 in each case, and to refer sums in excess of this amount to the Cabinet or the Finance and Resources Portfolio Holder as appropriate.
  - (v) In appropriate circumstances the Head of Finance and Revenues may delegate responsibility for the write-off of specific debts to another Chief Officer provided that he/she is satisfied with the arrangements made for controlling such write-offs and provided that the debt does not exceed the limit of the Head of Finance and Revenues' authority to write-off debts as detailed in these regulations.
  - (vi) To keep a record of all sums written off up to the approved limit and to adhere to the requirements of the Accounts and Audit Regulations 2015.
  - (vii) To ensure that appropriate accounting adjustments are made following write-off action.
  - (x) To write-off the amount of any salary that has been prepaid in the event of the death of an officer.
- (b) Chief Officers
- (i) To establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, and to review it regularly, in line with corporate policies.
  - (ii) To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
  - (iii) To establish and initiate appropriate recovery procedures, in consultation with the Head of Finance and Revenues, including legal action where necessary, for debts which are not paid promptly.
  - (iv) To issue official receipts or to maintain other documentation for income collection. The format of those receipts or documentation to be agreed by the Head of Finance and Revenues and, where the Head of Finance and Revenues determines, those receipts or documentation to be purchased, stored and issued by the Finance & Revenues Service.
  - (v) To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.
  - (vi) To hold securely receipts, tickets and other records of income for the appropriate period, as specified by the Head of Finance and Revenues and the corporate Document Retention Schedule.

- (vii) To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling.
- (viii) To comply with all cash handling instructions issued by the Head of Finance and Revenues.
- (ix) To ensure that income is paid fully and promptly into the appropriate bank account in the form in which it is received. No deductions shall be made unless specifically authorised by the Head of Finance and Revenues. Appropriate details should be entered on to paying-in slips to provide an audit trail from the payment to the debt or other purpose for which the payment is being made.
- (x) To ensure that any discrepancies in banking are recorded and reported immediately to the Head of Finance and Revenues.
- (xi) To ensure that insurance limits for cash stored on premises and in transit are not exceeded.
- (xii) To ensure income is not used to cash personal cheques or other payments.
- (xiii) To supply the Head of Finance and Revenues with details relating to work done, goods supplied, services rendered or other amounts due, to enable the Head of Finance and Revenues to record correctly the sums due to the Authority and to ensure accounts are sent out promptly. Chief Officers have a responsibility to assist the Head of Finance and Revenues in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the Authority's behalf.
- (xiv) To keep a record of every transfer of money between employees of the Authority. The receiving officer must sign for the transfer and the transferor must retain that record or a copy thereof.
- (xv) To recommend to the Head of Finance and Revenues all debts to be written off and to keep a record of all sums written off up to the limit in Appendix 1. Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.
- (xvi) To obtain the approval of the Head of Finance and Revenues, the Finance and Resources Portfolio Holder or Cabinet when writing off debts according to the thresholds in Appendix 1.
- (xvii) To notify the Head of Finance and Revenues of outstanding income relating to the previous financial year as soon as possible after 31 March, in line with the timetable determined by the Head of Finance and Revenues.

### **E3. Ordering and Paying for Work, Goods and Services**

Public money should be spent with demonstrable probity and in accordance with the Council's policies. Authorities have a statutory duty to achieve best value in part through economy and efficiency. The Authority's procedures should help to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Authority's Contract Standing Orders and Procurement Strategy.

#### **E3.1 General**

- (a) Every officer and Member of the Authority has a responsibility to declare any links or personal interest they may have with purchases, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Authority, in accordance with their respective codes of conduct in the Council's Constitution.
- (b) Official orders must be in a form approved by the Head of Finance and Revenues and will normally be placed through the Council's Purchase Order system. Official orders must be issued for all work, goods and services to be supplied to the Authority, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions specified by the Head of Finance and Revenues.
- (c) Each order must conform to the Council's Procurement Strategy and any corporate arrangements, agreements or contracts for the purchase or supply of goods, materials, services and works. Standard terms and conditions must not be varied without the prior approval of the Head of Finance and Revenues and Head of Legal and Democratic Services.
- (d) Apart from petty cash and other payments from advance accounts, the normal method of payment shall be by BACS. A cheque drawn on the Authority's bank account by the Head of Finance and Revenues may be used as an alternative method. The use of direct debit shall require the prior agreement of the Head of Finance and Revenues.
- (e) Corporate credit cards and purchase cards may be provided for officers who, in the opinion of the Head of Finance and Revenues, have a business case for having them. These cards must only be used in accordance with the conditions specified by the Head of Finance and Revenues. Personal payments by officers may only be made for Council purchases with prior approval from the Head of Finance and Revenues.
- (f) Official orders must not be raised for any private or personal purchases, nor must personal or private use be made of Authority contracts.
- (g) Cheques must be despatched independently of the officer authorising the payments to which they relate, unless the Head of Finance and Revenues agrees otherwise.



## E3.2 Responsibilities

### (a) Head of Finance and Revenues

- (i) To ensure that all the Authority's financial systems and procedures are sound and properly administered.
- (ii) To approve any changes to existing financial systems and to approve any new systems before they are introduced.
- (iii) To approve the form of official orders and associated terms and conditions in consultation with the Head of Legal and Democratic Services.
- (iv) To make payments from the Authority's funds on the Chief Officer's authorisation that the expenditure has been duly incurred in accordance with Financial Regulations and to ensure correct entries are made in all accounting records
- (v) To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.
- (vi) To make payments to contractors on the certificate of the appropriate Chief Officer, which must include details of the value of the work, retention money, amounts previously certified and amounts now certified.
- (vii) To provide advice and encouragement on making payments by the most economical means.
- (viii) To ensure that processes are in place to maintain the security and integrity of data for transacting business electronically.
- (ix) To ensure that controls are in place for ensuring requested changes to supplier contact and payment details are independently checked with known contact details to reduce the risk of fraud or misappropriation of public funds.
- (x) To ensure that a budgetary control system is established that enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that they can be taken into account in budget monitoring reports.
- (xi) To obtain credit cards and purchasing cards, agree credit limits and regulate their use where satisfied there is a business case for having them.
- (xii) To ensure that arrangements are in place for the independent reconciliation and retention of supporting invoices for all transactions placed using credit cards or purchasing cards.
- (xiii) To ensure that controls are in place to prevent the duplicate payment of invoices.

(b) Chief Officers

- (i) To ensure that official orders, as approved by the Head of Finance and Revenues, are used for all goods, services and works, other than the exceptions specified in section E3.1(b) or other specific exceptions agreed by the Head of Finance and Revenues.
- (ii) To ensure that orders are only used for goods, services and works provided to the service ordering them. Individuals must not use official orders to obtain goods and services for their private use.
- (iii) To ensure that only those staff authorised by him or her to approve orders and to maintain an up to date list of such authorised staff, including specimen signatures identifying in each case the limits of their authority. The authoriser of the order should be satisfied that the goods, services and works ordered are appropriate and needed, that there is adequate budgetary provision and that quotations and tenders have been obtained as appropriate (see Contract Standing Orders). Best value principles should underpin the Authority's approach to procurement. Value for money should always be achieved. N.B. When using the Authority's electronic purchase ordering system, the order must be made on the appropriate cost centre and account code relevant to the purchase being made.
- (iv) To ensure that goods, services and works are checked on receipt/completion to verify that they are in accordance with the order (including quantity and quality standards). This check should, where possible, be carried out by a different officer from the person who authorised the order. Appropriate entries should then be made in inventories or stores records.
- (v) To ensure that payment of a purchase invoice is not made unless a proper VAT invoice has been received, checked, coded and certified for payment, confirming:
  - (a) receipt of goods or services;
  - (b) that the invoice has not been previously paid;
  - (c) that expenditure has been properly incurred and is within budget provision;
  - (d) that prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices;
  - (e) correct treatment of tax, seeking advice from the Head of Finance and Revenues as necessary;
  - (f) that the invoice is coded correctly;
  - (g) that discounts have been taken where available;

- (vi) To ensure that all invoices received within services should be passed to the Head of Finance and Revenues as soon as possible for payment and he/she may make such enquiries as he/she considers necessary. Where orders are placed through the Council's electronic purchasing system invoices will normally be sent by the supplier direct to the Head of Finance and Revenues, and necessary receipting and authorisation will be carried out within that system according to procedures laid down by the Head of Finance and Revenues and consistent with the requirements in (v) above.
- (vii) To ensure that, where payments are made where there is no invoice to support the payment, the same checks as identified in (v) above should be carried out as far as possible and the Council's liability for the payment confirmed. Information supporting the payment should be attached to the payment voucher to the extent that the Head of Finance and Revenues requires.
- (viii) To ensure that two authorised members of staff are involved in the ordering, receiving and payment process to maintain internal control.
- (ix) To ensure that their service maintains and reviews periodically a list of staff approved to authorise invoices. Names of authorising officers together with specimen signatures and details of the limits of their authority shall be forwarded to the Head of Finance and Revenues.
- (x) Invoices shall only be received in hard-copy or from a verifiable email address confirmed with the supplier. To ensure that controls are in place to prevent duplicate invoices being passed for payment
- (xi) To ensure that invoices received for payment are correct; if this is not the case a replacement invoice should be requested and the original invoice cancelled or a credit note provided.
- (xii) To ensure that their service obtains best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, with regard to the Council's Procurement Strategy and Contract Standing Orders.
- (xiii) To ensure that corporate purchasing contracts and agreements the Council has in place are utilised where these meet the requisite specification and quality of goods and services required.
- (xiv) To ensure that they comply with the requirements of Contract Standing Orders to put purchases out to competitive tender or quotes and the process for so doing.
- (xv) To ensure that employees are aware of the Code of Conduct for employees and the Member & Officer Interests Protocol.
- (xvi) To ensure that loans, leasing or rental arrangements are not entered into without prior agreement from the Head of Finance and Revenues, who will make such arrangements on behalf of the Authority.

- (xvii) To ensure that the Head of Finance and Revenues is notified of outstanding expenditure relating to the previous financial year as soon as possible after 31 March, in line with the timetable determined by the Head of Finance and Revenues.
- (xviii) To ensure that, with regard to contracts for construction and alterations to buildings and for civil engineering works, they document and agree with the Head of Finance and Revenues the systems and procedures to be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of subcontractors' tax status.
- (xix) To ensure that they provide the Head of Finance and Revenues with such documentation and explanations as he/she requires relating to contract payments.
- (xx) To ensure that they notify the Head of Finance and Revenues immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- (xxi) To ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the Service document retention schedule and any statutory and/or audit requirements.

#### **E4. Payments to Employees and Members**

##### **E4.1 Introduction**

Staff costs are the largest item of expenditure for most authority services. It is therefore important that payments are accurate, timely, made only where they are due for services to the Authority and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that Members' allowances are authorised in accordance with the scheme adopted by the full Council.

##### **E4.2 Responsibilities**

###### **(a) Head of Finance and Revenues**

- (i) To approve arrangements for the secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees.
- (ii) To control books of travel warrants and be responsible for their order and issue to Chief Officers. Used books of travel warrants should be returned to the Head of Finance and Revenues.
- (iii) To ensure there are frequent reconciliations of payroll expenditure against the approved budget and bank account.

(b) Human Resources Manager

- (i) To arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by the Head of Finance and Revenues, on the due date.
- (ii) To ensure there are proper authorisation procedures in place and that there is adherence to corporate timetables in relation to:
- starters;
  - leavers;
  - variations;
  - enhancements;
- and, where appropriate, that payments are made on the basis of properly authorised timesheets or claims.
- (iii) To record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions and ensure that all HM Revenue and Customs regulations are complied with in accordance with procedures prescribed by the Head of Finance and Revenues.
- (iv) To make arrangements for the payment of all travel and subsistence claims or other allowances in accordance with procedures prescribed by the Head of Finance and Revenues.
- (v) To make arrangements for paying Members' travel or other allowances, upon receiving the prescribed form, duly completed and authorised.
- (vi) To ensure that there are adequate arrangements for administering superannuation matters on a day-to-day basis.
- (vii) To require Heads of Service to check and confirm the employees being paid through the payroll for their service on at least a quarterly basis.
- (viii) To notify the Head of Finance and Revenues and the Authority's payroll provider of all terminations, changes in remuneration or any other variations which affect the pay or pension of an employee or former employee, in a form and timescale agreed with Hampshire County Council.
- (ix) (x) To check and verify that P11D forms are produced by the Authority's payroll provider, detailing cash equivalents of benefits and expenses provided to employees during the tax year, are accurate.

(c) Chief Officers

- (i) To ensure appointments are made in accordance with the regulations of the Authority and approved establishments, grades and scale of pay and that adequate budget provision is available.

- (ii) To notify the Human Resources Manager of all appointments, terminations or variations which may affect the pay or pension of an employee or former employee.
- (iii) To ensure that adequate and effective systems and procedures are operated, so that:
  - payments are only authorised to bona fide employees;
  - payments are only made where there is a valid entitlement;
  - conditions and contracts of employment are correctly applied;
  - employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- (iv) To ensure that all time records and other pay documents are in a form prescribed or approved by the Head of Finance and Revenues.
- (v) To ensure that payroll transactions are only processed through the payroll system, unless approved by the Head of Finance & Revenues. Chief Officers should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. HM Revenues and Customs applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Human Resources Manager.
- (vi) To certify travel and subsistence claims and other allowances in a form approved by the Head of Finance and Revenues. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the Authority, ensuring that cost-effective use of travel arrangements is achieved.
- (vii) To ensure all claims are submitted within 3 months of the end of the period to which the claim relates; claims submitted later than this may not be paid. All claims relating to a financial year must be submitted within one month of the end of that financial year.
- (viii) To ensure that where staff use their own cars for Council business, their car insurance covers business use, has a valid MoT certificate, if required and that the Council has no liability arising out of their staff's use of their own cars on Council business.
- (ix) To ensure that VAT receipts are retained to support claims to the extent that the Head of Finance and Revenues requires.
- (x) Where issued with books of travel warrants, to return used books to the Head of Finance and Revenues. On leaving the employment of the Council, or otherwise ceasing to be entitled to hold the travel warrants advanced to them, officers holding books of travel warrants shall return them to the Head of Finance and Revenues.

- (xi) To ensure that the Human Resources Manager is notified of the details of any employee benefits in kind, to enable accurate calculation of P11D or other income-based information for tax purposes.
- (xii) To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the Service Document Retention Schedule.
- (d) All Employees
  - (i) To notify the Human Resources Manager as soon as possible of any changes in circumstances e.g. bank account details.
  - (ii) To submit properly completed claims for payment promptly within three months of the expenditure being incurred.
- (e) Members
  - (i) To submit claims for Members' travel and subsistence allowances on a monthly basis and, in any event, within one month of the year end.

## **E5. Taxation**

### **E5.1 Introduction**

The Authority is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers to be aware of their role.

### **E5.2 Responsibilities**

- (a) Head of Finance and Revenues
  - (i) To complete a monthly return of VAT inputs and outputs to HM Revenue and Customs and an annual partial exemption calculation.
  - (ii) To provide details to HM Revenue and Customs regarding the Construction Industry Tax deduction scheme.
  - (iii) To provide service managers with advice on taxation issues including ensuring that VAT is properly charged, the maintenance and retention of documentation and records for taxation purposes.
  - (v) To maintain up to date guidance for Authority employees on taxation issues.
- (b) Human Resources Manager
  - (i) To ensure that the correct amount of tax is deducted from payments to staff and to complete all HM Revenue and Customs returns regarding PAYE.

(c) Chief Officers

- (i) To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Revenues and Customs regulations.
- (ii) To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary Construction Industry Tax deduction requirements.
- (iii) To ensure that all persons employed by the Authority are added to the Authority's payroll, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.
- (iv) To follow any guidance on taxation issued by the Head of Finance and Revenues.

**F. External Arrangements**

**F1. Partnerships**

**F1.1 Introduction and Definition**

The Council works with numerous organisations in the public, private and community sectors to provide quality services and improve the quality of life of the residents of the borough. In many instances there may be formal partnership arrangements with these organisations.

A partner is defined as either:

- (a) an organisation (private or public) undertaking, part funding or participating as a beneficiary in a project
- or
- (b) a body whose nature or status give it a right or obligation to support the project.

Partners participate in projects by:

- (a) acting as a deliverer or sponsor, solely or in concert with others;
- (b) acting as a project funder or part funder;
- (c) being the beneficiary group of the activity undertaken in a project.

Partners have common responsibilities:

- (a) To be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation.
- (b) To act in good faith at all times and in the best interests of the partnership's aims and objectives.
- (c) To be open about any conflict of interests that might arise.



- (d) To encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors.
- (e) To hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature.
- (f) To act as ambassadors for the project.

## F1.2 Responsibilities

### (a) Head of Finance and Revenues

- (i) To advise on effective controls that will ensure that resources are not wasted.
- (ii) To advise on the key elements of funding a project. They include:
  - a scheme appraisal for financial viability in both the current and future years;
  - risk appraisal and management;
  - resourcing, including taxation issues;
  - audit, security and control requirements;
  - carry-forward arrangements.
- (iii) To ensure that the accounting arrangements are satisfactory.
- (iv) To advise as to the applicability of the Council's Financial Regulations to the operations of the partnership.

### (b) Chief Officers

- (i) To maintain a register of all partnerships entered into with external bodies in accordance with procedures specified by the Head of Finance and Revenues.
- (ii) To ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared for the Head of Finance and Revenues.
- (iii) To ensure that such agreements and arrangements do not impact adversely upon the services provided by the Authority.
- (iv) To ensure that all agreements and arrangements are properly documented, including roles and responsibilities within the partnership and the need for open-book accounting arrangements, unless the Head of Finance and Revenues agrees otherwise.
- (v) To communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.

- (vi) To provide appropriate information to the Head of Finance and Revenues to enable a note to be entered into the Authority's Statement of Accounts concerning material items.
- (vii) To ensure that the Council's Contract Standing Orders and Financial Regulations are applied to the operations of the partnership where the Council provides the majority of the funding or where the Head of Legal and Democratic Services and Head of Finance and Revenues advise that they apply.

## **F2. External Funding**

### **F2.1 Introduction**

External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Authority. Local authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers

Funds from external agencies provide additional resources to enable the Authority to deliver services to the local community. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the Authority's overall plan.

### **F2.2 Responsibilities**

#### **(a) Head of Finance and Revenues**

- (i) To ensure that all funding notified by external bodies is received and properly recorded in the Authority's accounts.
- (ii) To ensure that the match-funding requirements are considered prior to entering into the agreements, and that future revenue budgets reflect these requirements.
- (iii) To ensure that audit requirements are met. This may include reconciliation and post-payment assurance to the external funding organisation.

#### **(b) Chief Officers**

- (i) To ensure that funds are acquired only to meet the priorities approved in the policy framework by the full Council.
- (ii) To ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.
- (iii) To ensure that all claims for funds are made by the due date.
- (iv) To ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred and recorded.

### **F3. Work for Third Parties**

#### **F3.1 Introduction**

Legislation enables the Authority to provide a range of services to other bodies. Arrangements should be in place to ensure that any risks associated with this work are minimised and that such work is intra vires.

#### **F3.2 Responsibilities**

##### **(a) Head of Finance and Revenues**

- (i) To ensure that proposals are properly costed before final approval is sought from the Cabinet or the holder of delegated powers.
- (ii) To ensure that contracts protect the financial interests of the Council.
- (iii) To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

##### **(b) Chief Officers**

- (i) To follow guidance issued by the Head of Finance and Revenues on any financial aspects of the establishment of such arrangements.
- (ii) To ensure that the advice of the Head of Legal and Democratic Services and the approval of the Cabinet, or the holder of delegated powers, is obtained before any negotiations are concluded to work for third parties.
- (iii) To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Head of Finance and Revenues.
- (iv) To ensure that appropriate insurance arrangements are made.
- (v) To ensure that the risk of any bad debts is minimised.
- (vi) To ensure that no contract is subsidised by the Authority unless approved by Cabinet / Council and ensuring no Subsidy Control rules are breached.
- (vii) To ensure that, wherever possible, payment is received in advance of the delivery of the service.
- (viii) To ensure that the service has the expertise to undertake the contract.
- (ix) To ensure that such contracts do not impact adversely upon the services provided for the Authority.
- (x) To ensure that all contracts are properly documented.
- (xi) To provide appropriate information to the Head of Finance and Revenues to enable a note to be entered into the Statement of Accounts.

**APPENDIX 1 SCHEDULE OF LIMITS**

<b>Ref.</b>	<b>Description</b>	<b>Authority/Duty</b>	<b>Threshold</b>
C1.3	Approval of virements	Chief Officer(s)	Up to £5,000
	Approval of carry forward of unspent budget from one financial year to another	Head of Finance and Revenues	More than £5,000 and up to £25,000
	Approval to make transfers to / from earmarked revenue reserves	Head of Finance and Revenues in consultation with the Finance and Resources Portfolio Holder and the appropriate Portfolio Holder	More than £25,000 and up to £50,000
		Cabinet	More than £50,000
C1.3	Approval of expenditure in respect of s106 contributions received from developers for site-specific works	Head of Finance and Revenues	Up to £50,000
		Head of Finance and Revenues in consultation with the Finance and Resources Portfolio Holder and the appropriate Portfolio Holder	More than £50,000 and up to £100,000
		Cabinet	More than £100,000
B4.2 (a) (ii)	Modify project within the Capital Programme	Cabinet	Up to £100,000 per item,
	Add a project to the capital programme which is fully financed by external sources of funds or is otherwise cost-		Annual Limit £500,000

<b>Ref.</b>	<b>Description</b>	<b>Authority/Duty</b>	<b>Threshold</b>
	neutral to the Council (e.g. grant or developer contributions)		
B4.5(a) (v) & B4.5(b) (vi)	Authorise individual schemes to exceed the provision in the Capital Programme by in excess of the sum shown	Cabinet	10% of the contract sum up to a maximum of £100,000
B4.2 (a) (iii)	Approve expenditure outside the provision of revenue estimates where there are no equivalent savings	Cabinet	Up to £100,000 per item, Annual Limit £500,000
B4.2 (b) (v)	Approve urgent and / or unforeseen items of expenditure	Head of Finance and Revenues	Up to £25,000
D5.2 (a) (i)	Assets valued at, or in excess of, the amount shown must be recorded in the Council's Fixed Asset Register	Head of Finance and Revenues	£10,000
D5.2 (c) (xxii)	Authority required to write off discrepancies in stores and stocks records	Chief Officer  Head of Finance and Revenues  Cabinet	Up to £1,000  More than £1,000 up to £25,000  More than £25,000
D5.2 (c) (xxiv)	Authority to write off redundant stocks and equipment (per item)	Chief Officer  Head of Finance and Revenues  Cabinet	Up to £1,000  More than £1,000 up to £25,000  More than £25,000
D6.2 (c) (viii)	Cheques and other payments requiring counter-signatory	Bank signatory	Benefits payments exceeding £1,000  Other payments exceeding £10,000

<b>Ref.</b>	<b>Description</b>	<b>Authority/Duty</b>	<b>Threshold</b>
D6.6 (a) (i)	Limit to value of an item of expenditure through petty cash	Heads of Service	£50
E2.2 (a) (iv), E2.2 (b) (xvi)	Authority to write-off bad debts	Head of Finance and Revenues  Head of Finance and Revenues in consultation with the Finance Portfolio Holder  Cabinet	Up to £5,000  More than £5,000 up to £25,000  Above £25,000

**APPENDIX 2 THE COUNCIL'S THRESHOLDS OF EXPENDITURE  
USED FOR DEFINING KEY DECISIONS**

a.	Decisions on spending which are within the annual budgets approved by the Council	NO THRESHOLD	NOT KEY DECISIONS
b.	Decisions on cash flow, investments and borrowings.	NO THRESHOLD	NOT KEY DECISIONS
c.	Decisions for spending or savings outside the budget, or included in the annual budget with reservations.	SPENDING OR SAVINGS IN EXCESS OF £75,000 PER ITEM	KEY DECISIONS