

# Financial Regulations

## Contents

<b>Section</b>	<b>Title</b>	<b>Page</b>
1	Introduction & Status of Financial Regulations	4-45
2	Breaches of Financial Regulations	
3	Financial Management	4-46
4	Financial Planning	4-52
5	Financial Control	4-56
6	Amendments to Approved Budgets	4-58
7	Risk Management and Control of Resources	4-60
8	Systems and Procedures	4-67
9	External Arrangements	4-77
10	Glossary 4-80	
11	Contacts 4-82	

## 1.0 INTRODUCTION AND STATUS OF FINANCIAL REGULATIONS

- 1.1 Financial Regulations provide the framework for managing the authority's financial affairs and ensure the efficient, effective and economic use of resources. They are supplemented by financial instructions and processes and apply to every Member and Officer of the Authority and anyone acting on their behalf.
- 1.2 For the purposes of the Constitution, where reference is made to Chief Finance Officer, this shall mean the **Authority's** designated Section 151 Officer and any reference to the Chief Finance Officer shall extend to any Deputy Section 151 Officer.
- 1.3 The Chief Finance Officer shall be appointed by a meeting of the Full Council and may be an employee of LGSS partners where they are acting as a service provider to the Authority.
- 1.4 In these Regulations and the supporting Financial Instructions and processes, the term employee shall include:
- Staff of the Authority;
  - Individuals employed by LGSS partners where they are acting as a service provider to the Authority; and
  - Individuals who are not a permanent employee of the Authority but have been appointed to act in the capacity of a Head of Service or Chief Officer on a temporary basis.
- 1.5 These Regulations and related documents shall be reviewed and updated as appropriate, ideally annually, co-ordinated by the Chief Finance Officer.
- 1.6 All Members and employees 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.
- 1.7 All Council employees must seek to achieve best value and shall give appropriate consideration to: -
- Acquiring resources at an appropriate quality for the minimum cost.
  - Ensuring that the maximum output is obtained from the resources devoted to an activity.
  - Ensuring that the output from any activity is achieving the desired result or target set.
  - How each activity fits within the corporate objectives and how performance can be compared objectively and by the more subjective views of the local community.
- 1.8 Except where expressly detailed within these Financial Regulations or the Constitution, deviation from these Regulations may be approved by the Chief Finance Officer in cases

of urgency, but generally only by Cabinet or Council and **after consultation with the Council's Monitoring Officer.**

- 1.9 The introduction of new systems could fundamentally change the systems of control in some areas. The Council recognises that this may require a variation to the Regulations that cannot be achieved via Cabinet approval due to time constraints. Therefore the Chief Finance Officer may **in consultation with the Council's Monitoring Officer** approve temporary dispensation/amendment.
- 1.10 Failure of employees to comply with these Regulations and associated policies, instructions and processes may constitute misconduct or gross misconduct, depending on the circumstances of the case in question and may result in disciplinary action being taken in accordance with the Council's Disciplinary Procedures.
- 1.11 These Regulations should be read in conjunction with the remainder of the Constitution and with policy documents which the Council have adopted, including the Anti-Fraud and Corruption Policy any extant equal opportunities policy or equalities scheme, any extant document retention policy and the Risk Management Strategy. **These regulations must also be read in conjunction with the Council's Contract Procedure Rules.**
- 1.12 The financial instructions and processes that support these Regulations, as approved by the Chief Finance Officer, must be followed and carry the same weight as the Financial Regulations.

## **2.0 BREACHES OF FINANCIAL REGULATIONS**

- 2.1 **Where a breach of Financial Regulations or supporting Financial Instructions and Processes has come to the attention of the Chief Finance Officer, a written report explaining the nature of the breach, its potential impact, the circumstances around the breach and the name(s) of the individual(s) shall be provided to the Chief Executive and the Monitoring Officer by the Chief Finance Officer.**
- 2.2 **The Chief Executive and the Monitoring Officer shall respond to the Chief Finance Officer stating what has been undertaken to rectify the breach, the controls put in place to prevent the breach happening again and the action taken against the individual(s) causing the breach.**
- 2.3 **The Chief Finance Officer will report identified breaches of the Financial Regulations to the Audit Committee where such instances expose the Council to unacceptable risks or financial loss. Chief Officers will be informed of all identified breaches within their service area.**

## **3.0 FINANCIAL MANAGEMENT**

### **3.1 Introduction**

- 3.1.1 Financial management covers all financial accountabilities in relation to the running of the Authority, including the budget and policy framework. The processes of financial management involve:

- Complying with statutory requirements
- Development and approval of policy and management frameworks, the Constitution and financial plans including the revenue and capital budgets
- Establishing protocols and standards
- Implementing policies, protocols and standards
- Monitoring compliance
- Maintaining records
- Reporting and providing advice
- Specific financial techniques and functions e.g. virement, year end balances, statements of account.

3.1.2 Proper control of the Authority's affairs requires that roles and responsibilities are clearly defined. This section clearly defines the roles and responsibilities of:

- Full Council
- Cabinet
- Overview and Scrutiny Committee
- Audit Committee
- Standards Committee
- Head of Paid Service
- Chief Finance Officer
- Monitoring Officer
- Chief Officers and Heads of Service
- Budget Managers & Supervisors.

## 3.2 Full Council

The Full Council is responsible for adopting and changing the principles of financial governance and adopting or approving the policy framework and budget within which the Executive (Cabinet) operates and the setting of the level of Council Tax and **housing rents**. The Cabinet is responsible for proposing the policy framework, budget and level of Council Tax **and housing rents** to Full Council.

## 3.3 Cabinet

3.3.1 The Cabinet is responsible for directing the Council's affairs within the Policy Framework and Budget.

3.3.2 Cabinet decisions can be delegated to a committee of the Cabinet, to individual Cabinet Members or to an Officer. The Cabinet is responsible for establishing protocols to ensure that individual Cabinet Members consult with relevant Officers before taking a decision within their delegated authority. In so doing, the Member must take account of the legal and financial liabilities and risk management issues that may arise from the decision. **Any delegation will need to be recorded by way of a minute of Cabinet.**

3.3.3 **The Cabinet shall make a recommendation to Council, in line with rent policy, to enable housing rents to be set by the statutory date.**

3.3.4 The Cabinet shall consider the Council Tax base and make a recommendation to Council to enable it to be set by the statutory date and shall consider the draft budget and make recommendations to the Council to enable the Council to approve the budget and set the Council Tax by the statutory date.

### **3.4 Overview and Scrutiny Committee**

The Overview and Scrutiny Committee is responsible for scrutinising Cabinet decisions before or after they have been implemented and for holding the Cabinet to account. The Overview and Scrutiny Committee is also responsible for making recommendations on future policy options and for reviewing the general policy and service delivery of the Council.

### **3.5 Audit Committee**

The Audit Committee is a Committee set up by the Full Council. It is responsible, on behalf of Full Council, for ensuring that best practice governance arrangements are applied throughout all services. Specifically the Audit Committee is responsible for matters in relation to Internal Audit, Financial Management Controls, Risk Management, scrutiny of treasury management and the External Audit service. It has a right of access to all the information it considers necessary and can consult directly with internal and external auditors.

### **3.6 Standards Committee**

The Standards Committee is a Committee set up by the Full Council and is responsible for ensuring best practice governance arrangements in relation to ethical issues and promoting and maintaining high standards of conduct amongst Councillors. In particular, it is responsible for advising the Council on the adoption and revision of the Code of Conduct for Councillors, for monitoring the operation of the Code, for assessing and reviewing complaints alleging breaches of the Code and conducting determinations hearings of complaints alleging breaches of the Code.

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

The Head of Paid Service is the Chief Executive and is responsible for the corporate and overall strategic management of the Council as a whole. He/she has responsibility for establishing a framework for management direction, style and standards, and for monitoring the overall performance of the organisation. He/she must report to and provide information for the Cabinet, Full Council and the Overview and Scrutiny Committee.

### **3.8 Section 151 Officer (Chief Finance Officer)**

3.8.1 This post, as defined in Article 14 of the Constitution, has statutory duties in relation to the financial administration and stewardship of the Authority. This statutory responsibility cannot be overridden. The statutory duties arise from:

- Local Government Act 1972 (Section 151) (as amended)
- Local Government Finance Act 1988 (as amended)
- Local Government and Housing Act 1989 (as amended)

- Local Government Act 2003 (as amended)
- Accounts and Audit Regulations 2011 (as amended).

3.8.2 The Chief Finance Officer shall, for the purposes of Section 151 of the Local Government Act 1972, be responsible for the proper administration of the Council's financial affairs and report to the Council, the Cabinet and the relevant Cabinet Member on the discharge of this responsibility. This includes:

- Maintaining strong financial management underpinned by effective financial controls;
- Contributing to corporate management and leadership;
- Supporting and advising the Council, the Cabinet, the Overview and Scrutiny Committee, Regulatory Committees and Management Board on all financial matters affecting the Council;
- Supporting and advising Officers in their operational roles;
- Setting and monitoring compliance with financial management standards;
- Advising on the corporate financial position;
- Advising on the key financial controls necessary to secure sound financial management;
- Preparing the revenue budget and capital programme;
- Treasury management; and
- Leading and managing an effective and responsive financial service.

3.8.3 The Chief Finance Officer has a statutory responsibility for ensuring that adequate systems and procedures exist to account for all income due and expenditure and disbursements made on behalf of the Council and that controls operate to protect the Council's assets from loss, waste, fraud or other impropriety. The Chief Finance Officer shall discharge that responsibility in part by the issue and maintenance of Financial Instructions and Operational Processes with which all Members and staff of the Council shall comply.

3.8.4 The Chief Finance Officer is the 'responsible financial officer' for the purposes of Sections 114 and 114A of the Local Government Finance Act 1988 (as amended) and the Accounts and Audit Regulations 2011 (as amended).

3.8.5 Section 114 requires the Chief Finance Officer to make a report and inform the external Auditor if it appears that the Council or a committee or Officers:

- Has made, or is about to make, a decision which involves incurring unlawful expenditure;
- Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Council; or
- Is about to make an unlawful entry in the Council's accounts.

Section 114A makes equivalent provision in respect of actions taken by or on behalf of the Cabinet. Under both sections the report must be sent to every councillor as well as to the external auditor.

3.8.6 Section 114 of the 1988 Act also requires:

- The Chief Finance Officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under Section 114 personally.
- The Council to provide the Chief Finance Officer with sufficient staff, accommodation and other resources - including legal advice where this is necessary - to carry out the duties under Section 114 and make similar arrangements for the purposes of the Accounts and Audit Regulations 2011.

3.8.7 The Chief Finance Officer shall ensure that Members and Officers receive appropriate support from relevant finance staff, even where a strategic partner provides such support.

### **3.9 Monitoring Officer**

3.9.1 The Monitoring Officer is responsible for promoting and maintaining high standards of conduct by both Members and Officers and therefore provides support to the Standards Committee. He/she is also responsible for the reporting of any actual or potential breaches of the law or maladministration to the Full Council and/or Cabinet, and for ensuring that procedures for recording and reporting key decisions are operating effectively.

3.9.2 The Monitoring Officer, in conjunction with the Chief Executive and Chief Finance Officer, has responsibility for advising Cabinet or the Full Council on whether a decision is likely to be contrary to or not wholly in accordance with the Council's Budget and Policy Framework. Such decisions might include:

- Initiating a new policy without specific budget approval.
- Committing expenditure in future years above the approved budget level.
- Incurring expenditure in future years without proper approval of virement.
- Causing total expenditure to increase beyond a specified level.

### **3.10 Heads of Service**

Head of Service is the term relating to the senior manager responsible for a specific service area and is directly accountable to a Chief Officer.

### **3.11 Chief Officers**

3.11.1 Chief Officers are fully accountable to the Chief Executive and Cabinet for the financial management of the activities of their Directorates. They are responsible for ensuring that Cabinet Members are advised of the financial implications of all proposals and that the financial implications have been agreed with the Chief Finance Officer.

3.11.2 Chief Officers may delegate aspects of their Financial Management responsibilities to Heads of Service in writing. The Chief Finance Officer must be advised of such

delegation. In turn, a Head of Service may delegate aspects of their financial management responsibilities to other senior managers, including the specific designation of 'Budget Managers' and 'Budget Supervisors'. Records must be kept of such delegations in accordance with Paragraph 3 of Part A of the Scheme of Delegations to Officers in Part 8 of this Constitution.

3.11.3 Chief Officers are individually responsible for the proper stewardship of all the resources allocated to them. However, it is noted that there is shared responsibility for some assets, which are managed centrally or in pooled/partnership arrangements.

3.11.4 It is the responsibility of Chief Officers and Heads of Service to consult with the Chief Finance Officer and the Monitoring Officer and seek approval on any matters liable to affect the **Authority's** finances materially, before any commitments are incurred. They are also responsible for providing the Chief Finance Officer with any information relating to the services under their control required to fulfil the duties of the Chief Finance Officer.

3.11.5 Chief Officers and Heads of Service are responsible for ensuring that staff under their control are aware of and comply with Financial Regulations and processes, and monitoring, reporting **and dealing with** any non-compliance by either staff or partners.

### **3.12 Other Roles with Financial Responsibilities**

3.12.1 A Budget Manager is an Officer with the overall responsibility of managing the commissioning of direct service or **externalised service(s)** for an area. This responsibility is specifically delegated to this Officer by either a Chief Officer or Head of Service using any document required by the Section 151 Officer or under the Part 8 Scheme of Delegations to Officers. A Budget Manager cannot delegate the overall responsibility for managing the budgets under their jurisdiction. A Budget Manager must be an **employee of the Authority**.

3.12.2 A Budget Supervisor is an **individual** who supervises a budget on behalf of a senior officer/budget manager. This must be delegated using the standard 'Approval of Financial Delegation' form. Accountability for the budget remains with the budget manager, as this cannot be delegated. A budget supervisor can be:

- An **employee** of the **Authority**;
- **An employee of LGSS where they are acting as a service provider to the Authority**;
- **An individual who is not a permanent employee of the Authority but has been appointed to act in the capacity of an officer on a temporary basis**; or
- One of the Council's Partners.



3.12.3A Project Manager, in relation to capital, is the budget manager responsible for delivering a capital project.

### **3.13 Emergency Procedures**

Subject to the provisions of Part 8 (Scheme of Delegations to Officers) and limitations thereto nothing in these Financial Regulations shall prevent expenditure being incurred where an emergency or disaster potentially involving destruction of, or danger to, life or property occurs or is imminent. Where in the opinion of the relevant Chief Officer the urgency of the situation will not admit delay, necessary expenditure may be incurred. The Chief Officer should where possible consult the relevant Cabinet Member, Chief Executive and the Chief Finance Officer. Action under this Financial Regulation shall be reported at the next available meeting of the Management Board, Cabinet, and Audit Committee.

## **4.0 FINANCIAL PLANNING**

### **4.1 Introduction**

4.1.1 Financial planning enables the **Authority** to deliver its priorities through the allocation of resources to services.

4.1.2 The revenue budget provides an estimate of the annual income and expenditure requirements for all services and sets out the financial implications of the Council's policies. It provides Heads of Service with authority to incur expenditure and a basis on which to monitor the financial performance of the Council.

4.1.3 Capital expenditure is an important element in the development of the Council's services since it represents a major investment in new and improved assets that will benefit the community for a number of years.

### **4.2 The Policy Framework**

The Full Council will be responsible for agreeing the Council's Policy Framework and Budget, which will be proposed by Cabinet. The Policy Framework includes the Corporate Plan and those plans and strategies listed in Article 4 of this Constitution.

### **4.3 The Corporate Plan**

The Chief Executive is responsible for proposing the Corporate Plan to the Cabinet for consideration before submission to the full Council for approval. It will contain a statement of the priorities of the Council,

It will be a requirement of the Council that each planned item of expenditure, whether revenue or capital, shall be intended to further one or more of the Council's stated priorities or, if that is not the case, shall be required to discharge a specific statutory obligation on the Council.

#### 4.4 The **Efficiency and Medium Term Financial Strategy**

- 4.4.1 The **Efficiency and Medium Term Financial Strategy** is the key tool in ensuring that the Council's resources are used in accordance with its decisions. It covers service and financial planning over a timeframe of a minimum of three years. The Chief Finance Officer will be responsible for ensuring that the **Efficiency and Medium Term Financial Strategy** is prepared and updated at least annually for consideration by the Cabinet and approval by the Council. The Strategy will be consistent with, and designed to further the achievement of, the Council's priorities. This Strategy must cover both capital and revenue.
- 4.4.2 A Medium Term Financial Plan that turns the Strategy into practice must be prepared for at least a three-year period including the next financial year. This should be updated regularly throughout the year as events and the budget timetable dictate.

#### 4.5 **Business/Service Plans**

- 4.5.1 Chief Officers and Heads of Service are responsible for the preparation of their **service / business** plans, which reflect the Council's priorities as shown in the Corporate Plan. They must **detail the resources, financial and non-financial, required to deliver the Council's priorities and must** be produced in conjunction with the **capital and revenue budgets for the general fund and Housing Revenue Account**. Each of these plans must support the others.
- 4.5.2 **The Chief Finance Officer will be responsible for producing a 30 year HRA business plan which balances back to the 3 year financial projections set as part of the annual budget setting process.**

#### 4.6 **Revenue Budget**

- 4.6.1 The Chief Finance Officer will be responsible for ensuring that a Budget for at least the coming three financial years is prepared and brought forward for approval by the **Full** Council, upon recommendation of the Cabinet, on or before the statutory date for such approval. The adoption of the Budget by the **Full** Council shall be accompanied by a resolution as to the level of Council Tax required for the coming financial year in order to sustain the Budget.
- 4.6.2 Within the overall budget allocated by the Council to his/her Programme Area, each Chief Officer will **have** set a detailed budget and Service Plan taking into account any policies, priorities, or specific allocations prescribed by the Cabinet in the determination of the budget total and Corporate Plan, and shall ensure that all cash limited budget allocations are in accordance with the Council's declared intentions.
- 4.6.3 Chief Officers must ensure that all fees and charges are reviewed as part of the annual budget process, **the financial implications are included in the budget, and the revised fees and charges are presented to Full Council for approval as part of the budget setting report.**

4.6.4 Each Chief Officer with their Head of Service shall prepare a medium term forecast annually, for capital and revenue budgets, in consultation with the Chief Finance Officer, for submission to the appropriate Cabinet Member and to the Cabinet. These plans will cover all services assigned to their area of responsibility. Such forecasts should be developed as an integral part of the Council's overall service planning process.

4.6.5 Each Head of Service shall include the financial effects of:

- Future year budgets at current service levels
- Known pressures
- Efficiency savings
- The scope for additional income generation
- Options for meeting new statutory responsibilities
- Options for the delivery of Council priorities
- Options for any other proposals relating to the level of existing services or for new services.
- The impact of previous years' expenditure and income patterns.

4.6.6 The first year of the Medium Term Financial Plan is the detailed Annual Revenue Budget. The revenue budget provides an estimate of the annual income and expenditure requirements to deliver service levels agreed in **Service** Plans for all services, and sets out the financial implications of the Council's policies. It reflects an analysis of risks for each service area and provides the Cabinet, Chief Officers and Heads of Service with authority to incur expenditure, subject to rules relating to virement. In addition it provides the basis on which to monitor the financial performance of services within the year.

4.6.7 The Chief Finance Officer shall report **the following** to the Cabinet and then to the Overview and Scrutiny Committee in line with the corporate timetable:

- **The consolidated 3 year budget, for capital and revenue, based on the Chief Officers and Heads of Service forecasts for the HRA and general fund;**
- **The level of estimated resources available for each of the areas;**
- **The estimated Council Tax base;**
- **The impact of the Council Tax level; and**
- **The impact of the rent levels.**

## 4.7 Capital Strategy

Capital expenditure is an important element in the development of the Council's services since it represents major investment in new and improved assets. Each financial year the Chief Finance Officer shall prepare and submit to Cabinet a Capital Strategy for the Authority for approval by the **Full Council**. All capital expenditure and income for the authority should be undertaken in line with the agreed Capital Strategy and in compliance with the CIPFA Prudential Code for Capital Finance in Local Authorities and all prevailing statutory and professional regulations.

## 4.8 Capital Budget

- 4.8.1 The Chief Finance Officer will be responsible for ensuring that a capital budget for at least the coming three financial years is prepared and brought forward for approval by the Full Council, upon recommendation of the Cabinet.
- 4.8.2 The Capital Programme **for the general fund** will be prepared in accordance with the Capital Strategy and Asset Management Plans of the Authority and be consistent with, and designed to further the achievement of, the Council's priorities. It should be updated as monitoring and the annual budget timetable dictate.
- 4.8.3 Project managers are required to prepare **capital** appraisals including whole life capital and revenue costs for all capital projects to be included in the Council's Capital Programme. The **capital** appraisal must be approved by the Chief Finance Officer or other Officer authorised by her/him before any expenditure is committed.
- 4.8.4 The first call on capital resources should be for schemes agreed as part of the prior year budget process and which have already commenced. Chief Officers should therefore take this into account when preparing bids for future years.
- 4.8.5 The Chief Finance Officer shall report to the Cabinet on the overall cost of the draft capital programme compared with the resources likely to be available to finance it in both capital and revenue terms.
- 4.8.6 **Capital projects for which costs are uncertain and/or further justification for the project is required through the development of a detailed business case, shall initially form part of the Development Pool. Estimated costs will be taken into account in determining the overall affordability of the proposed capital programme, but no expenditure can be incurred until the project is approved into the main capital programme. Such approval will be in line with approved delegation levels, and may therefore require approval by Cabinet.**
- 4.8.7 **The HRA capital programme will be proposed by Northampton Partnership Homes having been prepared in the context of the HRA Asset Management plan and the 30-year Business Plan.**

## 4.9 Asset Management Plans

**Asset Management Plans, covering at least 3 years for the general fund and HRA, will be prepared by the relevant Chief Officer(s) and updated annually for consideration by the Cabinet and approval by the Full Council. These plans will be consistent with, and designed to further the achievement of, the Council's priorities.**

## 5.0 FINANCIAL CONTROL

### 5.1 Introduction

Good financial control is fundamental to securing the delivery of the Council's priorities. It ensures that the Council's capital and revenue budgets are monitored and action taken to avoid or manage potential overspends.

## 5.2 Reports to Cabinet, Committee, or Full Council

5.2.1 With respect to reports to the Cabinet, Committee or Full Council, failure to submit a report having financial implications to the Chief Finance Officer (or his/her nominee) for his/her observations prior to inclusion on an agenda will render such report liable to be withdrawn. Under such circumstances the report will stand deferred until the next meeting of the Cabinet or relevant Committee.

5.2.2 No-one may incur expenditure which cannot be met from the approved budget **with the exception of expenditure incurred due to an emergency**. This regulation shall apply to a reduction in income as well as to an increase in expenditure. ***Breach of this Regulation will be considered a serious breach of duty.***

## 5.3 Budget Monitoring and Year End

5.3.1 The Chief Finance Officer will ensure that appropriate and timely financial information is available to Officers to enable them to monitor their budgets effectively.

5.3.2 Throughout the year each Chief Officer shall be responsible for ensuring that income and expenditure are monitored **and forecast** monthly against budgets for which they are responsible and that the reasons for variations are recorded.

5.3.3 Budget Managers are responsible for ensuring that expenditure and income are properly coded and that budget timing profiles are accurate. They are directly responsible for ensuring that spending and commitments do not exceed the latest approved budget. However, if expenditure in excess of the approved budget is incurred due to an emergency, this emergency expenditure must be reported to the Chief Finance Officer and the appropriate Cabinet Member(s) and, if necessary, the Cabinet as soon as possible thereafter.

5.3.4 At the start of each financial year the Chief Finance Officer will set out the timescales and responsibilities of all Officers involved in the process. Budget Managers are responsible for ensuring that they meet the timescales so that prompt, accurate information can be provided to Members.

5.3.5 As soon as a year-end under or overspend is anticipated Budget Managers are required to provide a forecast to the Chief Finance Officer **along with a detailed description of the variance**. It is important that these forecasts are accurate so the Council can understand its true position in the current financial year and can reflect this in its decision on the budget for the forthcoming year. ***It is the responsibility of Chief Officers to ensure that the forecasts and descriptions of variances are accurate.***

- 5.3.6 At year-end Budget Managers will provide to the **Chief Finance Officer** all necessary information to the required timescales and in the format detailed in the final accounts procedure notes, timetable **and year end memorandum** to facilitate the **production of and audit** of the accounts.
- 5.3.7 Each Chief Officer and Head of Service shall retain evidence for at least 18 months sufficient to demonstrate that they monitor on a monthly basis the outturn of income and expenditure compared to the approved budget for their area of responsibility. The approved budget is the Original Budget used to set the Council Tax level, plus any amendments to approved budgets agreed in accordance with these Financial Regulations.
- 5.3.8 The Chief Finance Officer shall report the Council-wide forecast outturn position to Management Board and the Cabinet Member for Finance on a regular basis. Monitoring reports will be **published, with the exception of period 1, monthly onto the internet following signoff by Management Board and Cabinet Member for Finance. Formal outturn reports shall be** made available to all Members and be reported formally to Cabinet **in line with the timetable agreed by the Chief Finance Officer.** The outturn will be reported as early as possible to Cabinet.

## **5.4 Capital Monitoring**

- 5.4.1 Capital budget monitoring shall comply with the same regulations as revenue monitoring plus the additional regulations in this sub-section.
- 5.4.2 Chief Officers through their capital project managers are responsible for managing the financial risks of their projects and must monitor income and expenditure against the in-year budget, as well as total expenditure over the life of each scheme.
- 5.4.3 Project managers shall provide monthly monitoring information, on a scheme-by-scheme basis, together with a forecast outturn including any re-phasing between years, to the Chief Finance Officer.
- 5.4.4 Where forecasts identify an overspend or underspend from the approved budget these variations should be reported promptly to the Chief Finance Officer along with the proposed action.
- 5.4.5 In circumstances where it is not possible to take programme changes to Cabinet or Council due to a requirement for a quick decision, the Chief Finance Officer in consultation **with the Council's Monitoring Officer** with the relevant Cabinet Member will have authority to approve the decision, which must be notified retrospectively to Cabinet.

## **5.5 Earmarked Reserves**

The Chief Finance Officer, in consultation with the Cabinet Member for Finance, and where appropriate the relevant Chief Officer and Cabinet Member, may transfer monies to or from earmarked reserves, **subject to approved delegation limits. Any transfers to or**



from earmarked reserves in excess of these limits will require Cabinet approval. All transfers will be reported to Cabinet as part of a subsequent financial monitoring report.

## **6.0 AMENDMENTS TO APPROVED BUDGETS**

### **6.1 Introduction**

6.1.1 This section deals with changes that may be made from time to time to the Original Budget used to set the Council Tax level. There are different categories of changes and these are defined in the following sub-sections along with the approval process applying to them.

6.1.2 Nothing in these Financial Regulations shall prevent the incurring of expenditure, which is essential to meet any immediate needs created by a sudden emergency, subject to it being incurred and reported as required by the Budget and Policy Framework Procedure Rules and **Financial Regulations**.

6.1.3 No Chief Officer, or the Cabinet or Committee as the case may be, shall approve or recommend approval of an amendment to approved budgets if it is contrary to the policy of the Council.

6.1.4 Unless otherwise stated, this section refers to both capital and revenue budgets.

### **6.2 Budget Adjustments**

6.2.1 Budget Adjustments may be made where there is no **change or no** significant change to service delivery. These are made for simpler budget management and to correct the coding of budget allocations. Normally a budget adjustment will only be made where it is necessary to adjust budgets for the current and future years, however significant one-off adjustments to spending patterns **will also be considered**.

6.2.2 The Chief Finance Officer can approve all Budget Adjustments.

### **6.3 Virements**

6.3.1 A virement is where a budget movement is needed that does change service delivery. These can be either one-off adjustments or adjustments for the current and future years.

6.3.2 Where virements relate to capital schemes, these must be between existing schemes. New capital schemes cannot be created by virement **except where this is to subdivide an existing scheme for increased clarity**.

6.3.3 Where the amount does not exceed £100,000 from a budget in the current financial year **and does not affect future financial years**, these can be approved by the Chief Finance Officer (such approval to be subsequently reported to the Cabinet).

6.3.4 Where the amount exceeds £100,000 but does not exceed £250,000 from a budget in the current financial year **and does not affect future financial years**, these can be

approved by the Chief Finance Officer, after consultation with the Cabinet Member for Finance and relevant Cabinet Member(s) (such approval to be subsequently reported to the Cabinet).

6.3.5 Where the amount is in excess of £250,000 or impacts on future financial years, these **must** be approved by the Cabinet.

## 6.4 Funded Supplementary Estimates

6.4.1 A funded Supplementary Estimate occurs where there is additional expenditure identified which can be funded from a funding source that is not included in the existing budgets. The funding source used for this purpose cannot be working balances.

6.4.2 Where the expenditure / funding source does not have a financial impact on future years' budgets and is in line with the Council's policies and priorities, the change can be approved by the Chief Finance Officer in consultation with the Cabinet Member for Finance and included in the next monitoring report for information.

6.4.3 Where the expenditure / funding source has a financial impact on future years budgets, Cabinet approval is required.

6.4.4 This process shall apply for capital schemes which

- a) are fully funded by s.106 payments;
- b) are fully funded by external grants and other contributions; and / or
- c) where borrowing is funded by additional income or revenue savings where there are no unfunded on-going revenue costs.

## 6.5 Unfunded Supplementary Estimates

6.5.1 An unfunded Supplementary Estimate is where additional budget is required but a funding source has not been identified, other than working balances or use of an earmarked reserve that was not set up specifically for this purpose.

6.5.2 Where the amount does not exceed £100,000 from a budget in the current financial year **and does not have a financial impact on future years' budgets**, these can be approved by the Chief Finance Officer and **Chief Executive** (such approval to be subsequently reported to the Cabinet).

6.5.3 Where the amount exceeds £100,000 but does not exceed £250,000 from a budget in the current financial year **and does not have a financial impact on future years' budgets**, these can be approved by the Chief Finance Officer and **Chief Executive**, after consultation with the Cabinet Member for Finance and relevant Cabinet Member(s) (such approval to be subsequently reported to the Cabinet).

6.5.4 Where the amount is in excess of £250,000 or impacts on future financial years, these can be approved by the Cabinet.



6.5.5 This process shall apply for capital budgets which are unfunded.

## 7.0 RISK MANAGEMENT AND CONTROL OF RESOURCES

### 7.1 Introduction

It is fundamental that robust, integrated systems are in place and maintained for the identification and evaluation of all significant operational risks to the authority. This should include the proactive participations of all those associated with planning and delivering services. This is a responsibility of every manager and every service.

### 7.2 Risk Management

7.2.1 The Cabinet is responsible for approving the Authority's Risk Management Policy and Strategy and for reviewing the effectiveness of risk management. It is also responsible for ensuring that proper insurance arrangements exist where appropriate.

7.2.2 The **Borough Secretary** is responsible for preparing the Council's Risk Management Policy and Strategy, for promoting it throughout the **Authority** and for advising Management Board on proper insurance cover where appropriate.

7.2.3 The **Borough Secretary** is responsible for collating the Council's Strategic Risk Register and Business Continuity Plans and ensuring they are reported to Cabinet and the Audit Committee at least annually.

7.2.4 Chief Officers shall maintain a register of risks affecting their service areas, including corporate risks. It is their responsibility to make sure that this is kept up to date.

7.2.5 Chief Officers, through their Heads of Service and managers, shall follow the Council's risk management process, taking account of the Council's defined risk appetite (contained within the Strategy).

### 7.3 Insurance

7.3.1 The Chief Finance Officer shall ensure that the Council has appropriate insurance cover in place in respect of all its assets and risks as an employer and provider of services and facilities.

7.3.2 Chief Officers and Heads of Service will be responsible for ensuring that the Chief Finance Officer is provided with all relevant information applicable to their Programme/Service Area, and in a timely manner, as he/she may reasonably require in order to enable him/her to discharge effectively his/her own responsibilities.

7.3.3 Where identified risks cannot be mitigated the service managers, through the Insurance Service, **in consultation with the Chief Finance Officer** will arrange insurance cover where appropriate.

- 7.3.4 Chief Officers shall forthwith notify the Chief Finance Officer (or nominee) in writing of any loss, liability or damage or any event likely to lead to an insurance claim.
- 7.3.5 **The Chief Finance Officer or their nominated representative shall authorise offers and payments in respect of the settlement of insurance claims.**
- 7.3.6 The Chief Finance Officer, either directly or through his/her nominee shall annually, or at such other period as may be considered necessary, review all insurances in consultation with other **Chief Officers** as appropriate.

## **7.4 Indemnities**

**Chief Officers** shall consult the Chief Finance Officer (or nominee) in respect of the terms of any indemnity which the Council is requested to give.

## **7.5 Business Continuity**

- 7.5.1 Chief Officers are responsible for ensuring that business continuity plans are in place for services under their control and ensuring the continuity of these services.
- 7.5.2 Chief Officers shall give guidance on the appropriate critical functions to aid planning and recovery of services.
- 7.5.3 Chief Officers shall ensure that Business Continuity Plans are exercised appropriately.

## **7.6 Internal Control**

- 7.6.1 Internal control refers to the systems of control devised by management to help ensure the Council's objectives are achieved in a manner that promotes **the most** economical, efficient and effective use of resources and that the **Authority's** assets and interests are safeguarded.
- 7.6.2 The Chief Finance Officer is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.
- 7.6.3 It is the responsibility of Chief Officers through their Heads of Service, to establish sound arrangements for planning, appraising, **authorising**, and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets. Typically these would include:
- Separation of duties
  - Schemes of delegation
  - Retention of records
  - Security arrangements

- Risk management information and where appropriate Business Continuity Plans.
- 7.6.4 At least once a year the effectiveness of the systems of internal control shall be reviewed and reported to Cabinet, who shall review and approve the **Annual Governance Statement** separately from the Statement of Accounts.
- 7.6.5 The Chief Finance Officer shall ensure that procedure **and other appropriate** notes/manuals are maintained in respect of the Council's key financial systems.
- 7.6.6 **From time to time, the Chief Finance Officer requires employees to provide statements and disclosures, in line with timescales specified by the Chief Finance Officer, to support statutory reports that the Chief Finance Officer has to make. This includes requiring senior officers to provide Assurance Statements on an annual basis to support the production of the Annual Governance Statement. All employees so required shall provide these returns to the Chief Finance Officer, or their nominated representative, within the timescales specified by the Chief Finance Officer.**

## 7.7 Audit

- 7.7.1 The Accounts and Audit Regulations **2011** require every Local Authority to maintain an adequate and effective internal audit.
- 7.7.2 The **Full Council** is responsible for appointing **the** external auditor. The basic duties of the external auditor are governed by **legislation and detailed codes of practice issued by the National Audit Office. The external auditors are regulated by the Financial Reporting Council. The Authority may**, from time to time, be subject to audit, inspection or investigation by other external bodies such as HM **Revenue and Customs**, who have statutory rights of access.
- 7.7.3 The Chief Finance Officer will have overall responsibility for **the operation of internal audit throughout the Authority. The Borough Secretary will be responsible for the letting and management and operation of the Internal Audit contract.** Internal Auditors will operate as a management control by examining, evaluating and reporting upon the effectiveness of internal financial and operational controls and the efficient use of the **Authority's** resources.
- 7.7.4 The Chief Finance Officer shall maintain an adequate and effective Internal Audit Service. In particular the Chief Finance Officer shall arrange for the examination, review and appraisal of:
- The soundness, adequacy and application of internal controls;
  - The safeguards for Council assets and interests from losses of all kinds arising from theft, fraud, waste, extravagance, inefficient management, poor value for money or any other cause;
  - The suitability and reliability of financial and other management data; and
  - Compliance with rules, legislation, policy and procedures.

7.7.5 The Chief Finance Officer shall report to the Audit Committee on the work of the Audit Service at least annually.

7.7.6 The Chief Finance Officer and all Internal Audit staff have authority to:

- Enter at any time Council premises or land subject to any statutory or contractual restrictions that may apply, e.g. health and safety;
- Have access to all records, documents, correspondence, information and data relating to all areas of business of **the Authority** and to remove any such records as are necessary for the purposes of their work (including that of the Authority's agents and contractors);
- Require and receive such explanations as are necessary concerning any matter under examination; and
- Require any employee or agent of the Council to produce cash, stores or any other Council property under their control.

7.7.7 The Chief Finance Officer shall have unobstructed direct access and the right of report to the Chief Executive, **Directors**, Heads of Service, the Monitoring Officer, the Audit Commission, the Cabinet, the Leader, the Cabinet Member with responsibility for Audit and the Chair of the Audit Committee.

## **7.8 Preventing Fraud and Corruption**

7.8.1 The Monitoring Officer is responsible for the development and maintenance of an anti-fraud and anti-corruption policy including arrangements for gifts, hospitality and whistle blowing.

7.8.2 All Council staff, Members, agents, contractors and strategic partners have responsibilities to protect the funds they administer on behalf of the Council. Council resources must be administered to the benefit of the taxpayer and not the inappropriate personal benefit of any of the above.

7.8.3 All staff, Councillors, agents or contractors of **the Authority** have a responsibility to bring to the attention of the Monitoring Officer, Chief Finance Officer or their Chief Officer any suspected fraud, corruption or irregularity.

7.8.4 The Monitoring Officer, in consultation with the Chief Finance Officer, internal audit or the relevant **Director** or Chief Executive, if appropriate, will take such steps as considered necessary by way of investigation or report. Wherever possible the Chief Officer and the Officer referring concerns shall be kept informed.

7.8.5 Should it be found that a fraud or irregularity is occurring of a significant nature the Monitoring Officer or his/her **nominated** representative shall inform the Chief Finance Officer, Chief Executive, Leader and/or Chair of the Audit Committee where appropriate.

7.8.6 Where the Monitoring Officer concludes that sufficient prima facie evidence has been collected that indicates that a criminal act may have taken place the relevant

Chief Officer and the Chief Finance Officer will be consulted and the matter will be referred to the Police and/or other appropriate bodies.

## 7.9 Assets

- 7.9.1 The Chief Finance Officer, in conjunction with the Director of Regeneration, **Enterprise, and Planning**, shall be responsible for maintaining an adequate and up to date register of all the Council's capital assets and for calculating and processing the appropriate capital financing charges in accordance with CIPFA **Prudential Code for Capital Finance in Local Authorities**.
- 7.9.2 **The Chief Finance Officer shall be the Asset Registrar for the purposes of regulation and guidance.**
- 7.9.3 Each **Chief Officer** and Head of Service will be responsible for ensuring that the Chief Finance Officer is advised promptly of all additions, deletions or other changes to the **Authority's** portfolio of assets, such as might affect the preparation of the **Authority's** accounts.

## 7.10 Treasury Management

- 7.10.1 The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (the Code), and specifically adopts the key recommendations as described in Section 5 of the Code.
- 7.10.2 The Council will create and maintain, 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 practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this Council. Such amendments will not result in the Council materially deviating from the Code's key principles.

- 7.10.3 The Council will receive reports on its treasury management policies, 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.
- 7.10.4 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the **Chief Finance Officer**,

who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

7.10.5 The Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

## **7.11 Loans to Third Parties**

7.11.1 The Council may make grants or loans to third parties for the purpose of capital expenditure, as allowable under paragraph 25 (1) (b) of the Local Authorities (Capital Financing and Accounting) (England) Regulations 2003 (Statutory Instrument No. 3146). This will usually be to support local economic development, and may be funded by external borrowing.

7.11.2 The Council also has powers to provide financial support to organisations under general powers of competence under the Localism Act 2011.

7.11.3 To ensure good governance and due diligence in respect of the awarding of grants and third party loans requires the completion of the loans checklist and the taking of external independent advice.

## **7.12 Staffing**

7.12.1 The Chief Executive is responsible for determining how officer support for executive and non-executive roles within the Council will be organised.

7.12.2 The Chief Executive is responsible for providing overall management to staff. He or she will also be responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.

7.12.3 Chief Officers are responsible for controlling total staff numbers by:

- Advising the Cabinet on the budget necessary in any given year to cover estimated staffing levels.
- Adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs.

## **7.13 Contracts**

7.13.1 Chief Officers and Heads of Service are responsible for ensuring that all contract procedures are adhered to in the letting of all contracts, and in line with the **Procurement Best Practice Guide**.

7.13.2 Where there are framework or other corporately agreed contracts in place, **employees** must use these agreements unless a waiver has been agreed by the Chief Finance Officer and the Monitoring Officer.

- 7.13.3 Where contracts provide for payment to be made by instalments, the keeping of a contract register or registers is required to show how much has been paid on each contract between the **Authority** and the contractor, together with any other payments and the related professional fees.
- 7.13.4 Payments to contractors on account of contracts shall be made only on a certificate issued by the appropriate employee or consultant (where engaged by the **Authority**), as appropriate, or by other employees nominated in writing for the purpose.
- 7.13.5 Subject to the provisions of the contract in each case, every extra or variation, shall, unless otherwise evidenced to his/her satisfaction, be authorised in writing by the relevant **Chief Officer** (or his/her authorised nominee) and itemise the cost implications where possible.
- 7.13.6 The Chief Finance Officer (or nominee) shall, to the extent he/she considers necessary, arrange for the examination of final accounts for contracts and he/she shall be entitled to make all such enquiries and receive such information and explanations as may be required in order to satisfy himself/herself as to the accuracy of the accounts and any issue of a final certificate shall be subject to this.
- 7.13.7 Claims from contractors which are the subject of dispute within the terms of any existing contract, shall be referred to the Borough Secretary (or nominee) for consideration of the **Authority's** legal liability and, where necessary, to the Chief Finance Officer (or nominee) for financial consideration, before a settlement is reached.
- 7.13.8 Where completion of a contract is delayed, it shall be the duty of the relevant **Chief Officer**, (or nominee) or the technical officer, or the contracting agent concerned, to take appropriate action in respect of any claim for liquidated damages.

## **8.0 SYSTEMS AND PROCEDURES**

### **8.1 Introduction**

Sound systems and procedures are essential to an effective framework of accountability and control. The Chief Finance Officer will be responsible for the operation of the **Authority's** accounting systems, the form of accounts and the supporting financial records. No changes shall be made to the existing financial systems or new systems be established without the prior approval of the Chief Finance Officer.

### **8.2 Information Technology/Financial Systems**

8.2.1 **Annually LGSS will recommend an IT Strategy for the Authority to Management Board for agreement, having consulted with the Chief Finance Officer and Chief Officers. LGSS will issue** procedures in relation to the strategy, including procurement of information technology.

8.2.2 The Chief Finance Officer is responsible for the financial management systems and ensuring that they are fit for purpose. **LGSS** is responsible for the operation of the



Authority's accounting systems according to the requirements of the Chief Finance Officer.

- 8.2.3 Any alterations to the existing financial systems, or implementation of new systems, must be approved by the Chief Finance Officer prior to any new developments or changes taking place.
- 8.2.4 Any changes to information systems must **go through the change protocol as agreed in the Partnership and Delegation Agreement.**
- 8.2.5 Each Head of Service must consult with **LGSS** and the Chief Finance Officer on the appropriateness of systems controls needed to achieve an acceptable level of security.
- 8.2.6 All Chief Officers and Heads of Service are responsible for ensuring the correct procedures and statutory requirements e.g. Data Protection Act are complied with.
- 8.2.7 Heads of Service must ensure that, where appropriate, computer and other systems are registered in compliance with data protection legislation.
- 8.2.8 Heads of Service must also ensure that all staff are aware of their responsibilities under freedom of information legislation.

### **8.3 Scheme of Delegation**

- 8.3.1 It is the responsibility of each **Chief Officer** to ensure that a proper Scheme of written delegation in accordance with Part 8 of this Constitution has been established in their Service Area. The Scheme of Delegation should identify staff authorised to act on the **Chief Officer's** behalf in respect of payments, income collection and the requisitioning of goods and services, together with the limits of their authority.

### **8.4 Banking**

- 8.4.1 The Chief Finance Officer will be responsible for the opening of all bank accounts in the name of, and on behalf of, the Council. No employee of the Council shall open any bank (or equivalent) account on the Council's behalf or in its name without the express agreement of the Chief Finance Officer.
- 8.4.2 The Chief Finance Officer will ensure that sound, adequate arrangements are in place for the safe and efficient operation of all its bank accounts, and will effect, or cause to be effected, proper and timely reconciliations.
- 8.4.3 All investments of money under its control shall be made in the name of the **Authority** unless otherwise approved by the Chief Finance Officer.
- 8.4.4 All securities, being the property of, or in the name, of the **Authority**, or its nominees, and the title deeds of all property in its ownership, shall be held in the custody of the Borough Secretary or under arrangements agreed by him/her.



8.4.5 All borrowings shall be effected in the name of the **Authority**.

## **8.5 Salaries, Wages, Pensions and Other Emoluments**

8.5.1 **The Borough Secretary** is responsible for all payments of remuneration and expenses to all staff, including payments for overtime, and for payments of allowances to Members.

8.5.2 Chief Officers are responsible for advising the **Borough Secretary** of any changes to data affecting the payments in paragraph 7.5.1 and associated matters.

## **8.6 Creditors and Debtors**

8.6.1 The Chief Finance Officer will be responsible for ensuring the operation and maintenance of effective systems for the payment of creditors and the collection of monies from debtors across the range of Council services.

8.6.2 No creditor shall be paid or debtor invoiced other than through systems operated by the Chief Finance Officer or otherwise specifically approved by him/her.

8.6.3 Write-offs should only take place as a last resort after all other economic/social solutions have been exhausted.

8.6.4 Write-off authorisation level, as stated in the financial instructions, must be adhered to.

## **8.7 Income**

8.7.1 The Chief Finance Officer will be responsible for ensuring that adequate systems are available, and are maintained, for the recording of all income received by the Council.

8.7.2 The procedure for the collection of all money due to the Council shall be determined by the Chief Finance Officer.

8.7.3 Each **Chief Officer** shall furnish the Chief Finance Officer (or nominee) with such particulars in connection with work done, goods supplied or services rendered and of all other amounts due as may be required by the Chief Finance Officer (or nominee) to record correctly all sums due to the Council and to ensure the prompt rendering of accounts for the recovery of income due.

8.7.4 The Chief Finance Officer (or nominee) shall be notified promptly of all money due to the **Authority** and of contracts, leases and other agreements and arrangements entered into which involve the receipt of money by the **Authority** and the Chief Finance Officer (or nominee) shall have the right to inspect any documents or other evidence in this connection as the Chief Finance Officer may decide or determine.

8.7.5 It will be the responsibility of every employee of the **Authority** to ensure that all sums of money due to the **Authority** are promptly invoiced or otherwise demanded and that all sums of money received are promptly paid into the **Authority's** accounts.

- 8.7.6 All pre-printed receipt forms, books, tickets and other controlled items shall be ordered to the satisfaction of the Chief Finance Officer, who shall also be satisfied, either directly or through his/her nominee, as to the arrangements for their control.
- 8.7.7 All money received by an employee on behalf of the **Authority** shall, without delay, be paid to the Chief Finance Officer (or nominee), or as may be directed, to the **Authority's** banking or National Giro account or transmitted directly to any other body or person entitled thereto, in agreement with the Chief Finance Officer.
- 8.7.8 No deduction may be made from such money save to the extent that the Chief Finance Officer may specifically authorise.
- 8.7.9 Personal cheques shall not be cashed out of the money held on behalf of the **Authority**.
- 8.7.10 Every transfer of official money from one employee to another shall be evidenced in the records of the Directorate(s) concerned by the signature of the receiving employee.

## **8.8 Taxation**

- 8.8.1 The Chief Finance Officer is responsible for ensuring that adequate procedures are in place and adequate advice available to service areas so as to ensure that the **Authority** is at all times compliant with the specific requirements of the various tax regimes which affect its operations and delivery of services.
- 8.8.2 In the discharge of this responsibility, the Chief Finance Officer will be responsible for maintaining the **Authority's** tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate. In appropriate circumstances (e.g. where part of this function may have been devolved to a partner organisation) the Chief Finance Officer will ensure compliance with the requirements of the particular tax regimes.
- 8.8.3 Each **Chief Officer** and Head of Service will at all times conduct the financial arrangements of their services, with regard to taxation issues, in accordance with advice or instructions issued by the Chief Finance Officer, and shall provide any related information or documents upon request.

## **8.9 Accountancy**

- 8.9.1 All accountancy procedures and records of the **Authority** and its employees necessary to comply with its statutory operation shall be determined by the Chief Finance Officer. Where such procedures and records are to be maintained other than under the direct control of the Chief Finance Officer, the Chief Finance Officer (or nominee) shall, before making any determination, agree his/her requirements with the **Chief Officer** concerned.
- 8.9.2 Each **Chief Officer** shall keep such records as required by the Chief Finance Officer, to enable the Chief Finance Officer (or nominee) to compile the accounts of the **Authority** and complete all necessary financial and statistical returns.

8.9.3 Financial records shall not be destroyed or otherwise disposed of other than in accordance with arrangements approved by the Chief Finance Officer.

8.9.4 In so far as any "in-house" trading or partnership/consortium operation is concerned, **Chief Officers** responsible for operations shall discuss with the Chief Finance Officer (or nominee) their proposals for the proper accounting treatment and recording of transactions and shall agree with the Chief Finance Officer (or nominee) the method of financial reporting, both for committee and for wider consumption. In all matters relevant to accounting treatment and financial requirements, the Chief Finance Officer shall be the final arbiter in accordance with his/her statutory powers.

8.9.5 The following principles shall be observed in the allocation of financial duties:-

- The duties of providing information regarding sums due to or from the **Authority** and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them;
- Employees charged with the duty of examining and checking the accounts of cash transactions shall not themselves be **a party to** any of these transactions.

## **8.10 Orders for Work, Goods and Services**

8.10.1 Subject to the overarching requirements of the Contract Procedure Rules and any documentation in compliance therewith, official Orders shall be issued for all work, goods or services to be supplied to the **Authority**, except for supplies of public utility services, periodical payments such as rent or rates, petty cash purchases, or such other exceptions as the Chief Finance Officer may approve.

8.10.2 Authorisation to commit the Authority to expenditure shall be through the proper authorisation of a requisition describing the goods and services to be acquired duly authorised in accordance with the Requisition Authorisation Schedule.

8.10.3 Leasing (including finance leasing, operational leasing, contract hire, payments in advance, and/or instalments) shall be subject to the approval of the Chief Finance Officer.

8.10.4 Details of each Order shall, if so required, be provided to the Chief Finance Officer (or nominee).

## **8.11 Payment of Accounts**

8.11.1 Apart from petty cash, payment or purchasing card, the normal method of payment of money due from the **Authority** shall be by Bankers Automated Clearing Systems (BACS), cheque or other instrument drawn on the **Authority's** banking accounts or other properly authorised electronic transfer.

8.11.2 In respect of orders raised via systems other than the Core Business Systems (CBS) the **Chief Officer** issuing an order is responsible for examining, verifying and certifying the related invoice(s) and similarly for any other payment vouchers or accounts arising from sources within his/her Directorate. Such certification shall be in manuscript by, or on behalf of, the **Chief Officer**. The names of employees authorised to sign such records shall be sent to the Chief Finance Officer (or nominee) by each **Chief Officer**, together with specimen signatures and shall be amended on the occasion of any change thereto:

- In respect of orders raised using CBS the invoice will be matched against the order and goods received note details for quantity and price. Where these match within tolerances agreed by the Chief Finance Officer or the invoice value is below £100 (excluding VAT) the invoice may be passed for payment on the due date without further authorisation being required.
- For invoices not matched, supplementary authorisation will still be required. This authorisation will be electronic by entry on CBS rather than by manual signature on the invoice document.

8.11.3 Before certifying an account, the certifying employee shall, save to the extent that the Chief Finance Officer may otherwise agree or determine, have satisfied himself/herself that:

8.11.3.1 the work, goods or services to which the account relates have been received, carried out, examined and approved;

8.11.3.2 the prices, extensions, calculations trade discounts, other allowances, credits and tax are correct;

8.11.3.3 the relevant expenditure has been properly incurred and is within the relevant estimate provision;

8.11.3.4 appropriate entries have been made in inventories, stores records or stock books as required; and

8.11.3.5 the account has not been previously passed for payment and is a proper liability of the **Authority**.

8.11.4 Duly certified accounts shall be passed without delay to the Chief Finance Officer's nominee who shall examine them to the extent that the Chief Finance Officer deems necessary, for which purpose the nominee shall be entitled to make such enquiries and to receive such information and explanations as may be required.

8.11.5 Any amendment to an account shall be made in ink and initialled by the employee making it, explaining briefly the reasons where they are not self-evident.

8.11.6 Any claim for payment relating to goods and services (as described at 8.10.1) will only be processed where it quotes the **Authority's** Official Order Number. Any invoices not quoting this number shall be returned to the supplier.

8.11.7 All payments shall be processed as described in 8.11.6 unless there is an exemption agreed by the Chief Finance Officer. Exemptions have been granted in respect of precepts, Council Tax refunds, Business Rates refunds, Rent refunds, grants, non-payroll payments to employees, ex-gratia payments, court orders, payment of monies held on account, payroll disbursements, housing association grants, petty cash reimbursements, housing improvement grants, treasury management, car loans, housing benefit, insurance claims, utilities, cheque with order.

## **8.12 Imprest Accounts and Floats**

8.12.1 The Chief Finance Officer shall authorise and provide such imprest accounts and floats as considered appropriate to such **employees** of the **Authority** as may need them for purposes of defraying petty cash and other expenses.

8.12.2 No income received on behalf of the **Authority** may be paid into an imprest account, but must be banked or paid to the **Authority** as provided elsewhere within these Regulations.

8.12.3 Payments from imprests shall be limited to minor items of expenditure and to such other items as the Chief Finance Officer (or nominee) may approve and shall be supported by a receipted voucher to the extent that the Chief Finance Officer may require.

8.12.4 Officers responsible for imprest accounts and floats shall, if so requested, provide to the Chief Finance Officer (or nominee) a certificate as to the state of that imprest account.

8.12.5 When an Officer ceases to be responsible for the holding of an imprest or float, the appropriate **Chief Officer** shall ensure that the imprest account or float is balanced, the cash holding agreed and paid to the Chief Finance Officer (or nominee) or transferred to the employee, who is to take over the account and the Chief Finance Officer informed of the change.

## **8.13 Banking Arrangements and Cheques**

8.13.1 All arrangements with the **Authority's** bankers shall be made by, or under arrangements approved by, the Chief Finance Officer, who shall be authorised to operate such banking accounts as may be considered necessary.

8.13.2 All bank accounts of the **Authority** shall include the full or abbreviated name of the **Authority** in the account title.

8.13.3 Cheques to be drawn on the **Authority's** main banking accounts shall be ordered only on the authority of the Chief Finance Officer, who shall ensure proper arrangements for their safe custody. Such cheques shall bear the facsimile signature of the Chief Executive or be countersigned by such other Officer as he/she authorises so to do.

8.13.4 Where the value of any authorised payment exceeds £25,000 then the payment documents will be independently checked and countersigned by an authorised signatory.

## **8.14 Security**

8.14.1 **Chief Officers** are responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, etc., under their control.

8.14.2 Maximum limits for cash holdings shall be agreed with the Chief Finance Officer and shall not be exceeded without express permission.

8.14.3 Keys to safes and similar receptacles are to be kept in the possession of the person responsible at all times; the loss of any such keys must be reported to the Chief Finance Officer forthwith.

8.14.4 The principles of data protection legislation shall be strictly observed at all times.

## **8.15 Stocks and Stores**

8.15.1 Each **Chief Officer** shall be responsible for the care and custody of the stocks and stores within his/her Directorate.

8.15.2 Stocks shall not be in excess of normal or specific operational requirements unless it is in the financial interests of the **Authority**.

8.15.3 **Chief Officers** shall arrange for periodical test examination of stocks by persons other than storekeepers as required by the Chief Finance Officer (or nominee).

8.15.4 The Chief Finance Officer (or nominee) shall be entitled to receive from each **Chief Officer** such information as may be determined in relation to stores, for the accounting, costing and financial recording thereof. Surplus materials, stores or equipment shall be disposed of as appropriate to ensure the best return to the **Authority**.

8.15.5 An inventory shall be maintained and updated in each Directorate and Heads of Service shall notify the addition and movement of inventory items under their control.

## **8.16 Salaries, Wages and Pensions**

8.16.1 The payment of all salaries, wages, pensions, compensation, travel and subsistence and other emoluments to all employees, or former employees, of the **Authority**, shall be made by the **Borough Secretary** (or nominee) or under arrangements approved by him/her.

8.16.2 The **Borough Secretary** (or nominee) shall be notified by the appropriate **Chief Officer** as soon as possible, and in a form prescribed, of all matters affecting the payment of such emoluments, and in particular:-

8.16.2.1 appointments, resignations, dismissals, suspensions, secondments and transfers;

8.16.2.2 absences from duty for sickness or other reasons, apart from approved leave;

8.16.2.3 changes in remuneration, other than normal increments and pay awards and agreements of general application; and

8.16.2.4 information necessary to maintain records of service for pension, income tax, national insurance and the like.

8.16.3 Appointments of all employees shall be made in accordance with the policies of the **Authority** and the approved establishments, grades and rates of pay.

8.16.4 All time records or other pay documents of employees shall be in a form prescribed or approved by the Chief Finance Officer (or nominee) and shall be certified in manuscript by or on behalf of the **Chief Officer** concerned. The names of Officers authorised to sign such records shall be sent to the **Borough Secretary** (or nominee) by each **Chief Officer**, together with specimen signatures, and shall be amended on the occasion of any change.

## **8.17 Ex Gratia and Other Special Payments**

7.17.1 The Chief Finance Officer shall have authority to make special payments, without the prior approval of the Council, the Cabinet or a committee of the Council, whether or not provision has been made in the approved estimates, in the following cases:-

- payments specifically required by statute;
- payments under a court order;
- payments under agreement entered into by and on behalf of the **Authority**; and
- payments made on the advice of the Borough Secretary and/or appropriate **Chief Officer**, in the settlement of any action or claim against the **Authority**.

## **8.18 Trading Accounts**

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



## 8.19 Member Reports

All reports to Member decision making bodies (other than Planning Committee or any body which is exercising quasi judicial functions), and specifically to Cabinet and Council must explicitly address **resource (including financial)**, legal, **equality** and risk implications and be agreed by the Chief Finance Officer and the Monitoring Officer or their nominated representatives before being published.

## 9.0 EXTERNAL ARRANGEMENTS

### 9.1 Introduction

Local authorities provide an important leadership role for the community and bring together the contributions of the various stakeholders. They must also act to promote and improve the economic, social and environmental well being of their respective areas.

### 9.2 Significant Partnerships

- 9.2.1 A significant partnership is one that is material in terms of the amount of money involved and/or the level or nature of service delivery concerned.
- 9.2.2 The Cabinet is responsible for approving the Council's participation in all significant partnerships/joint working arrangements with other public, private, voluntary and community sector organisations. The Cabinet is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.
- 9.2.3 The Cabinet can delegate functions - including those relating to partnerships - to specific Members or Officers. These are set out in the Schemes of Delegation that form part of the Council's Constitution. Where functions are delegated, the Cabinet remains accountable for them to the Full Council.
- 9.2.4 The Chief Executive, Members or other properly authorised individual will represent the Council on partnership and external bodies, in accordance with the Scheme of Delegation.
- 9.2.5 The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the **Authority**.
- 9.2.6 The Chief Finance Officer must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. In conjunction with the Monitoring Officer, he/she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. He/she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.



9.2.7 Chief Officers and Heads of Service are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

9.2.8 The key control is for the Council and its partners to:

- be aware of their responsibilities under the Council's financial management framework including procedure rules, instructions and processes;
- ensure that risk management processes are in place to identify and assess all known risks;
- ensure project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise; and
- agree the roles and responsibilities of each of the partners before the project commences.

9.2.9 The Chief Finance Officer should advise the Cabinet on the following key elements:

- Scheme appraisal for financial viability.
- Risk appraisal.
- Governance arrangements.
- Resourcing, including taxation issues.
- Audit requirements.
- Carry forward arrangements.

9.2.10 Chief Officers are responsible for maintaining a schedule of all significant partnerships. A significant partnership is one that meets any one of the following criteria:

- With a value of at least £1m.
- Involves the delivery of a significant proportion of a statutory service.
- Involves the delivery of a significant proportion of one or more of the Council's priorities.

9.2.11 **Chief Officers** and Heads of Service are responsible for:

- seeking advice from the Chief Finance Officer and Monitoring Officer at an early stage;
- ensuring that the approval of the Cabinet is obtained before any negotiations are concluded;
- ensuring that all agreements and arrangements are properly documented; and
- providing information to the Chief Finance Officer required for the Council's statement of accounts.

9.2.12 If financial procedures or standing orders of a partner are being followed which are not consistent with the Council's regulations, Cabinet approval must be obtained. However, legislation must be complied with regardless.

### 9.3 Interests in Companies

- 9.3.1 Prior to the **Authority**, or any **employee** on behalf of the **Authority**, taking an interest (e.g. membership, share holding or directorship) in a company, advice should be sought from the Monitoring Officer and the Chief Finance Officer.
- 9.3.2 Any clauses required by the Monitoring Officer and/or the Chief Finance Officer to safeguard the **Authority's** position must be included in the company's Memorandum and Articles of Association.

### 9.4 Voluntary Funds and Trustees

- 9.4.1 A voluntary fund is any fund, which, although not officially owned by the **Authority**, is controlled or administered solely, or in part, by an employee by reason of his or her employment by the **Authority**.
- 9.4.2 Each **Chief Officer** shall make himself/herself aware of all voluntary funds involving employees under his/her control and shall make arrangements for the proper management of such funds.
- 9.4.3 Council staff or partners must not administer voluntary funds, either solely or in part in the course of their duties, unless they have been authorised to do so by a Chief Officer.
- 9.4.4 Chief Officers may issue such authority once satisfactory and effective systems of control are in place for the management of the fund.
- 9.4.5 Chief Officers may only give approval where the owners of the fund agree that the Chief Finance Officer will have full access to the records of the fund and be entitled to carry out such checks as considered appropriate.

### 9.5 External Funding

- 9.5.1 The Chief Finance Officer, or his/her nominee must be advised of all external funding opportunities available to the Council and of the lead Officer in each circumstance.
- 9.5.2 **The lead Officer must provide such information as requested by the Chief Finance Officer, including copies of proposed agreements and conditions of grant and any financial implications (including match funding requirements or ongoing revenue costs).**
- 9.5.3 **All external funding applications must be authorised by the** Chief Finance Officer, or his/her nominee prior to their submission by the **Authority**.
- 9.5.4 The Chief Finance Officer or his/her nominee must be notified of the outcome of external funding applications at the earliest opportunity **and successful external funding applications will be reported to Cabinet as part of the normal monitoring reports.**

9.5.5 The Chief Finance Officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts.

9.5.6 The Chief Officer responsible for the lead Officer must ensure that all grant conditions are met.

## 9.6 Work for Third Parties

9.6.1 The Chief Finance Officer, or his/her nominee must be advised of all work for third parties opportunities available to the Authority and of the lead Officer in each circumstance.

9.6.2 The lead Officer must provide such information as requested by the Chief Finance Officer, including copies of proposed agreements and conditions and any financial implications (including match funding requirements or ongoing revenue costs).

9.6.3 All work for third parties must be authorised by the Chief Finance Officer, or his/her nominee prior to agreement to undertake this work by the Authority.

9.6.4 Where the gross value of work does not exceed £100,000, these arrangements can be approved by the Chief Finance Officer and relevant Chief Officer.

9.6.5 Where the gross value of work exceeds £100,000 but does not exceed £250,000, these can be approved by the Chief Finance Officer and Chief Officer, after consultation with the Cabinet Member for Finance and relevant Cabinet Member(s).

9.6.6 Where the gross value of work is in excess of £250,000 these must be approved by the Cabinet, after approval of the Chief Finance Officer.

9.6.7 The Chief Finance Officer or his/her nominee must be notified of the outcome of any bids to work for third parties at the earliest opportunity and successful bids to work for third parties will be reported to Cabinet as part of the normal monitoring reports.

9.6.8 The Chief Finance Officer is responsible for ensuring that all income receivable from third parties is received and properly recorded in the Council's accounts.

9.6.9 The Chief Officer responsible for the lead Officer must ensure that all contractual conditions are met.

## 10.0 GLOSSARY

Asset Manager	A senior Officer who is a qualified surveyor/valuer with responsibility for managing the Council's land and buildings (other than council housing, parks and certain other specific areas) and who advises the Council on property matters.
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Budget & Policy Framework Procedure Rules	Procedure rules set out in Part 4 of this Constitution.
Capital Strategy	The Council's strategy governing the capital programme.
Chief Officers	Directors are referred to as Chief Officers, also the provisions of these regulations relating to Chief Officers should also be taken to apply to the Chief Executive when exercising his/her departmental responsibilities.
Corporate Governance	Policies and procedures that will enable an Officer to complete their work in a manner approved by the Council.
Forecast	Estimated year-end net financial position based on actual costs to date and known expenditure and income expected to be realised before period/year-end.
Heads of Service	For the purposes of the Financial Regulations, includes all managers who are either Heads of Service or equivalent.
Management Board	The Chief Executive, Directors, Chief Finance Officer (Section 151 Officer) and Monitoring Officer, when meeting together as a team
Medium Term Financial Plan	Multi year rolling plan.
Monitoring Officer	Officer appointed under the Local Government and Housing Act 1989 with responsibility for ensuring that decisions are lawful and fair and other responsibilities as set out in Article 14 of the Council's Constitution.
Outturn	Actual year-end net financial position based on actual costs and accrued income and expenditure.
Section 151	Section 151 of the Local Government Act 1972 requires the Council to maintain an adequate and effective system of internal control. The Section 151 Officer is the designated Finance Officer within the Council with overall responsibility for ensuring that the Council complies with the Act.
Supplementary Estimate	The process where budgets are given additional funds where virement from within the budget cannot fully cover an overspend. Supplementary estimates take funds from reserves and must be repaid at the direction of the Section 151 Officer.

Virement	The approved transfer of funds between budget codes.
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