
Financial Regulations

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SECTION 1 – INTRODUCTION

BACKGROUND

- 1.1 The Council is required by section 151 of the Local Government Act 1972, the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 to make and maintain proper arrangements for the administration of its financial affairs.
- 1.2 For the purposes of section 151 of the Local Government Act 1972 the Council is required to nominate an officer of the Council to undertake this function.
- 1.3 The Director of Resources has been nominated as the responsible officer and has legal responsibility for the proper administration of the Council's financial affairs and shall act as financial adviser to the Council. The Director of Resources will nominate a deputy to act in this capacity in his absence and will keep a written record of such nominations.
- 1.4 The Director of Resources is also the responsible officer under section 114 of the Local Government Act 1988 (see Paragraph 2.9).
- 1.5 In addition, the Section 151 officer, the Director of Resources, is under a duty to report to the Council if it appears the expenditure of the authority (including expenditure it proposes to incur) in a financial year is likely to exceed the resources available to meet that expenditure.

STATUS OF FINANCIAL REGULATIONS

- 1.6 Financial Regulations provide the framework for managing the Council's financial affairs. They apply to every member and officer of the Council and anyone acting on its behalf.
- 1.7 The regulations identify the financial responsibilities of the Council, the Council Executive, the Scrutiny Committee, the Audit Committee, the Director of Resources, the Monitoring Officer, the Head of Paid Service and other Directors or Chief Officers. Council Executive Members, the Head of Paid Service and other Directors or Chief Officers should maintain a written record where decision making has been delegated or devolved to other responsible officers, copies of which should be lodged with the Democratic Services Manager. Where decisions have been delegated or devolved then references in the Regulations should be read as referring to those other responsible officers.
- 1.8 All members and officers have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.
- 1.9 The Financial Regulations should be read in conjunction with other sections of the Council's Constitution, particularly in relation to ordering of goods and services and letting of contracts.

- 1.10 No action may be taken which is contrary to the Financial Regulations. Any disagreement arising over the interpretation, intention or application of the financial regulations shall be determined by the Director of Resources.
- 1.11 Any failure to comply with these Financial Regulations must be immediately reported to the Director of Resources, who will decide, in conjunction with the Monitoring Officer, what further action, if any, needs to be taken. This may include, where appropriate, reporting breaches of the Regulations to the Council and/or the Council Executive.
- 1.12 The Director of Resources is responsible for maintaining a continuous review of these Regulations and submitting any additions or changes to the Council for approval.

SECTION 2 – FINANCIAL MANAGEMENT RESPONSIBILITIES

ROLES AND RESPONSIBILITIES

2.1 The roles and responsibilities of members and officers in respect of Financial Regulations should be read in conjunction with the Constitution which details other specific responsibilities.

2.2 The Council

The Council is responsible for:

- (a) the adoption and revision of Financial Regulations;
- (b) the determination of the Council's policy framework and the annual revenue budget and capital programme within which the Council Executive operates.

2.3 The Council Executive

The Council Executive is responsible for managing the Council's financial resources, proposing the revenue budget and capital programme to the Council and discharging executive functions in accordance with the policy framework, revenue budget and capital programme.

2.4 Lead Member for Resources

The Lead Member for Resources is responsible for ensuring that adequate arrangements are in place for reviewing the adequacy and efficiency of all matters relating to the financial administration of the Council.

2.5 Other Lead Members

Lead Members are responsible for:

- (a) reviewing policies for the financial administration of the services covered by their portfolio including the administration of revenue budgets and the capital programme;
- (b) monitoring the financial performance of services within their portfolio.

2.6 Scrutiny Committee and Audit Committee

- (a) The Scrutiny Committee is responsible for scrutinising the actions of the Council Executive to ensure they accord with the policies and budgets of the Council;
- (b) The Audit Committee is jointly responsible with the General Purposes Committee for maintaining an overview of the constitution and has particular responsibility for contract procedure rules and financial regulations. In addition, in relation to the annual statement of accounts, the Audit Committee is responsible for:

- (i) overseeing the production of and approval of the Council's Annual Governance Statement (AGS); and
- (ii) reviewing and approving the Annual Statement of Accounts and specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

2.7 The Monitoring Officer

The Monitoring Officer is responsible for promoting and maintaining high standards of financial conduct.

2.8 Section 151 Officer

For the purposes of the Accounts and Audit Regulations, the Director of Resources is the "Responsible Financial Officer of the Council" (the Section 151 Officer) and has overall responsibility for the financial affairs of the Council.

2.9 Director of Resources

The Director of Resources is responsible for:

- (a) making arrangements for the proper planning, administration and monitoring of the financial affairs of the Council in accordance with section 151 of the Local Government Act 1972;
- (b) reporting to the Council if he/she considers the full Council, the Council Executive or an officer has made or is about to:
 - (i) make a decision involving expenditure or a loss which is or would be unlawful (section 114, Local Government Finance Act 1988);
 - (ii) take an unlawful action which has resulted in or would result in a loss or deficiency to the Council; or
 - (iii) make an unlawful entry in the Council's accounts.
- (c) reviewing and making recommendations as to the financial limits set out in these Financial Regulations not less than annually in advance of the year to which they relate;
- (d) making arrangements so that Financial Regulations are brought to the attention of officers likely to be involved in financial matters;
- (e) making arrangements to ensure that Financial Regulations are reviewed annually;
- (f) maintaining an adequate and effective system of internal audit and control as required under the Accounts and Audit Regulations 2015;
- (g) Selecting accounting policies and ensuring that they are applied consistently and determining accounting procedures and records, thereby contributing to the Council discharging its responsibilities for stewardship of public resources and securing continuous improvement;

- (h) ensuring that the Annual Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and all relevant financial standards.
- (i) ensuring that the general requirements for accounts and audit, including the appointment of a local auditor are met in accordance with the Local Audit and Accountability Act 2014

2.10 Directors/Chief Officers

The remaining Directors/Chief Officers of the authority consist of the Chief Executive (Head of Paid Service), the Director of Operational Services and the Director of Community Services and they are responsible for:

- (a) the financial management of the services under their control in accordance with the provisions of these Financial Regulations and such other instructions and guidance as may, from time to time, be issued by the Director of Resources;
- (b) ensuring that all staff in their services are aware of the existence and content of these Regulations and other internal regulatory documents and that they comply with them;
- (c) ensuring staff have adequate access to the Regulations for reference;
- (d) the timely provision of such information on the financial affairs of their services as the Director of Resources may request;
- (e) ensuring consultation with other services on financial implications of cost cutting issues.

2.11 The Chief Executive and Directors/Chief Officers may make arrangements for carrying out their responsibilities by written schemes of delegation of specific responsibilities to individually identified posts.

SECTION 3 – FINANCIAL PLANNING

INTRODUCTION

- 3.1 The full Council is responsible for agreeing the authority's policy framework and budget which will be proposed by the Council Executive. In terms of financial planning, the key elements are:
- the Corporate Plan
 - the Medium Term Financial Forecast
 - the Budget
 - the Capital Programme
 - the Asset Management Plan
 - the Directorate Service Plans
- 3.2 The Head of Paid Service is responsible for proposing the Corporate Plan to the Council Executive for consideration before its submission to the full Council for approval.

MEDIUM TERM FINANCIAL PLANNING

- 3.3 The Director of Resources, at least annually, shall submit to the Council Executive a medium term financial forecast which will set out for the following three years:
- (a) a revised forecast of revenue expenditure and income, taking into account the Council's current policies;
 - (b) any financial implications arising from the corporate plan and service plans;
 - (c) revenue implications of the uncommitted capital programme;
 - (d) any other reasonably anticipated expenditure requirements;
 - (e) a forecast of Business Rate Income together with any Central Government support;
 - (f) a Council Tax forecast;
 - (g) a statement of anticipated capital resources;
 - (h) a statement of reserves, provisions and balances.
- 3.4 The Council Executive, in preparation for budget making, shall submit to Council a budget strategy which will include a medium term revenue and capital forecast taking account of known or anticipated factors which may influence the Council's position.
- 3.5 Directors will provide the Director of Resources with appropriate information, as requested, in order to prepare the medium term financial forecast.

PREPARATION OF REVENUE BUDGET AND CAPITAL PROGRAMME

3.6 This section should be read in conjunction with Part 4E of the Constitution and 3.3 - 3.5 of these Financial Regulations.

Preparation of Revenue Budget

3.7 The Director of Resources will:

- (a) submit a budget strategy and timetable to the Council Executive. The budget strategy will take account of the Council's medium term financial forecast (see 3.3 - 3.5 above);
- (b) determine the format of revenue estimates, the method for their preparation and the format for presentation to the Council Executive;
- (c) prepare and submit reports to the Council Executive setting out aggregate spending plans, options for growth and savings in line with the budget strategy, the availability of resources and the implications for the level of Council Tax to be levied;
- (d) advise on the medium term spending proposals in terms of both expenditure projections and Council Tax implications in accordance with the Prudential Code on Capital Expenditure (see 3.45 - 3.46);
- (e) advise on the revenue impact of revenue schemes included within the capital programme.

3.8 Directors/Chief Officers will:

- (a) prepare detailed draft budgets of income and expenditure in accordance with the budget strategy and timetable and in a format prescribed by the Director of Resources;
- (b) in preparing draft budgets Directors/Chief Officers will have regard to such matters as spending patterns and pressures, legal requirements and ensure that any proposed expenditure is appropriate to the aims, policies and objectives of the Council;
- (c) review fees and charges levied for Council services and make appropriate recommendations to the Council Executive. All fees and charges must be reviewed at least annually in line with the budget strategy.
- (d) as appropriate, consult with other Directors/Chief Officers to determine the likely implications of cross cutting initiatives and ensure any spending implications are reflected in draft revenue budgets and capital programme;
- (e) ensure the Director of Resources is provided with appropriate explanations of any significant changes in spending.

Preparation of Capital Programme

- 3.9 New capital scheme bids should be in line with the Council's Corporate and Capital Asset Management Plans.
- 3.10 All new capital bids considered as part of the annual budget setting process will require the submission of a project justification in a format prescribed by the Director of Resources which will be considered in the first instance by the Capital and Asset Management Group.
- 3.11 The Director of Resources will submit to the Council Executive details of all new capital bids together with project justifications, drawn up by the relevant Director/Chief Officer and approved by the Capital and Asset Management Group, together with any associated revenue implications.
- 3.12 The Council Executive will recommend to Council new capital schemes which, if approved, will become part of the capital programme.
- 3.13 Where a capital scheme is included within the capital programme the revenue implications of that scheme will be incorporated within the revenue budget.
- 3.14 Directors/Chief Officers may incur expenditure on preliminary planning of a capital scheme provided that the scheme has been approved as part of the capital programme.
- 3.15 Inclusion of a capital scheme within the capital programme will authorise the relevant Director/Chief Officer to seek quotations or tenders to undertake the work in accordance with Contract Procedure Rules and Financial Regulations.
- 3.16 Where the estimated cost of a capital scheme - either prior to or following tender - is in excess of the capital programme provision, the relevant Director/Chief Officer will report to the Council Executive identifying the current estimated cost and the reasons for the excess over provision and possible courses of action. The Director of Resources will report to the Council Executive on options in respect of funding the additional cost and implications thereof.
- 3.17 When approving the capital programme, the Council Executive may place a requirement for a report to be made to the Council Executive prior to tenders being sought in respect of specific schemes. This report may require the relevant Director/Chief Officer to report on the total capital and revenue costs, funding sources and any other details required by the Council Executive.
- 3.18 Directors/Chief Officers are responsible for the control of expenditure in respect of specific schemes within the capital programme and shall report every three months to the relevant Lead Member on progress on capital schemes.
- 3.19 The Director of Resources will report every three months to the Council Executive setting out a consolidated report on expenditure against the approved capital programme.

MONITORING AND CONTROL OF THE REVENUE BUDGET AND CAPITAL PROGRAMME

Explanatory Note:

- Expenditure and Income are controlled separately.
- Revenue expenditure is defined as running costs, including employee costs, premises costs and supplies and services.
- Capital expenditure is spending on the acquisition or enhancement of assets or extending their useful life, e.g. purchase of land and construction of a property.
- Revenue income arises from fees, charges, rent, sales and revenue grants.
- Capital income arises from the disposal of assets (known as capital receipts) or as capital grants.
- The purpose of virement is to enable budget management. It is not intended to finance new policy initiatives.

Monitoring and Control of Revenue Budgets

3.20 Directors/Chief Officers are responsible for containing expenditure within, approved budgets, achieving income targets and providing the Director of Resources with relevant information in respect of monitoring performance. An increase in income cannot automatically be used to offset increased expenditure.

3.21 Directors/Chief Officers must report to the Director of Resources and the relevant Lead Member as soon as it is apparent that any budget head is likely to have a significant variance from the approved budget by the end of the financial year. Directors/Chief Officers should also report to the Director of Resources on how they intend to ensure any variance is minimised.

For the purposes of this paragraph, a "significant variance" is one of £10,000 or 5%, whichever is the greater, or any variance exceeding £25,000. Budget Heads are the Expenditure and Income totals of cost centres.

3.22 Directors/Chief Officers may delegate budget management to other officers and must notify the Director of Resources of any change in budget management responsibility.

3.23 All budgets are set on a cash limited basis and may only be varied by means of a supplementary estimate or virement as set out at paragraphs 3.29 - 3.32.

3.24 Directors/Chief Officers shall not incur any liability or commitment which would cause expenditure to exceed an approved budget head unless this is to be met by way of a supplementary estimate or virement and approval to such is obtained in advance of any commitment.

3.25 Any proposal which, if approved, would lead to expenditure commitments not provided for within the approved revenue budget heads, as supplemented or increased by virement, shall be subject of a report to the Council Executive. This report shall detail all the financial consequences of the proposal together with options for funding the additional commitment in current and in future years.

- 3.26 The Director of Resources shall report to Council Executive, at least quarterly, setting out:
- (a) a corporate budgetary control statement which will include a year end forecast of net expenditure;
 - (b) any areas of variance and action to be taken to ensure spending is maintained within budget;
 - (c) any significant risks which may impact on the revenue budget.
- 3.27 Directors/Chief Officers will provide the Director of Resources with appropriate information, as requested, in order to prepare the budgetary control report.
- 3.28 The Director of Resources shall report as soon as practical to the Council Executive and the Audit Committee on the net outturn position for the previous financial year. The report shall highlight any significant variances together with appropriate explanations.

Revenue Virement

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

- 3.29 Virement within the approved revenue budget shall only be allowed where it does not involve an increasing commitment in future years. Any proposal which does involve an increasing commitment must be determined by Council.
- 3.30 The following levels of virement should be adhered to:
- (a) **Level 1** - Directors/Chief Officers may vire budgets between subjective headings within cost centres without financial limit provided it does not permanently change the structure of the budget, but any virement from non staff to staff budget needs the prior consent of the Director for Resources and this will not ordinarily be agreed to finance permanent increases in staff establishments.
 - (b) **Level 2** – Directors/Chief Officers, in conjunction with the Director for Resources and Chief Executive, may authorise virement of up to £15,000 or 5% of the cost centre, subject to a maximum of £40,000 between cost centres within that Chief Officer’s budget responsibility. Directors or Chief Officers should immediately notify the Director for Resources of the intention to seek such virement.
 - (c) **Level 3** – After due consultation with, and the consent of, the Chief Executive and relevant Lead Members, the Director for Resources may authorise virement of up to £75,000 within or between Lead Member Portfolios.
 - (d) **Level 4** – The Council Executive may authorise virement of between £75,000 and £500,000 following a written report by the relevant Chief Officer and the Director for Resources.

- (e) **Level 5** – The Council shall determine any requests which fall outside these criteria.

Note:

- Directors/Chief Officers may delegate the authority to vire under level 1 above to appropriate spending managers. All such delegations should be notified in advance of the financial year to the Director for Resources who will keep a written record. Any changes during the year must also be notified.
- If more than one virement affecting a budget head is made during a financial year, the limit in levels 2, 3 and 4 shall apply to the cumulative value of the virements for the budget head in question.
- These limits are to be applied per individual service expenditure line

Supplementary Estimates

- 3.31 Where a proposed financial commitment cannot be met from offsetting savings or increased income arising from the proposal, a request for a supplementary estimate shall be submitted to Council.
- 3.32 The report, prepared by the Director of Resources in conjunction with the relevant Directors/Chief Officers, shall detail the reasons for the additional financial commitment and will include an appraisal of the impact of awarding the supplementary estimate on the current and future financial position of the Council.

Monitoring and Control of Capital Programme and Capital Virement

- 3.33 Directors/Chief Officers are responsible for containing capital spending within the approved capital programme and for providing the Director of Resources with relevant information in respect of monitoring performance.

As set out at paragraph 3.18, Directors/Chief Officers shall report to the Lead Member every three months on progress on capital schemes.

- 3.34 As set out at paragraph 3.19, the Director of Resources shall report every three months to the Council Executive a consolidated report in respect of expenditure against the approved capital programme.
- 3.35 Virement within the capital programme shall only be allowed where it is within the overall policy framework of the Council and does not result in an increasing commitment in future years which cannot be contained within the existing capital programme.
- 3.36 The Director of Resources, in consultation with the Chief Executive and relevant Lead Member(s), is authorised to approve capital virement requests of up to £60,000. There should not be more than one virement per scheme.
- 3.37 The Council Executive may authorise virement requests of up to £250,000 following a written report from the relevant Director/Chief Officer and the Director of Resources.

- 3.38 The Council shall determine any virement requests which are outside these criteria in 3.35, 3.36 and 3.37.
- 3.39 The application of, or virements from revenue and capital contingency over the prescribed limits, will take place only following agreement of the Council Executive.

Emergency Situations

- 3.40 Notwithstanding paragraphs 3.20 to 3.39, in the event of an emergency, the Chief Executive is authorised to incur expenditure which is not budgeted for but is necessary as a result of the emergency, without prior virement, or supplementations subject to consultation with the Leader/Deputy Leader. The expenditure must not exceed £100,000. The Chief Executive will, in such cases, report this action to the Council Executive as soon as possible.

In the absence or non availability of the Chief Executive, this power may be exercised by the Director of Resources, or other officer authorised in writing by the Chief Executive.

Year-end Balances

- 3.41 The carry forward of under spent budgets at the end of a financial year will only be allowed in accordance with guidelines issued by the Director of Resources. These guidelines will set out specific rules and limits which Directors/Chief Officers must follow. The Director of Resources will report the amounts carried forward to Members via the actual outturn reporting process.

ACCOUNTING POLICIES

(1) Maintenance of Reserves and Balances

- 3.42 As Section 151 Officer, the Director of Resources shall report to the Council Executive as part of the annual budget process, setting out a review of the level and appropriateness of the Council's reserves and balances.
- 3.43 The annual report will result from a risk management review of the Council's reserves and balances in accordance with guidance issued by CIPFA and other bodies.
- 3.44 In advising the Council Executive on the level and appropriateness of the Council's reserves and balances, the Director of Resources shall take account of any advice from the Council's external auditors.

(2) Prudential Code on Capital Expenditure

- 3.45 The Director of Resources shall ensure that the requirements of the Prudential Code on Capital Expenditure are followed.
- 3.46 In particular, the Director of Resources will ensure:
- (a) that prudential indicators are approved by the Council before the forthcoming budget year and are part of the Council's Treasury Management Strategy;
 - (b) regular reporting to the Council Executive and the Audit Committee which will monitor the key measures of affordability and sustainability;
 - (c) when making capital investment decisions, the Council is aware of the financial impact on levels of Council Tax to be levied;
 - (d) as part of the budget process, the Council approves its Authorised External Debt Limit and its Operational Boundary for External Debt;
 - (e) a report is submitted to Council if it appears the prudential indicators have or could be breached.

(3) Other Accounting Policies

- 3.47 The Director of Resources is responsible for the preparation of the authority's statement of accounts for each financial year ending 31 March.
- 3.48 The key controls for accounting policies are:
- (a) systems of internal control are in place to ensure that financial transactions are lawful;
 - (b) suitable accounting policies are selected and applied consistently;
 - (c) proper accounting records are maintained;

- (d) financial statements are prepared which give a true and fair view of the financial position of the authority and its expenditure and income.

3.49 The Director of Resources is responsible for selecting suitable accounting policies and ensuring that they are applied consistently.

3.50 Directors/Chief Officers are responsible for adhering to the accounting policies and guidelines approved by the Director of Resources.

ACCOUNTING RECORDS AND RETURNS

3.51 Maintaining proper accounting records is one of the ways in which the authority discharges its responsibility for the stewardship of public resources. The key controls for accounting records and returns are:

- (a) all of the authority's transactions, commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis;
- (b) procedures are in place to enable accounting records to be reconstituted in the event of systems failure;
- (c) reconciliation procedures are carried out to ensure transactions are correctly recorded;
- (d) prime documents are retained in accordance with legislative and other requirements.

3.52 The Director of Resources is responsible for:

- (a) determining the accounting procedures and records for the authority;
- (b) arranging for the compilation of all accounts and accounting records;
- (c) ensuring the proper retention of financial documents;

3.53 Directors/Chief Officers must:

- (a) consult and obtain the approval of the Director of Resources before making any changes to accounting records and procedures;
- (b) maintain adequate records to provide a management trail leading from the source of income or expenditure through to the accounting statements;
- (c) supply information required to enable the statement of accounts to be completed in accordance with guidelines issued by the Director of Resources.

3.54 Original documents or suitable copies which relate to financial transactions shall be kept for the period specified in legislation or according to the requirements of interested bodies and in line with the authority's Document Retention Policy. Where such requirements do not exist a minimum of 3 years will be the standard period of retention, unless approval is obtained from the Director of Resources.

ANNUAL STATEMENT OF ACCOUNTS

3.55 The authority has a statutory responsibility to prepare an annual statement of accounts to be approved by the Audit Committee. The key controls for this are:

- (a) the Director of Resources is required to make arrangements for the proper administration of its financial affairs;
- (b) the statement of accounts must be prepared in accordance with proper practices as set out in the format required by the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (the SORP) (CIPFA/LASAAC);
- (c) the Audit Committee will review and approve the audited annual statement of accounts, having considered whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

3.56 The Director of Resources is responsible for:

- (a) complying with the requirements of the SORP;
- (b) selecting suitable accounting policies and applying them consistently;
- (c) making judgements and estimates that are reasonable and prudent;
- (d) signing and dating the draft statement of accounts by 30 June after the financial year end (or in line with any revised statutory deadlines), stating that it gives a true and fair view of the financial position of the authority and the income and expenditure for the year in question;
- (e) making proper arrangements for the audit of the accounts;
- (f) preparing and publishing the audited accounts of the authority in accordance with the statutory timetable and the requirement for the Audit Committee to approve them before 30 September after the year end (or in line with any revised statutory deadlines)

SECTION 4 – RISK MANAGEMENT AND CONTROL OF RESOURCES

INTRODUCTION

- 4.1 A robust and consistent risk management approach is essential for identifying and evaluating all significant strategic and operational risks to the council and requires the proactive participation of all those associated with planning and delivering of services. This also helps to secure the assets of the council and ensure its continued financial and organisational well-being.

RISK MANAGEMENT

- 4.2 The Director of Resources is responsible for reporting on the effectiveness of risk management to the Council Executive, who in turn shall recommend for approval by Council a risk management policy statement and strategy.
- 4.3 The Director of Resources is responsible for preparing the authority's risk management policy statement and for promoting it throughout the authority.
- 4.4 Directors/Chief Officers will routinely undertake reviews (at least monthly) of risks within their service and notify the Director for Resources immediately of the full details of any loss, liability or damage that may lead to a claim against the Council and of all new risks, property and vehicles that require insurance.

INSURANCE

- 4.5 The Director of Resources is responsible for insurance arrangements and advising the Council Executive on proper insurance cover where appropriate. The Director of Resources will obtain corporate insurance cover and negotiate all claims in consultation with other officers as required and will arrange suitable fidelity guarantee insurance in respect of all employees.
- 4.6 Directors/Chief Officers will ensure that the Director of Resources has prompt access to all records and documents and receive from any Council officer, agents or contractors such information and explanations as may be necessary during the conduct of any insurance claim.

INTERNAL CONTROL

- 4.7 Internal control refers to the systems of control devised by management to help ensure the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.
- 4.8 The Director of Resources is responsible for advising on effective systems and internal control. These arrangements need to ensure compliance with all applicable statutes and

regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically and efficiently.

- 4.9 It is the responsibility of Directors/Chief Officers to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.
- 4.10 Directors/Chief Officers are responsible for ensuring that the duties of providing information regarding any sums of money due to or from the Council and of calculating, checking and recording amounts shall be separated as completely as possible.

INTERNAL AUDIT

- 4.11 As prescribed in Regulation 5 of the Accounts and Audit Regulations the Council must “undertake an 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.”
- 4.12 The Internal Audit Manager shall be responsible for the operation of the internal audit function, arranged in consultation with the Director of Resources, as the Council’s Section 151 Officer, covering financial and all other operations of the Council. The Internal Audit Manager shall periodically report to the Section 151 Officer on progress made concerning audits, reviews and special investigations.
- 4.13 In order to fulfil his duties under section 151 of the Local Government Finance Act, the Director of Resources or his authorised representative, the Internal Audit Manager, shall have authority for the purpose of the Internal Audit function to access at all times such documents, assets, records and premises of the Council which appear to him/her to be necessary for the purpose of the audit and shall be entitled to require from any officer of the Council such information and explanation as he/she thinks necessary for that purpose.
- 4.14 The Director of Resources shall be entitled to withhold audit clearance on any payment until provided with a satisfactory explanation.
- 4.15 The Director of Resources shall be required to report to the Council Executive on all cases where he/she is unable to agree audit clearance, except in cases deemed to be an illegality where the Monitoring Officer shall determine the course of action to be pursued. The relevant Director shall be kept informed of the progress and result of any such cases arising.
- 4.16 It is the responsibility of internal audit independently to review, appraise and report on:
- (a) the soundness, adequacy and application of internal controls;
 - (b) the extent to which the Council’s assets and interests are accounted for and safeguarded from losses of all kinds arising from:
 - (i) fraud and other offences;

- (ii) waste, extravagance and inefficient administration, poor value for money and other cause;
- (c) the suitability and reliability of financial and other management data developed within the organisation.

4.17 Internal audit work shall be carried out with due regard to all relevant professional standards and, under the requirements of the Public Sector Internal Audit Standards,, there is a requirement for the Council's Internal Audit function to report to Members. This requirement is satisfied through the Council's Audit Committee and reports must be submitted to this committee in accordance with its terms of reference.

The Audit Committee works to terms of reference agreed by the Council and include:

- Consideration of the annual audit plans of the External Auditor and the Internal Auditor
- Consideration of the annual reports from the External Auditor and from the Internal Auditor
- Monitoring of Internal Audit performance through routine progress reports on Internal Audit performance against the annual plan and consideration of audits completed during the period and the findings therein.
- Monitoring of management responses to both Internal and External Audit recommendations
- Review and approval of the authority's Annual Audited Statement of Accounts and Annual Governance Statement
- Consideration of any other matters which, in the view of the Chief Executive, the Section 151 Officer, the Monitoring Officer, Directors, the Internal Audit Manager or the External Audit Manager, are required to be brought to the attention of Members.

4.18 All financial stationery and any other documents representing money or monies worth shall be ordered, controlled and issued by each Director, following consultation with the Internal Audit Manager. All receipts and issues of such documents shall be properly recorded.

EXTERNAL AUDIT

4.19 The Council's accounts are scrutinised by external auditors, who must be satisfied that the statement of accounts gives a true and fair view of the financial position of the Council and its income and expenditure for the year in question and complies with the legal requirements.

4.20 All employees shall ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work.

4.21 The Director of Resources shall ensure that there is effective liaison between external and internal audit and advise the Council, the Council Executive and service managers on their responsibilities in relation to external audit.

4.22 The authority may from time to time be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

4.23 The Financial Regulations 4.11 - 4.22 above shall be complementary to and not diminish each Director's responsibility to take adequate measures to safeguard the Council's cash, stores and other property.

IRREGULARITIES/PREVENTING FRAUD AND CORRUPTION

4.24 Responsibility for the prevention and detection of fraud and corruption rests with all members and officers of the Council.

4.25 The Director of Resources shall be responsible for:

- (a) the development and review of an Anti Fraud, Theft and Corruption Strategy;
- (b) making arrangements to maintain adequate and effective internal control;
- (c) ensuring procedures are in place to facilitate the reporting of concerns regarding money laundering.

4.26 Directors or Chief Officers shall ensure that all officers within their respective service areas are aware of the Council's:

- (a) Anti Fraud, Theft and Corruption Strategy.
- (b) Confidential Reporting Policy (whistle-blowing procedure).
- (c) Anti-Money Laundering Policy.
- (d) Employee Code of Conduct.

4.27 All employees shall inform their line manager immediately if any matter arises which involves or is thought to involve irregularities concerning cash, stores, income, expenditure, assets and liabilities or other property including data of the Council or any suspected irregularity in the exercise of the functions of the Council. The line manager concerned shall without delay consult the relevant Director/Chief Officer, who will take such steps as considered necessary, and immediately inform the Director of Resources, or his authorised representative the Internal Audit Manager. The Director of Resources will determine what further information is required, whether an investigation should be undertaken and, if so, the conduct of that investigation (disciplinary action may also be taken).

4.28 As an alternative to 4.27 above, employees may raise concerns under the umbrella of the Confidential Reporting Policy (whistle-blowing procedure). The 'How to Raise a Concern' section of the policy sets out the reporting options available.

4.29 Where fraud, bribery, corruption, theft or major irregularity is suspected, the Director of Resources may remove and provide safe custody for books, records, vouchers and other materials where they are to be used as evidence in an investigation, or to enable an investigation to be undertaken.

4.30 Where, upon investigation, the Director of Resources believes that reasonable grounds exist for suspecting that a loss may have occurred as a result of misappropriation, irregular expenditure, fraud, bribery or corruption, he/she will, in line with the criteria laid down in the Anti Fraud, Theft and Corruption Strategy, consider whether the circumstances require further investigation by the Police.

TREASURY MANAGEMENT

4.31 The Director of Resources shall ensure that:

- (a) The Council creates and maintains, as the cornerstones for effective treasury management:
 - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
 - suitable Treasury Management Policies (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives.
- (b) The Council receives reports on its TMP practices and activities, including as a minimum, an annual strategy and plan in advance of the year, a mid year review and an annual report after its close, in the form prescribed in its TMPs.
- (c) The Council delegates responsibility for the implementation and monitoring of its TMPs and practices to the Council Executive and for the execution and administration of treasury management decisions to the Director of Resources who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
- (d) The Council's Audit Committee will be responsible for ensuring effective scrutiny of the Treasury Management Strategy and Policies.

BANKING

- 4.32 The Director of Resources shall maintain and operate such bank accounts as considered necessary.
- 4.33 No bank account shall be opened or closed except with the prior approval of the Director of Resources.
- 4.34 Cheques shall be ordered only on the authority of the Director of Resources, who shall make proper arrangements for their safe custody.
- 4.35 Cheques drawn on the Council's bank accounts shall bear the signature of the Director of Resources (either facsimile or manuscript) or be signed by another officer authorised to do so. Additional signatures may be required as determined by the agreement with the bank. The Director of Resources will keep a list of authorised signatories.
- 4.36 The Director of Resources shall approve appropriate procedures for payments made, or income received, via electronic transfer.

4.37 The Director of Resources shall review the terms and conditions of the banking agreement in relation to those available from other banks, at the time of each renewal of the agreement.

PETTY CASH AND FLOAT ACCOUNTS

4.38 The Director of Resources shall be authorised to provide employees with imprest advances.

4.39 The Director of Resources shall prescribe the rules and issue guidance as to the operation and management of these accounts.

4.40 Directors/Chief Officers shall ensure that:

- (a) a record of all transactions and petty cash advances on each account is accurately and promptly maintained on an imprest system.
- (b) petty cash accounts shall only be used for minor and irregular items of expenditure, not exceeding £50 except with the prior agreement of the Director of Resources, or other officer designated by him/her. All payments shall be supported by a receipted voucher to the extent that the Director of Resources may require and in particular to enable the recovery of Value Added Tax.
- (c) such accounts must not be used for depositing income collected, the payment of employee expenses or for employees personal expenditure. Imprest monies are not to be used to cash personal cheques or make personal loans.
- (d) the officer responsible for an account shall make adequate provision for the security of the cash and accounting records.
- (e) on leaving the employment of the Council or otherwise ceasing to hold an imprest advance, the officer responsible shall account to the Director of Resources, or other officer designated by him/her, for the amounts advanced and payments made.
- (f) the officer responsible shall produce upon demand, all cash and vouchers to the total value of the imprest amount and provide the Director of Resources with a certificate of the value of the account held at 31 March each year.

ASSETS

4.41 Directors/Chief Officers or other relevant officer(s) concerned shall prepare and keep up to date an asset register in a form approved by the Director of Resources, in which shall be recorded an adequate description of all land, buildings, moveable plant and machinery, vehicles, furniture, fittings and equipment belonging to the Council, where the current valuation (for properties) or the acquisition cost (for other assets) is greater than the following de-minimis levels:

- (a) Land and Buildings - £10,000

(b) Vehicles, Plant & Machinery and Other Equipment - £3,500

- 4.42 Directors/Chief Officers concerned shall arrange for a review of their asset register each financial year as arranged with the Director of Resources, and shall forward to the Director of Resources, details of all relevant items acquired or disposed of since the last review, in a format and to a time scale approved by the Director of Resources. Any discrepancy shall be dealt with in consultation with the Director of Resources. Items appearing in the asset register shall, as far as practicable, be effectively marked as Council property.
- 4.43 The Director of Resources will ensure that fixed assets are reviewed annually to assess any impairment that may have taken place.
- 4.44 Directors/Chief Officers shall pay particular attention to their ICT assets and ensure that all ICT hardware held in their respective departments is accounted for and is recorded in the relevant database held for such purposes by the Head of Personnel and ICT. All movements in such assets shall be immediately notified, at the time of acquisition or disposal, to the Head of Personnel and ICT. Reconciliation of these assets with the relevant ICT database shall take place at least every six calendar months.

INVENTORIES

- 4.45 Directors/Chief Officers shall ensure that responsible officer(s) are nominated to maintain inventories.
- 4.46 Inventories for their departments shall be prepared and maintained in a form approved by the Director of Resources, recording an adequate description of all furniture, fittings and other equipment (excluding ICT equipment) which does not appear on the asset register, but where the acquisition cost or replacement cost is greater than £100.
- 4.47 An annual physical check of all inventory items shall be carried out and any surpluses or deficiencies (with reasons if ascertainable) recorded in the inventory.
- 4.48 Where an officer ceases to be the responsible officer an immediate check of the inventory shall be made as in 4.47 above.
- 4.49 A copy of the inventory shall be maintained by the Director.
- 4.50 Leased items should be included on the inventory but clearly marked as such.
- 4.51 All items appearing on the inventory (excluding leased items) shall also, as far as practicable, be effectively marked as Council property.

STOCKS AND STORES

- 4.52 Directors/Chief Officers concerned shall:
- (a) be responsible for the care and custody of all stocks held in stores under their control.

- (b) make arrangements for the maintenance of adequate but not excessive levels of stock.
- (c) arrange for periodical stocktaking by persons not involved in the receipt and issue of stock, and shall ensure that all stocks are checked at least annually.
- (d) report to the Director of Resources all significant surpluses or deficiencies discovered at stocktaking along with explanations.
- (e) be responsible for supplying the Director of Resources with a certificate showing the value of stock held at 31 March in every year. With the agreement of the Director of Resources, this need not be provided in respect of certain low value items, but the officer concerned will be expected to exercise reasonable control over such items.
- (f) provide such information as may reasonably be required by the Director of Resources in relation to the accounting and financial records.

4.53 Stock records shall be kept in a form approved by the Director of Resources.

4.54 Stores, which are either surplus to the Council's requirements or are obsolete, shall be disposed of on the authorisation of the Director of Resources.

4.55 The Director/Chief Officer concerned is authorised to write off stock up to the value of £1,000, subject to notification to the Director of Resources. Reasons for write-off and authorisation shall be clearly documented.

DISPOSAL OF ASSETS

4.56 Directors/Chief Officers must ensure that the disposal of assets is carried out in a way which maximises the residual value of such assets to the Council. Disposal of assets shall only take place once the officer concerned is satisfied that there is no longer a requirement within that service area or within any other service area of the Council for such assets and the disposal has been authorised by the Director of Resources in accordance with the Scheme of Delegation.

4.57 Where the Directors/Chief Officers consider that an asset has a residual market value disposal should be by the sale of asset by sealed bids invited from interested purchasers identified from within the market. Where there is no identifiable market for the sale of assets, sealed bids may be invited from employees of the Council in accordance with procedures determined by the Director of Resources. A record of the sealed bids received shall be prepared by the Director or Chief Officer concerned.

4.58 Alternative methods of disposal, such as auction, may be used provided that suitable arrangements are agreed with the Internal Audit Manager.

4.59 Before disposing of IT hardware the Head of Personnel and ICT shall carry out a full technical appraisal of such hardware.

SECURITY

4.60 Directors or Chief Officers shall:

- (a) ensure that proper arrangements exist for the security of Council property.
- (b) arrange for the safe custody of keys to safes and other key secured areas. The loss of such keys must be reported to the Director OF Resources immediately after the loss is discovered.
- (c) consult the Director of Resources in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- (d) ensure that contingency plans are in place for the security of assets and continuity of service in the event of disaster or system failure.
- (e) be responsible for maintaining proper security and privacy as respects information held on computer for its use, in accordance with the Data Protection Act 1998 and the Computer Misuse Act 1990..
- (f) be responsible for identifying those records to be included in the Council's Publication Scheme, in accordance with the Freedom of Information Act 2000.

SECTION 5 – SYSTEMS AND PROCEDURES

INTRODUCTION

- 5.1 Sound systems and procedures are essential to an effective framework of accountability and control.

GENERAL

- 5.2 All accounting procedures and financial records of the Council and its departments shall be in an approved form subject to the approval of the Director of Resources.
- 5.3 Any proposed changes to financial procedures shall not be implemented without further consultation and approval by the Director of Resources
- 5.4 The Director of Resources will issue guidance, ranging from mandatory to good practice, covering such financial arrangements as is considered appropriate. Where mandatory the guidance issued will have the same status as these Financial Regulations.

RESPONSIBILITIES

- 5.5 The duties of providing information regarding any sums of money due to or from the Council and of calculating, checking and recording such amounts, shall be separated as completely as possible from the duty of collecting and disbursing them.
- 5.6 Directors/Chief Officers should ensure that their staff receive relevant financial training that has been approved by the Director of Resources.
- 5.7 Directors/Chief Officers must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation.
- 5.8 Directors/Chief Officers must ensure that staff are aware of their responsibilities under the freedom of information legislation.

EXPENDITURE

Authorised Officers

- 5.9 Prior to the beginning of each financial year the Director of Resources shall require each Director/Chief Officer to supply a list of officers, together with specimen signatures, authorised to certify documents which will result in expenditure being incurred. The limit up to which each officer is to be authorised shall also be detailed.
- 5.10 Similarly Directors/Chief Officers will be required to review annually those officers with electronic authorisation rights and supply a list of such officers to the Director for Resources in accordance with procedures determined by the Director of Resources.

5.11 Any changes of authorised officers during the financial year shall be notified immediately to the Director of Resources.

Orders for Work, Goods and Services, Order Conditions and Payment Terms

5.12 Official orders in a form agreed by the Director of Resources will be issued for all work, goods and services except for such items as recurring charges for public utilities, periodic payments such as rent or rates, work which is part of a formal contract (excluding term or schedule of rates contracts), petty cash purchases and any other exceptions approved by the Director of Resources.

5.13 Orders for goods and services shall conform to the directions of the Council with respect to procurement policy, central purchasing, use of contracts and the standardisation of materials. Each order shall be placed with due regard to the Contract Procedure Rules. Purchase cards may be introduced for high volume, low value transactions subject to successful evaluation by the Finance Section and suitable controls being put in place.

5.14 Verbal orders will be used only in exceptional circumstances, and should be followed up with a “confirmation order” by the next working day. Such orders must be clearly marked as “confirmation orders”.

5.15 Official orders will be approved personally by Directors or Chief Officers or by officers authorised by him/her in writing as in accordance with 5.9 – 5.11 above.

5.16 Orders for goods and services shall not be issued unless expenditure is provided for in an approved estimate or other specified financial provision.

5.17 Officers who authorise orders shall first satisfy themselves that the goods and services ordered are appropriate and needed. Each order shall clearly indicate the nature and quantity of the work and services required, and any relevant contract or payment terms and value of goods ordered.

5.18 The Director of Resources has a duty under law to make payments, whether or not provision has been made in the estimates, in the following cases:-

(a) Payments specifically required by statute.

(b) Payments under a Court Order.

(c) Payments under a contract made by the Council.

5.19 Where such expenditure, as in 5.17 and 5.18, is not included in estimates, the Financial Regulations on virement (as detailed in 3.29 - 3.30 and 3.35 - 3.39) shall be applied and the Director of Resources may report the matter to the Council Executive.

5.20 Official orders shall not be raised for any personal or private purchases for either officers or members. Neither officers nor members will benefit personally from discounts agreed between the Council and suppliers.

5.21 It is the responsibility of Directors/Chief Officers to ensure that budget heads are not overspent. Where it appears the amount of any head of approved expenditure may be

exceeded, or the amount of any head of approved income may not be reached, it will be the duty of the Director/Chief Officer concerned to inform the Director of Resources.

Contracts

- 5.22 The Director of Resources will be responsible for the arrangement of leasing agreements. Disposal of leased assets is subject to the prior approval of the Director of Resources in consultation with the Head of Corporate Law and Governance, as appropriate. This regulation applies also to any other form of agreement intended to defer payment or provide for payment by instalments.
- 5.23 Further provisions are covered within Contract Procedure Rules.

Receipt of Goods and Payment of Accounts

- 5.24 Delivery notes should, where possible, accompany the delivery of goods and the receiving officer must certify thereon at the time of delivery, receipt of goods. Where ordered and delivered by weight or volume the receiving officer shall undertake periodical tests to ensure that the quantities recorded have actually been delivered.
- 5.25 Where applicable officers authorised by Directors/Chief Officers in writing (in accordance with 5.9 – 5.11 above) shall ensure that receipt details in respect of official orders are entered into the Financial Management System to facilitate payment.
- 5.26 All payments made on behalf of the Council, with the exception of payments out of advance accounts, will be made by the Director of Resources and be drawn on the Council's bank account.

Certification of Invoices

- 5.27 All invoices will be forwarded promptly to the Director of Resources for processing in accordance with instructions issued and particular attention should be given to accounts where discount for prompt payment is available.
- 5.28 The Director of Resources will examine, so far as he/she considers necessary, all accounts passed to him/her for payment and will be entitled to receive such information and explanation as he/she may require. Payment will be made in accordance with agreed terms and conditions subject to compliance with these Regulations and confirmation of an authorised order and receipt of goods and service. Where any discrepancy between the order, receipted goods or service and the invoice exists then the transaction will be referred back to the relevant Directors/Chief Officers (or to another officer authorised by him/her in writing in accordance with 5.9 – 5.11 above) who should satisfy himself/herself that:
- (a) Financial Regulations and Contract Procedure Rules have been complied with and that the account is correct in all respects;
 - (b) the details of the account conform to the relevant order or other authorisation, and that the copy order is marked to the effect that the account has been passed for payment;

- (c) the goods have been received, examined and proved as to the quality and quantity or the work has been done satisfactorily and that where applicable the materials used were of the required standard, and that a responsible officer has certified that this is the case;
- (d) the invoice has been checked by a responsible officer who has certified that it is arithmetically correct;
- (e) the account has not been previously passed for payment and is a proper liability of the Council;
- (f) the price charged is in accordance with any relevant quotation, tender or contract and/or is reasonable, and that any available discount has been deducted;
- (g) all other available credits have been claimed;
- (h) the proper entries have been made in any inventories or stores records where appropriate;
- (i) the expenditure codes, VAT codes and amounts have been completed satisfactorily;
- (j) the invoice complies with the VAT requirements of HM Revenue and Customs insofar as it relates to taxable supplies;
- (k) the appropriate details to be included on the remittance advice have been given;
- (l) the net amount of the invoice can be met from within the Council's approved estimates.

5.29 With regard to allowable exceptions to the standard ordering procedure (as in 5.12 above), the Director, or other officers authorised by him/her in writing (in accordance with 5.9 – 5.11 above), shall be responsible for the examination, verification, certification and correct allocation of the relevant invoices. .

5.30 The certification confirms that the officer has satisfied himself/herself of the items listed above at 5.28(a) – 5.28(l).

5.31 Where in exceptional circumstances, payment has to be made to a supplier or contractor in advance of the receipt of the goods, or the work being carried out, the Director of Resources will be notified if those goods or services fail to be provided following payment.

5.32 Suppliers are encouraged to receive payment by the most economical means for the Council. It is essential, however, that payments made by direct debit have the prior approval of the Director of Resources.

PAYMENTS TO MEMBERS AND EMPLOYEES

- 5.33 The Director of Resources shall control the payment of all salaries, wages and other emoluments.
- 5.34 The Director of Resources shall ensure that all payments are made in an accurate and timely manner.
- 5.35 Allowances to Members of the Council shall be authorised only in accordance with the scheme adopted by the Council.
- 5.36 Payments to employees are to be made only for services to the Council in accordance with individuals' conditions of employment. All payments are to be accurately and completely recorded and accounted for.
- 5.37 All payroll documents shall be in a form approved by the Director of Resources and shall after signing by the employee be certified in accordance with 5.9 – 5.11 above.
- 5.38 Each Director/Chief Officer shall:
- (a) provide, a minimum of annually, an up-to-date list of the names of officers authorised to sign payroll records to the Director of Resources, together with specimen signatures. The payroll section should have signatures of personnel officers and officers authorised to sign timesheets and claims;
 - (b) ensure, in conjunction with the Head of Personnel and ICT, appointments are made in accordance with the regulations of the Council and approved establishments, grades and scale of pay and that adequate budget provision is available;
 - (c) be responsible, in conjunction with the Head of Personnel and ICT, for making arrangements to confirm the authenticity of those employees appearing on the payroll for his/her service. Such arrangements shall include the verification of individual pay rates, and must be carried out a minimum of annually;
 - (d) notify the Head of Personnel and ICT, in the form and to the timescale required, of all appointments, terminations or variations, which may affect the pay or pension of an employee or former employee;
 - (e) provide the Head of Personnel and ICT with all information necessary to maintain records of service for superannuation, income tax, national insurance etc.

Travel and Subsistence

- 5.39 Directors/Chief Officers should certify travel and subsistence claims and other allowances in accordance with the procedures set out by the Director OF Resources. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the Council, ensuring that cost-effective use of travel arrangements is achieved. All claims for mileage will be supported by a valid VAT receipt for the vehicle fuel before payment will be authorised.

INCOME

- 5.40 The Director of Resources shall have overall responsibility for the collection of all monies due to the Council and shall approve all procedures affecting income due to the Council.
- 5.41 Monies receivable shall be paid into the Council bank account in full and without delay unless otherwise agreed by the Director of Resources.
- 5.42 Where income cannot be banked immediately it shall be stored securely and insured against loss or theft.
- 5.43 The recording of all receipts shall be in the manner prescribed by the Director of Resources in consultation with Directors.
- 5.44 Each Director/Chief Officer shall be responsible for ensuring that details of charges for work done, services rendered, or goods supplied and/or delivered are furnished to the Director of Resources.
- 5.45 The supply of any service by the Council should be supported by written evidence between the parties as appropriate.
- 5.46 The Council Executive shall ensure there is an annual review of the fees and charges levied by the Council as part of the budget process.
- 5.47 Directors/Chief Officers shall:
- (a) ensure compliance with procedures;
 - (b) establish appropriate systems for the identification, collection and recovery of sums due to the Council subject to approval by the Director of Resources;
 - (c) have adequate control for the custody of receipt books and other receipting facilities;
 - (d) prior to reporting to Council and at least annually, review the scheme of fees and charges applicable to their departments in consultation with the Director of Resources;
 - (e) ensure that any fees and charges adopted are approved by the Council or in a manner determined by the Council through a scheme of general or specific delegation;
 - (e) ensure that, where feasible, and in particular for any payment less than £50, income is collected on a pre-payment basis (i.e. prior to the goods or service being supplied);
 - (f) ensure that where appropriate the supply of any service by the Council is supported by a written agreement between the parties.

Sundry Debtor Accounts

- 5.48 Directors or Chief Officers shall be responsible for ensuring that sundry debtor accounts are raised promptly for all amounts due to the Council, except where otherwise approved by the Director of Resources.
- 5.49 Reductions to or cancellation of accounts raised shall only be made to correct factual inaccuracies or administrative errors in the calculation and/or billing of the Council's original invoices and must be approved by an authorised officer.

Receipts and Depositing of Income

- 5.50 Every payment received on behalf of the Council shall, without delay, be acknowledged by the issue of an official receipt.
- 5.51 Where Council income, whether in cash or otherwise, necessarily passes from one officer to another, the receiving officer shall sign an appropriate form of receipt which shall be retained in the departmental records of the officer who passed the income to the receiving officer.
- 5.52 Directors/Chief Officers shall ensure that all income is collected and deposited without delay in the Council's appropriate bank account as directed by the Director of Resources. All staff with collection duties should be made aware of the Council's Anti Money Laundering Policy and the duty to report any suspicions. Further, the adequate details of receipts and specific records of cheques are kept which refer to the original debt. The cheque values and references to the debts shall be entered on the deposit slip which shall identify the collecting officer and department.
- 5.53 All cheques collected in payment of a debt shall be made payable to Erewash Borough Council. Cheques not made payable to Erewash Borough Council shall only be accepted with the specific approval of the Director of Resources, with the exception of those payable to the prescribed Mayoral Accounts.
- 5.54 No officers shall obtain personally or for a third party any pecuniary advantage involving the use of any Council funds and, without prejudice to the generality of this requirement, no officer shall exchange any personal cheque for Council funds.
- 5.55 No deductions shall be made from income received without the specific approval of the Director of Resources.
- 5.56 Income shall be deposited on a daily basis except where the Director of Resources determines otherwise. Where income has not been deposited on a daily basis the total value, kept overnight, shall not exceed the limits determined in the Council's insurance policies.
- 5.57 The Director of Resources shall be notified promptly of all money due to the Council, and of contracts, leases and other agreements and arrangements entered into which involve the receipt of money by the Council.
- 5.58 The Director of Resources shall have the right to inspect any documents or other evidence in this connection as he/she might decide.

5.59 Post-dated cheques shall not be accepted except in circumstances to be agreed with Director of Resources.

Irrecoverables

5.60 The Director of Resources may authorise the writing off of irrecoverable debts individually not exceeding £1,000

5.61 Proposals to write-off amounts in excess of £1,000 individually shall be detailed on a report to the Council Executive for approval.

5.62 All amounts submitted for write-off, regardless of value, shall be supported by reasons to be given by the Director/Chief Officers whose department raised the debt.

5.63 Outstanding debts shall still be pursued after write-off should information be received which indicates there is a reasonable possibility that the debt can be legally recovered.

TAXATION

5.64 The Director of Resources shall ensure that adequate and efficient arrangements are in place for the management and administration of the taxation (including VAT) affairs of the Council.

5.65 The Director of Resources shall issue, as appropriate, guidance to Directors or Chief Officers as appropriate.

5.66 The Director for Resources is responsible for advising Directors or Chief Officers, in the light of guidance issued by appropriate bodies of relevant legislation as it applies, on all taxation issues that affect the Council.

5.67 The Director of Resources is responsible for maintaining the Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

TRADING ACCOUNTS/BUSINESS UNITS

5.68 It is the responsibility of the Director of Resources to advise upon the establishment and operation of trading accounts and business units.

5.69 Any trading account surpluses (profits) shall be retained for the benefit of the Council and their application elsewhere requires further approval.

SECTION 6 – EXTERNAL ARRANGEMENTS

EXTERNAL FUNDING

- 6.1 The Council shall seek to obtain and utilise external funding wherever the conditions of the funding are compatible with the aims and objectives of the Council. However, although external funding can be an important source of income, such funding can be linked to tight specifications and may not be flexible enough to link to the Council's overall plan.
- 6.2 Where the Council seeks to obtain and utilise external funding, the Director of Resources must be notified and;
- (a) this must be to meet the priorities approved in the policy framework by the Council.
 - (b) the funding agreement shall comply with any EU requirements as to publicity.
 - (c) tendering procedures or contract format specified as part of grant regimes shall take precedence over these Regulations only where those procedures are more extensive than the requirements of the Regulations.

The notification to the Director of Resources should be made in two stages:

- 1. for all external funding bids over £10,000, a member of the Accountancy team must be informed as soon as practicable so that a register can be maintained.
 - 2. when the grant funding is confirmed the appropriate external funding form should be completed, signed off as required and sent to Accountancy.
- 6.3 The Director of Resources shall ensure:
- (a) all funding notified by external bodies is received and properly recorded in the Council's accounts.
 - (b) match-funding requirements are considered prior to entering any agreement and future revenue budgets reflect these.
 - (c) expenditure implications post funding are considered.
 - (d) audit requirements are met.
- 6.4 Directors/Chief Officers shall ensure:
- (a) all claims for funds are made by the due date.
 - (b) the project progresses in accordance with the agreed timescale and all expenditure is properly incurred and recorded.
 - (c) that key conditions of funding are complied with.

- (d) that Council Executive is informed by report about all significant (over £30,000) externally funded projects (either through Capital Monitoring or separate reports) as soon as is practicable after the details are known.

WORK FOR THIRD PARTIES

- 6.5 The Council may provide services to other bodies where this is in accordance with legislation and where it will enable a service area to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risk associated with this work is minimised.
- 6.6 The Director of Resources shall issue guidance with regard to the financial aspects of third party contracts and ensure that proposals are costed properly.
- 6.7 The Head of Law and Corporate Governance shall provide guidance with regard to the issuance of third party contracts and the maintenance of the contract register.
- 6.8 Directors/Chief Officers shall ensure that:
 - (a) consultation takes place with members of the Corporate Management Team before any negotiations are concluded to work for third parties;
 - (b) payment is received, where possible, in advance of the delivery of the service;
 - (c) the Council is not put at risk from bad debts;
 - (d) appropriate insurance arrangements are made;
 - (e) the maintenance of proper financial records of all transactions with third parties in accordance with 6.6;
 - (f) the service area/business unit has the expertise to undertake the contract;
 - (g) such contracts do not impact adversely upon the services provided for the Council;
 - (h) that appropriate information is provided to the Director of Resources to enable a note to be entered into the statement of accounts;
 - (i) all such contracts are in accordance with these Regulations and the Contract Procedure Rules.

Partnerships and Bids

- 6.9 The Council shall undertake to work in partnerships with public agencies, private companies, community groups and voluntary organisations in order to deliver the highest level of services to the area.

- 6.10 Where a Director/Chief Officer wishes to enter into a contract to work in partnership with such organisations:
- (a) prior consultation shall take place with the Corporate Management Team;
 - (b) any immediate and any long term financial implication shall be put to the Council Executive for decision;
 - (c) a register of such contracts shall be maintained by the Director of Resources;
 - (d) the contract shall be in accordance with these Regulations and the Contract Procedure Rules;
 - (e) the contract shall include a clause empowering the Council (via Internal Audit) to examine all relevant financial, governance, business continuity, transactional and performance data pertaining to that partnership organisation;
 - (f) the contract shall include a clause specifying that the partner organisation shall act in accordance with the Council's Financial Regulations and Contract Procedure Rules as to contracts in its treatment of matters which pertain to the partnered activity;
 - (g) such contracts must not impact adversely upon the services provided by the Council;
 - (h) any bids for external funding with expenditure implications for the Council's finances need prior approval from the Council Executive.