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# **FINANCIAL PROCEDURE RULES**

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# FINANCIAL PROCEDURE RULES

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# FINANCIAL PROCEDURE RULES

For the purposes of these rules, Chief Officers are defined as the Chief Executive and the Chief Operating Officer.

## Quick Reference Guide

*(Please note the following is only a guide and does not exempt you from needing to understand the provisions contained within the Financial Procedure Rules)*

**Warning: - Failure to comply may lead to disciplinary action**

### GENERAL

Financial Management and control in service units is the responsibility of the relevant Head of Service and his/her staff and therefore **everyone** has an obligation to be competent in financial matters.


- ✓ Expenditure can only be incurred where there is an approved **COUNCIL** budget  
No expenditure should be incurred based upon:
  - Members “approving” spending – they cannot establish budgets themselves
  - An approval letter from an external funding body
  - Amounts which were in budget in a previous financial year
- ✓ The Finance team are there to offer support and consultation
- ✓ If you are aware of an **ADDITIONAL** spending pressure or **DEFICIENCY** in income, highlight to your Director / HOS – immediately!
- ✓ You can move up to **£20,000** (with the exception of salary budgets, capital budgets and others highlighted at rule A8.2.3) from one budget to another in any one year. But please remember you **MUST** tell finance of ANY changes
- ✓ Any transfer of revenue budget above £20k or the transfer of salary budgets must be approved by Management Team
- ✓ Any transfer of capital budgets must be approved by the Executive
- ✓
- ✓ Always **PLACE AN ORDER** when you are committing the council to spending
- ✓ Unspent budgets **DO NOT** carry forward, contact your Director/ HOS if there is a special need
- ✓ Heads of Service have responsibility for all assets inventories and stores under their control
- ✓ When contacting the Council’s bankers for extension or amendments to the provision of services, Finance **MUST** be informed of the request, to ensure proper management.


### IRREGULARITIES/LOSS/THEFT/FRAUD

- ✓ In any case where you suspect there may be irregularities/loss/theft or fraud, you must contact your Head of Service or Chief Officer **and** one of the following: -
  - Head of Governance, Law, Property and Regulation
  - Head of Finance

- Internal Audit Manager

## **EMERGENCIES**

 Your Chief Officer or HOS can write to the Head of Finance, who may give written approval for proposed urgent spending without budget provision for **UP TO £20,000**

 For proposed urgent spending without budget **EXCEEDING £20,000**, it must be determined that it is not practical in the time available to convene a full meeting of the Council. The agreement of the Scrutiny chair **MUST** be obtained. Where it is possible to meet these two requirements then spending can be undertaken with written approval from the Head of Finance + Chief Executive + the Leader/Deputy Leader + the relevant or any other Executive portfolio holder.

Remember: - No written authorisations – No emergency expenditure

- ✓ The Head of Service **MUST** report back to the next meeting of Council in every case.

## **CAPITAL SPENDING**

- ✓ The capital budget **DOES NOT** confer authority to spend
- ✓ There has to be a report on each proposal before spending is committed. The Executive **HAS TO APPROVE** before commitments can be incurred
- ✓ The report needs to outline the effect of the proposed spending on the Revenue Account over a **3 YEAR PERIOD**

## **SCOPE OF FINANCIAL REGULATIONS**

**Please remember that:** - Financial Procedure Rules cover areas such as risk management, preventing fraud and corruption and anti –money laundering

**Please also remember that:** -

Financial Procedure Rules apply to **all** external funding programmes where the Council is the **ACCOUNTABLE** body

**and**

No bids can be submitted for **EXTERNAL FUNDING** unless they are in accordance with the Council's **EXTERNAL FUNDING STRATEGY**

**Warning:- If you overspend without approval, you will have a reduced budget the following year.**

# FINANCIAL PROCEDURE RULES

## A FINANCIAL MANAGEMENT

### Why is this important?

Good financial management secures value for money, controls spending, ensures due probity of transactions and achieves objectives on time. Decisions are informed by accurate accounting information. It covers all financial accountabilities, including the policy framework and budget.

### A1 GENERAL

- A1.1 Financial Procedure Rules exist to regulate the Council's financial affairs, to provide a framework for proper financial management and to maintain the required standard of financial administration for the Borough Council.
- A1.2 These Financial Procedure Rules should be read in conjunction with other policies of the Council and with the Council's Standing Orders, particularly in relation to ordering of goods and services and letting of contracts.
- A1.3 These rules are part of the Council's Code of Corporate Governance.

### A2 LEGISLATION

- A2.1 The Head of Finance is the Officer charged with responsibility for the proper administration of the financial affairs of the Borough Council under Section 151 of the Local Government Act 1972.
- A2.2 The Head of Finance is the responsible financial officer in accordance with the Accounts and Audit Regulations 2015 (and Amendments) (which cover specific issues and requirements which local authorities must comply with).
- A2.3 Under Section 114 of the Local Government Finance Act 1988, the Head of Finance has the duty, after first consulting with the Monitoring Officer (Head of , Governance, Law, Property & Regulation) and Head of Paid Service (Chief Executive), to report to all Members of the Council and the external auditor if it appears to him/her that: -
  - ❖ The authority, the Executive, a Committee or Officer of the authority, or a Joint Committee on which the authority is represented: -
    - has made or is about to make a decision which involves or would involve the authority incurring expenditure which is unlawful
    - has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the authority, or

- is about to enter an item of account, the entry of which would be unlawful
  - ❖ The expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.
- A2.4 The Head of Finance is the Council's Money Laundering Reporting officer in respect of the Proceeds of Crime Act 2002.
- A2.5 Where, exceptionally, these rules are considered to be in conflict with legislation, employees are required to comply with the legislation. In all such cases a record of this must be provided to the Head of Finance.

### **A3 FORM OF ACCOUNTS AND PRIME FINANCIAL RECORDS**

- A3.1 The Head of Finance is responsible for determining the acceptable form of all accounts and prime financial records (manual or electronic). These records are to be retained as long as required for the appropriate legislation.

### **A4 FINANCIAL ADVICE AND GUIDANCE**

- A4.1 The Head of Finance is responsible for ensuring the provision of advice to the Council, its Executive, Committees, Sub-Committees and Councillors and employees on all aspects of local government finance and the financial implications of the Council's policies and objectives.
- A4.2 The Head of Finance may issue any instruction intended to secure proper financial administration, and this is to be effected by the responsible Officer. Any explanatory guidance on the application of the Financial Procedure Rules must only be produced with the approval of the Head of Finance.

### **A5 ACCESS TO FINANCIAL RECORDS AND INFORMATION**

- A5.1 All employees must provide the Head of Finance with any information he/she may require concerning the financial operations of the Council and allow him/her access at any time to the documents and records under their control.
- A5.2 The Head of Finance shall be informed by the responsible Officer of any matters, which have significant financial implications for the Council before a report is submitted to the Executive or to a Committee or Sub-Committee. He/she must be given adequate time to consider the matter before despatch of the agenda item to Members.

### **A6 RESPONSIBILITY OF OFFICERS AND MEMBERS**

- A6.1 Responsibility for maintaining financial control and ensuring that expenditure is incurred and income is raised in accordance with the Council's policies rests with Employees. Except when sitting as the Council, the Executive, a Committee or Sub-Committee, Members have no authority individually to direct that expenditure shall be incurred or income varied, although individual

Members may, and where the Council, Executive, Committee or Sub-Committee so direct they shall, be consulted on proposals to incur expenditure or vary income. Individual Executive Members can also approve spending where there is budget provision for proposals up to £100,000.

- A6.2 The Chief Officers and Heads of Service must ensure that these Financial Procedure Rules are observed throughout the Service Unit(s) and applicable partners under their control.

## **A7 BREACHES OF FINANCIAL PROCEDURE RULES**

- A7.1 Any breach of these Financial Procedure Rules must be brought to the attention of the Head of Finance and the appropriate Chief Officer or Head of Service, who may decide that disciplinary action should be brought against the offending employee.

## **A8 SCHEME OF VIREMENT**

- A8.1 **Definition** - Virement is the transfer of approved budgets within a service area from one detailed (subjective) budget heading to another.
- A8.2 **Restrictions** - The approved annual revenue and capital budgets cover various service areas and consist of various cost centres, each of which have their own individual budgets. These budgets must not be used for other purposes except under the provisions contained within these Financial Procedure Rules.
- A8.2.1 All virements must be consistent with the Council's objectives and are subject to the reporting requirements outlined under Budgetary Control (see rule B5).
- A8.2.2 Virement can be temporary or permanent. Where there is an estimated temporary or one-off reduction in expenditure then approved budgets cannot be vired to fund new, continuing or longer-term commitments.
- A8.2.3 Virement does not apply to the following budget types:
- ❖ Non-controllable budgets – costs which are controlled by another budget-holder including capital financing costs, insurances and central recharges.
  - ❖ Transfers between capital projects (unless authorised by the Executive under rule B2.7)
  - ❖ Transfers from service unit training budgets to other service unit budgets
  - ❖ Any transfers to or from salaries and associated costs budgets (unless authorised by Management Team)
- A8.2.4 Virements from training budgets are only permitted between the Service Unit and the corporate training budget
- A8.3 **Virements up to £20,000** - Heads of Service are authorised to vire up to £20,000 within their approved revenue budget from one detailed budget heading to another **per year** without the need for consultation **with the**



**exception of the budget types outlined in rule 8.2.3 above.** Heads of Service are also authorised to transfer up to £20,000 of approved revenue budget between services subject to both the transferring and receiving Head of Service authorising such virements. They may only transfer approved budgets for expenditure to other approved expenditure budgets. Similarly they can only transfer approved budgets for income to other approved income budgets.

- A8.3.1 Before a Head of Service can authorise any virement he/she must ensure that any planned savings incorporated within approved budgets have been, or are capable of being, achieved before virement from any budget head takes place.
- A8.3.2 In all cases where the Head of Service authorises budget transfers they must be fully documented and the Head of Finance must be notified immediately in writing. Heads of Service shall report upon virements made when submitting information for budget monitoring reports to the Executive.
- A8.4 **Virements over £20,000** - for revenue budget amounts over £20,000, excluding virement of salaries budgets, approval can be sought from:
- Chief Officers – up to £50,000
  - Head of Finance – up to £100,000
- A8.5 **Virement of Salary Budgets** – for any proposal to vire salary budgets above £20k approval should be sought from Management Team

## **A9 TREATMENT OF YEAR END BALANCES**

- A9.1 No savings arising in approved budgets shall be carried forward to the following financial year except with the approval of the the Executive and full Council.

## **A10 EMERGENCY EXPENDITURE**

- A10.1 In cases of emergency and where it is necessary for expenditure to be incurred for which no provision has been made in the approved annual budget, and for which no virement is available, an Emergency Expenditure approval must be sought.
- A10.2 For amounts not exceeding £20,000, the Head of Finance may authorise the expenditure following a request made to him/her in writing by the relevant Head of Service/Chief Officer.
- A10.3 For amounts exceeding £20,000, the matter will then be dealt with in accordance with Budget and Policy Framework Procedure Rule 4 (where it is not practical to convene a full meeting of Council in the time available and the Chair of the Scrutiny Committee agrees).
- A10.4 For amounts exceeding £20,000, written approval shall be sought from the Head of Finance and the Chief Executive, prior to consultation with the Leader, or in his/her absence the Deputy Leader and the relevant Executive Portfolio

holder or in his/her absence another Executive member.

- A10.5 No Emergency Expenditure shall be incurred, for the above until all the written authorisations as required have been received.
- A10.6 For amounts attributable to the services of the Major Peacetime Emergency Plan, the Chief Executive and Emergency Officer (Chief Operating Officer in consultation with the Head of Finance (or their authorised deputies) may authorise all necessary and proper expenditure, subject to a report being submitted to the next ordinary meeting of the Executive and the Scrutiny Committee.
- A10.7 Any approval given under this Rule shall be reported by the relevant Head of Service to the next meeting of the full Council.

## **A11 STATEMENT OF FINANCIAL MANAGEMENT RESPONSIBILITIES**

### HEADS OF SERVICE

- A11.1 Overall responsibility for budgets and financial control for services under his/her management, in accordance with the Council's Constitution, including the maintenance at all times of a system of effective controls including a full and proper division of duties to provide proper financial control.
- A11.2 Delegation of budget management, monitoring and control to budget holders and, where appropriate, supervisors of budget holders, as designated by the relevant Head of Service.
- A11.3 Responsibility for virement between cost centres and within cost centres (both subject to any limits or consultation requirements imposed by the Council) (currently £20,000 each year between individual budget heads without the need for consultation) and for ensuring the Council's objectives and priorities are maintained.
- A11.4 Responsibility for seeking supplementary estimates and for reporting on budget variations.
- A11.5 Responsibility for co-ordination of the production of the annual budget for the Service Unit
- A11.6 Responsibility for reporting to the Executive, the Scrutiny Committee and the individual Executive portfolio Members on;
- ❖ The requirements of the annual budget
  - ❖ The monitoring of the annual budget
  - ❖ The actual expenditure and income for the financial year
- A11.7 Responsibility for monitoring and controlling the activities of designated budget holders

- A11.8 Ensuring co-ordination of practices and maintenance of effective systems for financial control and the delivery of value for money within activities.
- A11.9 Responsibility for ensuring proper arrangements is in place for budgetary control, including maintaining a continuous record of commitments.
- A11.10 To ensure that all persons ordering goods or services and all designated budget holders are properly trained in financial matters and comply with Council policy and the Council's Constitution.
- A11.11 Promoting co-operative working between all Service Units, to ensure the proper administration of the financial affairs of the Council.
- A11.12 Co-operate with the Finance Unit in the production of the Council's Annual Statement of Accounts.

#### BUDGET HOLDERS

- A11.13 Responsibility for controlling and managing specific budgets as designated by the relevant Head of Service. This incorporates a requirement to maintain a continuous record of commitments.
- A11.14 Monitoring of income and expenditure budgets in line with Council Policy, the Council's Constitution and reporting of variances to the relevant Head of Service.
- A11.15 The proper certification or authorisation of commitments (orders), accounts for payment and other payment requisitions and the proper accounting for income due, as authorised by the relevant Head of Service.

#### FINANCE UNIT

- A11.16 Provide proper financial information and advice, as directed by the Head of Finance and Accounting Division Manager
- A11.17 Responsibility for co-ordination of the production of the Council's annual revenue and capital budgets. In preparing the budget the Finance Unit will: -
  - ❖ Maintain and supply budget information for presentation to the Management Team, Scrutiny Committee / Budget Scrutiny Panel, Executive and Council
  - ❖ Provide a budget timetable with key dates for estimate preparation and ensure that information is available when needed.
  - ❖ Provide a summary of budget variations for Heads of Service to include in Budget Reports in four of the annual Committee cycles and in monthly monitoring reports to Executive portfolio Members.
  - ❖ Provide a standard narrative on the budget overview to accompany budget reports.
  - ❖ Provide estimates for all centrally maintained expenditure and income: -

- Salaries and Wages/National Insurance/Superannuation
- Insurances
- Pensions
- Employee Car Leasing
- Rents/Rates
- Central Recharges
- Capital Financing
- Rental Income (to the extent that it is recovered via the periodical rental system)

❖ Provide advice on Growth and Savings

This list is not wholly prescriptive and can be amended by agreement with the Head of Finance .

- A11.18 Responsibility for co-ordination of the preparation of the Council's Statement of Accounts.
- A11.19 Maintain an overview of the financial control of all budgets for which Heads of Service are responsible.
- A11.20 Preparation of reports to the Scrutiny Committee in four of the annual Committee cycles providing an overall revenue monitoring position for the authority as a whole.
- A11.21 Preparation of reports to Scrutiny Committee and full Council in four of the annual Committee cycles detailing Supplementary Estimates and Emergency Expenditure approvals in the year to date.
- A11.22 Co-ordination of the procedure for securing Emergency Expenditure approvals.
- A11.23 Co-ordination of the allocation of revenue and capital resources.

## **A12 ACCOUNTING POLICIES**

- A12.1 The Head of Finance is responsible for the selection and operation of the accounting policies of the Council.

## **A13 THE ANNUAL STATEMENT OF ACCOUNTS**

- A13.1 The Head of Finance is responsible for ensuring that the annual statement of accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice.

## **A14 TRUST FUNDS AND CHARITIES**

- A14.1 Trust funds and charity accounts must be administered in accordance with the appropriate statutory provisions and at least to the same standard as those operated by the Council, to demonstrate good stewardship and effective use of resources.

## **A15 STRATEGIC SERVICE DELIVERY PARTNERSHIPS**

- A15.1 The Chief Operating Officer is authorised to approve additional spending, or a reduction in spending, of up to £100,000 in relation to strategic service delivery partnerships in consultation with the Head of Finance, Leader and the Executive Member for Resources and Performance Management

## **B FINANCIAL PLANNING**

### **Why is this important?**

The importance of this area is in the need for sound planning, monitoring and control of resources. Sound budget management is crucial to informing good decision making and achieving best value in the use of the Council's resources.

### **B1 PERFORMANCE PLANS**

- B1.1 The Council has various performance plans and strategies which need to be published to explain the objectives, current performance and proposals for improvement. The Annual Report is a key element of engagement with the public.
- B1.2 Advice should be sought from the Head of Finance on the financial information that needs to be included in performance plans.
- B1.3 Heads of Service are responsible for ensuring that accurate and timely information is produced for the production, monitoring and review of performance plans.
- B1.4 Heads of Service are required to ensure that there are robust systems of control to ensure that timely and accurate information is maintained and recorded in the performance plans.

### **B2 CAPITAL EXPENDITURE AND FINANCE**

- B2.1 A five year Capital Investment Needs Strategy will be maintained and reviewed annually.
- B2.2 The Capital Programme will include all expenditure proposals which the Head of Finance deems should be regarded as capital expenditure irrespective of how it is intended that they should be financed.
- B2.3 A Capital Budget is to be prepared annually for submission to the Executive and to the Council for approval.
- B2.4 The Capital Budget is to be accompanied by a statement showing the revenue effect of the budget over a three year period.
- B2.5 Projects within the capital programme can be released once the Head of Service is satisfied that:
- Funding approvals are in place
  - Standing orders and procurement regulations will be complied with
  - A detailed breakdown of proposed net spending has been provided to the Head of Finance

- Any revenue implications of the project are provided for within the revenue budget and medium term financial strategy

There is no requirement for a report to the Executive on each project but a full business plan should be in place and agreed with the relevant Chief Officer prior to commencement. The Head of Service or Management Team can however present a report to the Executive on the proposed project if it is considered appropriate”.

- B2.6 Provided that the estimated costs do not exceed the provision made within the approved Capital Budget, the Executive may authorise the expenditure subject always to compliance with the Council’s Standing Orders in relation to contracts.
- B2.7 Where the estimated costs of a scheme exceed the provision made within the approved Capital Budget, before a contract is entered into or expenditure is incurred the Executive must, wherever possible, determine that a virement be made from the provisions included for other schemes within the Capital Programme.
- B2.8 Where estimated excess costs over budget provision cannot be met by virement, before a contract is entered into or expenditure incurred, a report must first be made to the Executive to consider the allocation of the required additional resources and make a recommendation to the Council.
- B2.9 No amount provided in a Capital Budget approved by the Council may be used for any purpose other than that for which it was authorised except by prior authorisation of the Executive.
- B2.10 A monitoring report covering the whole of the Capital Budget must be submitted to the Scrutiny Committee . Following closure of the accounts for the year, reports must be made to Scrutiny Committee, on the actual expenditure and income for the year. Where the method of finance is by leasing, the report will include a cost comparison showing the differences in the annual revenue costs between leasing and conventional borrowing.

### **B3 REVENUE BUDGET**

- B3.1 Estimates of revenue expenditure and income, including a three-year forward assessment of the revenue budget, are to be prepared by the appropriate Heads of Service, as directed by the Head of Finance. They must be submitted to the Scrutiny Committee and Executive in accordance with the Budget and Policy Framework Procedure Rules and in accordance with the timetable and any guidelines determined by the Council.
- B3.2 In association with the preparation of the annual revenue budget, Heads of Service are to review charges for services and rents and make appropriate recommendations to Scrutiny Committee and Executive.

## **B4 BUDGET FORMAT**

- B4.1 The format of the budget approved by full Council is the responsibility of the Head of Finance, having regard for the appropriate legislation, codes of practice and service needs.
- B4.2 Heads of Service are responsible for preparing a budget in a format that complies with the requirements of the Head of Finance

## **B5 BUDGETARY CONTROL**

- B5.1 Budgetary control must be maintained by the appropriate Heads of Service.
- B5.2 Heads of Service must maintain a continuous record of commitments and submit to Management Team in four of the annual Committee cycles a monitoring report on income and expenditure for services under their control. A monitoring report covering the overall revenue budget must be submitted by the Accountancy Division Manager to Scrutiny Committee and the Executive in four of the annual Committee cycles. Following the closure of the accounts for the year a report must be made to the Executive, on the actual expenditure and income for the year. On each reporting occasion detailed explanations must be given of major variations between expenditure and budget. The format of the reports shall be as directed by the Head of Finance.
- B5.3 Heads of Service must also report monthly on their budgets to the relevant Executive portfolio Member.
- B5.4 Subject to the provisions outlined for virement, Heads of Service are responsible for ensuring that no amount included in any budget approved by the Borough Council is used for any purpose other than that for which it is authorised.
- B5.5 Transfers of expenditure provision between budget heads (virement) may be made only in accordance the provisions outlined in these Financial Procedure Rules for virement.
- B5.6 Heads of Service must ensure that any likely overspending or proposed item of expenditure not provided for in the approved estimates, which cannot be met by a virement, shall only be incurred with the prior consent of the Council. This consent is to be sought by means of an application for a supplementary estimate to the Executive.
- B5.7 Any shortfall in estimated income which cannot be met by virement shall be reported by the relevant Head of Service to the next meeting of the Scrutiny Committee.
- B5.8 No expenditure for which a supplementary estimate has been sought shall be incurred until the approval of the Council has been obtained, with the exception of the circumstances arising as detailed in these Financial Procedure Rules covering emergency expenditure.



- B5.9 A report detailing any virements and supplementary estimates to be considered and emergency approvals granted together with a summary of supplementary estimates (including emergency approvals) granted since the start of the current financial year, showing the overall effect on the General Fund, shall be presented to each meeting of the Council as directed by the Head of Finance.
- B5.10 Subject to compliance at all times with these Rules and with the Standing Orders of the Council Heads of Service are empowered to incur expenditure up to the amounts included within their approved budget. No expenditure, capital or revenue, shall be incurred in connection with the adoption of any new policy or significant extension of existing policy without the prior approval of the Executive or the Council.
- B5.11 Where additional in-year spending is proposed and which is to be funded from expected income from grants, fees and charges or other contributions, the following authorisation limits will apply:
- Up to £20,000 – Heads of Service
  - Between £20,000 and £50,000 – Heads of Service in consultation with the Head of Finance
  - Over £50,000 – Heads of Service in consultation with the Head of Finance and the Executive Member for Resources and Performance Management
- B5.12 All such approvals outlined in regulation B5.11 above must be documented , signed and sent to the Head of Finance for budget monitoring purposes.

## **B6 MAINTENANCE OF RESERVES**

- B6.1 The use or application of any earmarked reserve shall be a matter for determination by the full Council on the recommendation of the Executive and in accordance with the Council's Reserves Policy.
- B6.2 The Executive may approve the use of earmarked reserves up to a limit of £100,000 to support spending. Such approvals must be reported through to the next meeting of the Council.
- B6.3 Where the Executive recommend the use of earmarked reserves exceeding £100,000 then the approval must be given by full Council.
- B6.4 The Head of Finance is responsible for providing advice on the prudent level of reserves, taking account of the advice of the external auditor on this matter.

## **B7 RESOURCE ALLOCATION**

- B7.1 The allocation of resources needs to be prioritised to ensure a fair distribution and to fulfil legal responsibilities. Resources may include staff, money, equipment, goods and materials.

- B7.2 The Head of Finance will advise on the methods available for funding resources and assist in the allocation of resources to budget holders.
- B7.3 Heads of Service must work within the budget limits and use the resources allocated in the most efficient, effective and economic way. This is to ensure that they can achieve value for money.
- B7.4 Heads of Service must identify opportunities to minimise or reduce resource requirements or consumption without having a detrimental effect on agreed levels of service delivery.

## **C RISK MANAGEMENT AND THE CONTROL OF RESOURCES**

### **Why is this important?**

It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to the Authority. Equally, regulations are needed to ensure arrangements are in place to protect the assets and resources of the Council.

### **C1 RISK MANAGEMENT**

- C1.1 The Head of Finance is responsible for ensuring that the Council has and maintains appropriate Risk Management arrangements.
- C1.2 Heads of Service should ensure that risk management is embedded in the Council's decision-making process so that the risk implications of strategic and operational decisions can be considered.
- C1.3 Appropriate Officers should ensure that risk management is maintained at an operational level and to report to Heads of Services changes in the risks faced by the Council.
- C1.4 Heads of Service should ensure that the Council's Risk Management arrangements are complied with in their service, and to ensure that new risks, threats and opportunities are assessed, appropriate controls are in place to address the risk and that any further actions required to reduce the identified risk are implemented.

### **C2 INTERNAL CONTROL**

- C2.1 Internal Control is the system of controls devised by management to help ensure that the authority's objectives are achieved in a manner which promotes economic, efficient and effective use of resources and ensures all income due to the Council is collected and that the Council's assets and interests are safeguarded, whilst securing probity and legitimacy of transactions and preventing and detecting fraud, misuse or irregularity.
- C2.2 The Head of Finance is responsible for advising on effective systems of internal control.
- C2.3 Heads of Service shall ensure that a robust system of internal control is in operation throughout their service. They should ensure that there are arrangements to establish and review the sound arrangements for separation of duties, safeguarding assets, appraising, planning, authorising and controlling their operations in order to achieve continuous improvement, efficiency, economy and effectiveness.
- C2.4 Heads of Service should monitor the effectiveness of the system of internal control within their service on a regular basis, and ensure that they are performing the required control objectives.

- C2.5 Heads of Service and Chief Officers will provide Statements of Assurance on the operation of the governance arrangements including internal controls in their services to the Leader and Chief Executive to enable the Annual Governance Statement to be completed.

### **C3 INSURANCE**

- C3.1 The Head of Governance, Law, Property & Regulation shall arrange and administer all insurance taken out by the Council, in consultation with the Head of Finance and in accordance with the requirements of the Council. Heads of Service must ensure that indemnity limits are adjusted as appropriate so as to ensure the Council is always adequately covered against risk.
- C3.2 Heads of Service shall promptly notify the Head of Governance, Law, Property & Regulation of all risks, liabilities, properties or vehicles which require to be insured and of any alterations affecting risk or insurance indicating the amount of cover required.
- C3.3 Heads of Service shall immediately notify the Head of Governance, Law, Property & Regulation of any fire, loss, accident, incident or other event which may give rise to a claim against the Council's insurers.

### **C4 TREASURY MANAGEMENT**

- C4.1 Treasury Management is defined as the management of the Council's cash flows, its borrowings and its investments, the management of the associated risks and pursuit of the optimum performance or return consistent with those risks. It includes all activity relating to banking arrangements, borrowing and lending of money, and leasing.
- C4.2 Control for overall treasury management matters will rest with the Head of Finance who shall act in accordance with the Prudential Code for Capital Finance in Local Authorities and the Code of Practice on Treasury Management in Local Authorities produced by the Chartered Institute of Public Finance and Accountancy (CIPFA). No other officer of the Council, except those officers authorised in writing by the Head of Finance are permitted to engage in treasury management activities.
- C4.3 The following clauses as recommended by the Code of Practice have been adopted by the Council.
- C4.4 This Council adopts CIPFA's Code for Treasury Management in Local Authorities.
- C4.4.1 A Treasury Policy Statement setting out strategy and procedures shall be adopted by the Council and subsequently its implementation and monitoring shall be delegated to the Executive
- C4.4.2 All money in the hands of the Council shall be aggregated for the purposes of treasury management and shall be under the direction of the Head of Finance..

- C4.4.3 All executive decisions on borrowing, investment or financing shall be delegated to the Head of Finance and through him/her to those officers authorised in writing by him/her who shall be required to act in accordance with Council policy, CIPFA's Prudential Code for Capital Finance in Local Authorities and the Code of Practice on Treasury Management in Local Authorities.
- C4.4.4 Reports shall be made to the Executive not less than four times in each financial year on the activities of the Treasury Management operation and on the exercise of powers delegated to the Head of Finance. One such report shall comprise an annual report on Treasury Management for presentation by 30th September of the succeeding financial year.

## **C5 ASSETS**

- C5.1 Assets of the Council include land, buildings, plant and machinery, equipment, software, stock and information. The Head of Finance shall direct how records of these assets should be maintained.
- C5.2 Heads of Service should ensure that all assets of the Council are appropriately maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of a disaster or system failure are in place.
- C5.3 The Council's assets should only be used for the purposes of the authority and should be properly accounted for. The Head of Finance will determine appropriate arrangements for the maintenance of Asset Registers and other records of assets.
- C5.4 Heads of Service are responsible for maintaining appropriate arrangements for the security of assets under their control. This includes verification checks on assets on a periodic basis, for example an annual check of inventory.
- C5.5 Where assets are no longer required by the Council, these should be disposed of under the authorisation of Heads of Service according to the requirements of the authority (Standing Orders for Contracts) so as to maximise benefits.
- C5.6 Employees have a personal responsibility in respect of information assets, to protect and maintain the accuracy and confidentiality of information.
- C5.7 Keys to assets, buildings, plant, vehicles, safes etc. should be securely held at all times. The loss of any such keys must be reported to the Head of Finance as soon as possible.
- C5.8 Heads of Service should make arrangements for the valuation of assets for accounting or other purposes to meet requirements specified by the Head of Finance.

## **C6 INVENTORIES AND STORES RECORDS**

- C6.1 Heads of Service shall designate officers to be responsible for the safe custody and physical control of stores, vehicles, plant, furniture and equipment within their own Service Units and for the maintenance of proper records and

inventories for all assets and equipment held by the Service Unit. Heads of Service must ensure that inventories are kept up to date and checked at least annually.

- C6.2 The Chief Operating Officer shall maintain a proper record and inventories of computer hardware, software and communications equipment in order to ensure that this is completed. Heads of Service shall obtain the approval of the Chief Operating Officer or his/her authorised representative for any procurement, installations, relocations or reinstallations of any hardware, software or communications equipment.
- C6.3 Heads of Service shall arrange for periodic checks of equipment and stores to be carried out by officers other than those responsible for their safe custody and control. All stocks of equipment and stores are to be checked at least once per year. The Head of Finance is to be advised of their value and any discrepancies that might have occurred by means of a certificate signed by the officer who carried out the stock check.
- C6.4 Each Head of Service shall be responsible for ensuring that stocks of equipment and materials are not excessive in relation to requirements. Surplus equipment and materials (other than leased items where prior consultation with the Head of Finance is required) shall normally be disposed of by competitive quotation.
- C6.5 Each Designated Officer shall maintain such records as are deemed necessary by the Head of Finance, to determine the use of the Council's vehicles and plant. No employee of the Council shall use Council vehicles, plant, or equipment for private purposes.
- C6.6 All write-offs or disposals of inventory or stock items are to be authorised by the Head of Service and notified to the Head of Finance

## **C7 INTELLECTUAL PROPERTY**

- C7.1 Intellectual property is a generic term that includes writing, designs, software development and inventions. If the employee creates these during the course of employment, then, as a general rule, they belong to the employer, not the employee.
- C7.2 Where the Council decides to become involved in commercial exploitation of intellectual property, appropriate controls should be in place to protect the Council's interests including provisions within the Council's Code of Conduct for Employees.
- C7.3 Heads of Service should ensure that staff do not carry out private work in Council time and that staff are aware of the Council's rights with regard to intellectual property.

## **C8 IRREGULARITIES**

- C8.1 Chief Officers and Heads of Service shall notify the Head of Finance and the Council's Monitoring Officer (Head of Governance, Law, Property &

Regulation) immediately of all financial or accounting irregularities or suspected irregularities including those relating to cash, stores, property, remuneration or allowances. The Head of Finance shall ensure that the Head of Internal Audit is informed of these notifications.

- C8.2 The Council's Monitoring Officer (Head of Governance, Law, Property & Regulation) and Head of Finance, on receipt of a report from a Chief Officer or Head of Service disclosing apparent irregularities shall initiate such action as the law provides or in his/her opinion the circumstances merit.

## **C9 AUDIT AND INSPECTION**

- C9.1 The Head of Finance shall, to the extent that he/she considers necessary or desirable, conduct or arrange for the examination and audit of the accounts of the Council and of its Officers and agents.
- C9.2 Heads of Service are responsible for co-operating with the Head of Finance to enable audit arrangements to be planned, completed and reviewed. This extends to audits and reviews by internal and external audit and any other external review body.
- C9.3 Where appropriate Chief Officers are responsible for ensuring that Heads of Service or nominated responsible officers have agreed and implemented actions arising from audits or external reviews.

### **INTERNAL AUDIT**

- C9.4 The Head of Finance, or other officers authorised in writing by him/her, shall have access for any necessary examination and audit, at all reasonable times, to all cash, property, documents, books of account and vouchers appertaining in any way to the finances of the Council. He/she shall be entitled to receive such explanations as may be necessary to satisfy him/herself of the correctness of any matter under examination.
- C9.5 Before proceeding, Heads of Service are required to consult with the Head of Finance about any proposed changes or developments to financial procedures, records, systems and accounts, and such changes are subject to the agreement of the Head of Finance. Advice should be sought from Internal Audit in the following instances:
- C9.5.1 - during discussion of the initial draft specification for the new system and consideration of the internal controls to enable the audit view to be taken into account before the specification is finalised.
- C9.5.2 - during the design of the tests which are to be applied to the new system to verify its reliability, accuracy and fitness for purpose.
- C9.5.3 - during the evaluation of the new system test results and discussion of pre-implementation action required.

## EXTERNAL AUDIT

- C9.6 A local Audit Panel is responsible for appointing external auditors to each authority. The External Auditors are independent and are governed by the appropriate legislation and applicable standards.

## OTHER REVIEW BODIES

- C9.7 From time to time the authority may be subject to audit, inspection or investigation by external bodies, such as HM Revenue and Customs, who either have statutory or contractual rights of access and explanation.

## **C10 PREVENTION OF FRAUD AND CORRUPTION**

- C10.1 The Head of Finance is responsible for the development and maintenance of anti-fraud and anti-corruption policies.
- C10.2 The Monitoring Officer (Head of Governance, Law, Property & Regulation) is responsible for the development and maintenance of the Whistle-blowing Policy.
- C10.3 All employees and Members of the Council must comply with the requirements of the Council's Code of Practice on the receipt of gifts and hospitality.

## **C11 STAFFING**

- C11.1 The Head of Paid Service (Chief Executive) is responsible for providing overall management to staff. They are also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.
- C11.2 Heads of Service in consultation with the Chief Operating Officer and the Head of Finance should ensure that there is an accurate forecast of staffing levels linked to an appropriate budget provision.
- C11.3 Heads of Service are required to ensure adequate control over such costs as sickness, overtime, training and temporary or agency staff. Heads of Service should ensure that there is compliance with Personnel Policies and instructions.
- C11.4 Heads of Service should ensure that checks are undertaken as required by the Recruitment and Selection policy prior to employing staff to ensure that they are appropriately qualified, experienced and trustworthy.



## **D SYSTEMS AND PROCEDURES**

### **Why is this important?**

This area forms much of the routine financial business of the Council and involves large numbers of transactions and staff. This area will be of interest to many people and it is important that such a major area of activity is clearly regulated and those regulations are supported by thorough detailed standards.

### **D1 GENERAL**

- D1.1 The Council operates a wide range of financial systems and controls to ensure that it can achieve its objectives.
- D1.2 Each financial system shall be documented in sufficient detail to allow a competent person with basic knowledge of the purpose of the system to operate, maintain and monitor the system. Each Head of Service shall ensure that such documentation exists for every financial system under their control and is updated as and when required.
- D1.3 All changes to these financial systems shall be notified to the Head of Finance , however Heads of Service are responsible for the monitoring and proper operation of these systems.
- D1.4 Any changes to agreed financial procedures by Heads of Service to meet their specific service requirements should be agreed first with the Head of Finance.
- D1.5 Heads of Service shall ensure that their staff receive relevant financial training and that their staff are competent to use local and central financial systems as necessary to perform their role effectively.
- D1.6 All data submitted for processing and information provided to the Head of Finance by staff, shall conform to any timetables or data requirements as agreed by the Head of Finance.
- D1.7 The Head of Finance shall issue appropriate advice and guidance about systems and controls required to secure satisfactory standards of probity and regularity and to monitor that these are achieved.
- D1.8 Staff must not undertake, authorise, or instigate transactions that result in any financial advantage to themselves or their immediate friends and family. They should ensure that they declare these issues to their manager, who should make appropriate arrangements to address this potential conflict of interests.

### **D2 ORDERING OF GOODS AND SERVICES AND LETTING OF CONTRACTS**

- D2.1 The Council's Standing Orders and Procurement Strategy contain specific instructions relating to the letting of contracts, the issue of variation orders on contracts, and the purchase of goods and services, and these must be followed at all times.

- D2.2 Employees and Members of the Council must not use Council stationery or computerised systems to place orders with suppliers for goods or services intended for personal use. Under no circumstances shall orders for such goods or services purport to be issued on behalf of the Council.
- D2.3 Officers authorised to order goods and services or to seek tenders for contracts must comply with Council Policy, the Council's Standing Orders, National and EU Directives and these Financial Procedure Rules. They must make appropriate arrangements for the approval of orders and ensure that all orders are made on official order forms or via ordering systems that have been approved by the Head of Finance.
- D2.4 Purchases of equipment, goods and materials shall be made through the most economical means, having regard to practicality, sustainability and in accordance with the Council's Standing Orders making use of co-ordinated purchasing agreements where these are available.
- D2.5 Staff must not, under any circumstances, order or authorise anything which would result in a payment to themselves or their immediate family. Where it is intended that the Council pay a member of staff or their immediate family, the order or invoice(s) concerned must be authorised by another approved member of staff.

### **D3 CONTRACTS**

- D3.1 The Head of Finances is to be informed in writing of all contracts where the value exceeds £50,000.
- D3.2 Where contracts provide for payment to be made by instalments, Heads of Service must ensure that a Contract Register is kept showing the payments made under each contract together with any other payments and related professional fees.
- D3.3 All requests for payment in respect of a contract are to be made by means of a certificate in a form agreed with the Head of Fianance and certified by an authorised Officer. The certificate must show particulars relating to the contract, its total amount, the sum paid to date and the amount of retention money deducted. The names and specimen signatures of persons authorised to certify shall be supplied to the Head of Fianance.
- D3.4 Every extra or variation to a contract shall be certified by the authorised Officer(s). In cases where these extras or variations cause a material variation in previously estimated costs, they shall be included in budget monitoring reports.
- D3.5 The Head of Fianance shall, as he/she considers necessary, direct the examination of final accounts, documents and vouchers relating to contracts. He/she shall be entitled to make all such enquiries and receive such information and explanations as he/she may require to satisfy himself/herself as to the accuracy of the accounts submitted.

- D3.6 Without prejudice to the legal obligations of the Council, Architect, Engineer or supervising officer under any contract, the final certificate relating to the completion of a contract for building construction or engineering works shall not be issued until the appropriate Officers, private architects, engineers or consultants have provided to the Head of Finance a detailed statement of account and other relevant documents.
- D3.7 Where a contractor goes into receivership during the contract, officers should ensure that the Council's is not exposed to unreasonable risk. This could take the form of performance bonding, or other arrangements to mitigate the costs of the loss of contractor.
- D3.8 The Architect, Engineer or supervising officer for a contract should ensure that a signed contract or other appropriate contract arrangements are in place prior to commencement of works or services.
- D3.9 Contracts that are subject to annual payment for example insurance premiums, computer (hardware & software) contracts, or annual maintenance agreements should be verified to confirm that these are still valid requirements and Accountancy Services are informed of the timing of large sums to facilitate treasury management.

#### **D4 INCOME**

- D4.1 Arrangements for the safe and efficient receipt of, and accounting for, all money, i.e. cash and cheques due to the Council, are subject to the direction of the Head of Finance who may issue such instructions, as he/she deems necessary. All employees must comply with these instructions.
- D4.2 All money received by any employee on behalf of the Council must be promptly paid into the Council's Cash Office or to the Council's Bank in the form in which they are received and in accordance with instructions issued by and at intervals agreed with the Head of Finance. In any interim period between receipt and banking, the responsible employee must ensure that the monies received are at all times kept secure in a safe or locked cabinet. Under no circumstances must the limits on safes etc., be exceeded. Where this is likely to occur, an additional pay-in to the Bank or Cash Office must be made.
- D4.3 All receipt forms and books, tickets and other financial stationery shall be ordered and supplied to Heads of Service in accordance with instructions issued by the Head of Finance. The Accountancy Division Manager must be notified as soon as possible of all events for which financial stationery, tickets etc., will be required. The Officer responsible for the event must ensure that proper control and accounting arrangements are implemented.
- D4.4 All employees responsible for receiving money will in all cases give a receipt. This will be by means of a receipting machine, by the use of a receipt book bearing the Council's name, or by means of a ticket where appropriate. Where a cash till is in use, all income received shall be recorded through the till.
- D4.5 Where payment is received in the form of a cheque, the number of the receipt(s) issued must be written or printed on the back of the cheque and on

the paying-in slip which must also record the amount of the cheque. Cheques made payable to an individual or another organisation (third party cheques) must not be accepted. Council cheques made payable to an individual may be accepted, with the written agreement of that individual, to defray any debt that individual may have to the Council.

- D4.6 Where payment is received in the form of a debit or credit card or other form of electronic payment, details of the payment must be cross-reference to the receipt and appropriate procedures used to confirm the legitimacy of the transaction. Officers should ensure that these payment details are securely maintained.
- D4.7 All transfers of Council money between staff members shall be signed for by them. All transfers of Council money to security firms acting for the Council shall be signed for by a member of staff and a representative of the firm to whom the money is transferred and a record made of the seal number(s) or envelope number(s).
- D4.8 Personal cheques shall not be cashed out of money held on behalf of the Council.
- D4.9 In respect of credit income due to the Council, accounts shall be rendered promptly within 21 days by the relevant Head of Service, and appropriate and accurate information supplied for subsequent recovery action, as directed by the Head of Finance.
- D4.10 The Head of Finance is to be notified promptly of all income due under contracts, leases and other arrangements entered into by the Council. The appropriate Head of Service shall ensure that lease renewals are negotiated promptly and details of the revised periodical payments notified to the Head of Finance without delay.
- D4.11 Heads of Service have a responsibility to assist the Head of Finance in collecting accounts that they have originated by providing any further information and in pursuing the matter on the Council's behalf.
- D4.12 Non-payment of accounts shall be followed up by the effective action to pursue the accounts within defined timescales, before proceeding with legal action to recover the debt in accordance with Council policy.
- D4.13 Heads of Service must operate appropriate performance management systems used to monitor the recovery of income.
- D4.14 Irrecoverable debt can only be written off in accordance with Council policy, and with the agreement of the Head of Finance or other officer(s) authorised by him/her. A schedule of all sums written off during each financial year must be prepared by Heads of Service at the end of each financial year for inclusion in the Council's accounts. Heads of Service will provide information as directed by the Head of Finance to enable the appropriate accounting adjustments to be made.

- D4.15 The setting of fees and charges for services shall be made after advice has been sought from the Head of Finance.
- D4.16 The receipt of income through electronic systems shall only be permitted with the approval of the Head of Finance. The system should ensure that there is appropriate security over access, record keeping and reconciliation of the systems with the council's main financial systems.
- D4.17 A person who is not involved in the collection or banking process must reconcile money collected and deposited to the bank account.
- D4.18 Heads of Service should ensure that where post is opened, at least two people are present so the money received in the post is properly identified and recorded.
- D4.19 Heads of Service should ensure that the responsibility for cash collection is separated from that of identifying the amount due and reconciling the amount due to the amount received
- D4.20 The use of third parties to collect income should be monitored to ensure compliance with these Financial Procedure Rules and appropriate standards.

## **D5 PAYMENT OF ACCOUNTS**

- D5.1 The Head of Finance will direct that any procedures and instructions necessary for the verification and passing for payment of invoices and claims are detailed and issued
- D5.2 The primary responsibility for ensuring the correctness of the invoice or claim for payment remains with the certifying officer.
- D5.3 All invoices and claims for payment including final accounts of contracts shall be examined and verified by the appropriate responsible Officer. The names and specimen signatures of officers authorised to certify shall be supplied to the Head of Finance.
- D5.4 Before certifying an account for payment, the certifying officer must be satisfied that: -
- D5.4.1 - the work, goods or services to which the account relates have been fully received or properly carried out
- D5.4.2 - the account has not previously been passed for payment; is the proper liability of the Council; and is in accordance with Council Policy and Standing Orders.
- D5.4.3 - the payment is within estimate provision and has been allocated to the correct expenditure code.
- D5.4.4 - the prices are correct and that discounts and VAT are properly calculated and recorded.

D5.4.5 - deductions for tax are made as appropriate under the Construction Industry Tax Deduction Scheme.

D5.4.6 - the appropriate entries have been made in inventories of stock records.

D5.4.7 - the order number is recorded on the certification grid.

## **D6 SALARIES AND WAGES**

D6.1 The payment of all salaries, wages, gratuities, compensation and other allowances to employees or former employees of the Council shall be made through the Council's payroll system.

D6.2 Each Head of Service shall without delay notify the Council's payroll provider and the Head of People and Development, of all matters affecting those payments and in particular: -

D6.2.1 Appointments, resignations, dismissals, suspensions, secondments and transfers;

D6.2.2 Absences from duty for sickness or other reason that may affect any aspect of payments to staff;

D6.2.3 Changes in remuneration other than normal incremental progression, nationally negotiated pay awards and agreements of general application;

D6.2.4 Information necessary for maintaining records of service for the purposes of superannuation, income tax, national insurance and other statutory and voluntary deductions from pay.

D6.3 All time sheets and other documents in support of payments to employees shall be in a form prescribed or approved by the Head of Finance and shall be submitted to the Council's payroll provider before the dates specified by him/her. The relevant Head of Service shall certify all such time sheets and documents or a responsible officer designated by him/her. The names and signatures of officers authorised to certify shall be supplied to the Head of Finance

D6.4 The Head of Finance is authorised to direct the implementation of all nationally agreed pay awards, except for matters where the Council is required to exercise its discretion, and to implement incremental salary progression in accordance with national and local schemes.

## **D7 OFFICERS TRAVELLING, SUBSISTENCE AND OTHER ALLOWANCES**

D7.1 All claims for payment of car mileage, travelling and subsistence and other allowances and expenses shall be made only in accordance with the rates agreed from time to time by the Council for costs properly incurred on Council activities. All claims shall be signed by the Head of Service/Chief Officer or other responsible officer designated by him/her.

- D7.2 Signed claims for subsistence and travel by public transport may be reimbursed through Petty Cash. Claims for car mileage must be made at monthly intervals on the prescribed form through the Councils payroll system.
- D7.3 The certification by the Head of Service or other responsible officer shall be taken as confirmation that the journeys were authorised and that the allowances and expenses were properly and necessarily incurred. Notwithstanding the prime responsibility of the certifying officer to satisfy him/herself as to the validity and accuracy of the claim, the Head of Finance may at his/her discretion direct the examination of the claims and be provided with any explanations he/she may seek.
- D7.4 Officers should ensure that these arrangements and limits apply when travelling, subsistence or other allowances are paid through the Council's P-Cards. Payments made that are in excess of allowances will be deemed to be private expenditure and recovered from the officer concerned.
- D7.5 Officers should ensure that where required that they obtain receipts for travel and subsistence expenditure, and provide these details in support of the claims involved.
- D7.6 The Council will not pay or reimburse parking fines or other similar costs i.e. on the spot penalties, excess travel charges etc. that have been incurred by officers.

## **D8 MEMBERS ALLOWANCES**

- D8.1 Payments to Members of the Council (and to any co-opted persons) in respect of special and basic responsibility, financial loss, travel and subsistence allowances will be made under the direction of the Head of Finance. Claims must not exceed the amounts laid down from time to time by the Council and must be made on the prescribed form and at intervals, if any, laid down by the Council.
- D8.2 All claims submitted shall be properly certified by the Member concerned. The certification will be taken to mean that the Member has attended the meeting, conference or seminar for which the allowance is being claimed; that the meeting etc. was an approved duty under the Council's Scheme and that the period of absence from home was entirely for the purpose of the meeting etc., concerned. For claims for travel by motorcar on approved duties, the lower rate of car mileage will be paid unless the Member certifies that the use of the motorcar "resulted in a substantial saving of time". Where more than one Member attends the same conference or seminar etc., outside the Borough, wherever possible they should travel together.

## **D9 BANKING ARRANGEMENTS**

- D9.1 All receipts shall be paid into and all payments made out of the Council's Bank Accounts by or under the direction of the Head of Finance

- D9.2 All arrangements with the Council's Bankers under the Council's Banking Contract shall be made solely under the direction of the Head of Finance. He/she shall be authorised to open such accounts in the name of the Council and give directions as necessary for the making of payments on behalf of the Council and for the deposit of money received by the Council.
- D9.3 Authorisation for the direct debiting of the Council's bank accounts shall be given only under the personal signature of the Head of Finance or other officer authorised in writing by him/her.
- D9.4 All cheques shall be ordered only as directed by the Head of Finance who shall require proper arrangements to be made for their safe custody.
- D9.5 Cheques drawn on the Council's bank accounts shall bear the facsimile signature of the Head of Finance. Before issue, all cheques must have been subjected to a secondary independent scrutiny and endorsed as a valid payment by an officer authorised by the Head of Finance. For amounts of £10,000 and above, cheques shall also be initialled by the Head of Finance or other officer(s) authorised in writing by him/her. These arrangements apply to BACS and other electronic payments where appropriate.
- D9.6 At intervals determined by the Executive, the Head of Finance shall direct that competitive quotations be sought for the provision of banking services to the Council.

## **D10 INFORMATION TECHNOLOGY**

- D10.1 Chief Officers and Heads of Service must comply with the Council's Information Services Strategy and the Information Technology Security Policy.
- D10.2 Computerised systems which involve a financial operation or produce output that may influence the allocation of resources must conform to acceptable minimum standards of control as directed by the Head of Finance
- D10.3 Computerised systems which contain financial information which support or affect the accounts of the Council must be reconciled to the Council's main Financial Management System in accordance with instructions issued under the direction of the Head of Finance.
- D10.4 Heads of Service with systems that involve the operation of electronic ordering, receipting or financial record systems shall ensure that an appropriate system of internal control is in place.

## **D11 TAXATION**

- D11.1 The Head of Finance is responsible for ensuring that appropriate advice is available on all taxation issues that affect the authority.
- D11.2 The Head of Finance is responsible for ensuring the authorities tax records are maintained and that all tax payments are made, tax credits received, and tax returns submitted by their due date as appropriate.



- D11.3 Officers must ensure that the appropriate VAT liability is attached to all income due and that all VAT Recoverable on purchases complies with the legislation.
- D11.4 Officers must ensure that the VAT liability of activities, especially land and property transactions, have been approved by the Head of Finance prior to commencement.
- D11.5 Heads of Service must ensure that all persons employed by the authority are added to the authorities payroll and so are treated appropriately for taxation, unless the individuals are bona fide self employed or are employed by a recognised staff agency.
- D11.6 Officers must follow the advice issued by the Head of Finance on taxation matters.

## **D12 PETTY CASH ACCOUNTS**

- D12.1 The Head of Finance will direct the setting up of petty cash, cash floats and imprest accounts for officers and the determination of the individual amounts thereof and the purposes for which they may be used.
- D12.2 In all cases petty cash, cash floats and petty cash account books must be kept securely and be in a form approved by the Head of Finance All payments made out of petty cash shall be supported by properly authorised vouchers that have also been signed by the person receiving the money.
- D12.3 All officers holding petty cash accounts shall submit periodic claims for reimbursement as directed by the Head of Finance and vouchers shall support each claim.

## **D13 PROCUREMENT CARDS**

- D13.1 The Head of Finance is responsible for the issue of Procurement Cards to nominated members of staff and is responsible for providing instruction and guidance on the use of the Cards.
- D13.2 Officers should ensure that they comply with the guidance issued by the Head of Finance and ensure that they keep the Card and any associated codes safe at all times. Cardholders are not permitted to share or delegate the use of the card issued to them to any other person.
- D13.3 Officers should ensure that when using the Card in circumstances that are covered by official allowances, (subsistence, travel etc) that they are aware of the appropriate allowances and that card payments made in excess of these allowances will be recovered from the officer concerned.
- D13.4 Officers are required to obtain and retain receipts and VAT invoices for Card transactions.

## **D14 ELECTRONIC PROCUREMENT**

- D14.1 The arrangements for normal ordering of goods and services apply in the case of electronic procurement (including any purchases through the Internet). Such systems shall only be considered if they can ensure that there are appropriate access controls, security, accountability for transactions and audit trails of actions.
- D14.2 Heads of Service shall authorise nominated officers to operate the various aspects of electronic procurement in consultation with the Head of Finance
- D14.3 Heads of Service shall ensure that there are appropriate arrangements in their service to;
- D14.3.1 - create orders
  - D14.3.2 - authorise Orders (as required)
  - D14.3.3 - ensure that the order has been created against the correct cost code.
  - D14.3.4 - record the receipt of goods and match this to the order
  - D14.3.5 - match invoices to the Goods received note and order (as required)
  - D14.3.6 - separate duties so that no one officer can perform all aspects of procurement.
- D14.4 The approval of the Head of Finance is required prior to the introduction of new systems of electronic procurement or the operation of any changes to the systems of electronic procurement.
- D14.5 Where an approved electronic procurement system is in operation and the required controls have been operated in the Service, the requirements for the payments of accounts (Section D5) maybe modified.

## **D15 ANTI-MONEY LAUNDERING**

- D15.1 The Council is required to ensure that there are adequate controls to detect and prevent the Council handling the proceeds of crime. Where the officer is involved in a single or cumulative transaction of €15,000 (£13,000) or more from or to a third party they must;
- D15.1.1 Ensure that the third party produces satisfactory proof of identity
  - D15.1.2 If the third party identified acts or appears to act for another person then they must take reasonable measures to identify that person.
  - D15.1.3 Not proceed any further with the transactions if they are not satisfied with the identity.
- D15.2 In order to facilitate this no officer of the Council is permitted to receipt cash of a value of £10,000 or over for a single transaction or a series of related transactions.

- D15.3 In all cases where there is doubt about the identity, further action must not be taken without consulting the Head of Finance. It is important that the third party is not given any information concerning any suspicions.
- D15.4 The records relating the transaction must be retained as following;
  - D15.4.1 A copy of the Proof of identity
  - D15.4.2 Information about the source of evidence
  - D15.4.3 Information enabling the evidence to be re-obtained, if required.
  - D15.4.4 Details of the transaction between the Council and the third party.
  - D15.4.5 Retained for five years after the relationship ended or the date of the last transaction
- D15.5 Any officer who knows or has reasonable grounds for suspecting that a third party is engaged in money laundering through transactions with the Council, must inform the Head of Finance as soon as practicable. The Head of Finance will consider whether or not to disclose this to the Police and will record the reasons for that decision.

## **E EXTERNAL ARRANGEMENTS**

### **Why is it important?**

The importance of this area is in the local authority's distinctive leadership role for the community, bringing together contributions from the various stakeholders, maximising funding opportunities and achieving best value. This may involve the establishment of partnership arrangements, joint ventures and externally funded projects, and it is essential that the responsibilities, obligations and commitment attached to such arrangements are properly managed and accounted for.

### **E1 GENERAL**

E1.1 Unless specifically provided otherwise, Financial Procedure Rules apply in the event of the Council, the Executive, a Committee or Sub-Committee or Officer acting as agent for another local or public authority or company. They also apply where the Council acts as the Accountable Body under any partnership funding arrangements.

### **E2 EXTERNAL FUNDING**

E2.1 All applications or bids for grant or other external funding which include supporting contributions from the Council must be notified to and agreed in advance with the Head of Finance. This requirement relates to both cash contributions and any other Council contribution.

E2.2 All applications or bids for grant or other external funding which DO NOT include supporting contributions from the Council must be notified in advance with the Head of Finance.

E2.3 On notification of approval of a grant or other external funding to the Council, the relevant Head of Service must immediately notify the Head of Finance; supply him/her with a copy of the written approval, and inform him/her of the name of the officer designated to act as the Council's Responsible Officer for this funding.

E2.4 The Responsible Officer shall prepare claims for grant assistance or other external funding promptly and in accordance with the criteria for claiming the grant or funding, and submit grant claim forms for authorisation and signature by the Head of Finance. The Responsible Officer shall ensure that the authorised and signed claim form is received by the grant or external funding body by the specified date.

E2.5 The Responsible Officer shall ensure that proper accounting arrangements and prime records are maintained for the purposes of audit by the Council, the Council's external auditors and the grant or external funding body.

E2.6 The Head of Finance must be informed before the Council acts as an accountable body for external funding or assumes financial responsibility on behalf of third parties for funding. The Responsible Officer shall ensure that there are appropriate arrangements to minimise the risk to the Council, such as standards of internal control,

auditing arrangements, monitoring and reporting.

### **E3 PARTNERSHIP**

- E3.1 Where necessary partners should be aware of their responsibilities under the Council's Financial Procedure Rules and Standing Orders for Contracts.
- E3.2 Project/Partnership Managers should ensure that risk management processes are in place to identify and assess all known risks.
- E3.3 Any Partnerships or project shall be appropriately appraised to assess the viability of the project in terms of resources, staffing and expertise.
- E3.4 All the partners, including the Council, should agree and accept the roles and responsibilities involved in the partnership or project, before the partnership or project commences.
- E3.5 Regular communication should be undertaken with other partners during the partnership or project to ensure problem identification and sharing.
- E3.6 The Head of Finance must be consulted to advise on effective controls, scheme appraisal for financial viability, risk appraisal and management, resourcing (including taxation), audit security and control requirements.
- E3.7 The project/partnership manager shall provide appropriate information to the Head of Finance to enable appropriate accounting arrangements can be made and records made in the Council's Statement of Accounts.
- E3.8 Partnership or Project management is responsible for ensuring appropriate governance arrangements are in place for the project or partnership. The governance arrangements should ensure that there is;
  - E3.8.1 A clear statement of the partnership principles and objectives (for example a contract, constitution etc)
  - E3.8.2 Clarity on each partner's role within the partnership
  - E3.8.3 Definition of the roles of partnership board members (or other management arrangements)
  - E3.8.4 Line management responsibilities for staff that support the partnership.
  - E3.8.5 A statement of funding sources for joint projects and clear accountability for proper financial administration.
  - E3.8.6 A protocol for dispute resolution within the partnerships (for example escalation and appeal processes).
  - E3.8.7 A clear legal status for the partnership
  - E3.8.8 Clarity on the ability of partners' representatives to bind their organisation to partner decisions.

#### **E4 WORK FOR THIRD PARTIES**

- E4.1 Any new areas of work for third parties shall be appropriately estimated and charged for after consultation with the Head of Finance
- E4.2 Appropriate information shall be provided to the Head of Finance to ensure that accounting and financial reporting arrangements are maintained.

#### **E5 FRONT FUNDING**

- E5.1 The Head of Finance must approve any instances where the authority is requested to front fund an external body. He will determine the information and arrangements that are required to support this arrangement.
- E5.2 Officers must ensure that there are appropriate controls in place to ensure proper use of the funds by the external body, and that this does not expose the Council to undue risk.

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