



**MINUTES of
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
20 FEBRUARY 2025**

PRESENT

| | |
|------------------------------------|--|
| Vice-Chairperson (in the chair) | Councillor N D Spenceley |
| Councillors | S J Burwood, J C Hughes, R G Pratt, J C Stilts and M E Thompson |
| Independent Person | Mr Derek Smith |

551. CHAIRPERSON'S NOTICES

The Chairperson welcomed everyone to the meeting and went through some general housekeeping arrangements for the meeting.

552. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors M G Bassenger, U G C Siddall-Norman and W Stamp.

553. MINUTES OF THE LAST MEETING

RESOLVED that the Minutes of the meeting of the Committee held on 16 January 2025 be approved and confirmed.

554. MATTERS ARISING

The Committee noted the matters arising from the last meeting.

555. DISCLOSURE OF INTEREST

There were none.

556. PUBLIC PARTICIPATION

No requests had been received.

557. **REPORT OF THE EXTERNAL AUDITOR ON THE AUDIT OF FINANCIAL YEAR 2023 / 24**

The Committee considered the report of the Interim Chief Finance Officer presenting a number of external audit documents for review. The Officer presented the report before referring to the external auditors to provide further information in relation to their reports (appendices 1 – 3).

- **International Standards on Auditing (ISA) 260 Audit report** (Appendix 1 to the report)
This report aimed to ensure that auditors communicated significant findings from the audit to those responsible for governance. An updated version of this appendix had been circulated prior to the meeting.

It was noted that due to a number of factors, including the completion of the 2022 / 23 financial year audit, the external auditors had not been able to progress significant volumes of work. All risk assessments had been completed along with planning work in order to allow an audit opinion to be issued. The audit disclosure checklist had been completed along with basis casting and consistency checks of the financial statements. Therefore, a disclaimed audit opinion was being issued on the 2023 / 24 financial statements. It was noted that page 46 of the report pack outlined the rationale behind this.

- **Annual Audit report for the financial year 2023 / 24** (Appendix 2)
This report evaluated how effectively an organisation used its resources to achieve its objectives. An updated version of this appendix had been circulated prior to the meeting.

This was required to be published alongside the Council's financial statement on its website and provided a high-level overview of the findings of both external audit's financial statement audit along with more rationale and detailed assessment of the findings of Value for Money (VFM) work. It was noted that external audit had raised a recommendation in response to significant weakness detailed within the report and a management response to this was set out on page 96 of the report pack. Members were informed that the rationale for the significant weakness was in respect of the Council's delivery of the draft 2023 / 24 financial statements and external audit being unable to progress the 2023 / 24 external audit due to what they believed were constraints within the Council's finance team.

- **Audit Plan report for 2023 / 24** (Appendix 3)
This report set out the plan for the accounts audit and it was noted that this was normally presented before the audit took place, however due to constraints of backstop dates issued by the Government this report was being presented at this time. The Terms of Reference of this Committee included a requirement to review the external auditor's opinion on the Statement of Accounts of the Council.

It was highlighted that page 103 of the report pack outlined the significant risk areas for the 2023 / 24 report which external audit had identified through its planning and risk work along with enquiries with the Council as well as knowledge of the wider Local Government sector. Three areas of significant risk had been identified and the external auditors took Members through each of them.

In response to a question raised by the Independent Person, regarding the value fully depreciated within the 2024 accounts, the Interim Chief Finance Officer advised that

the Council's technical accountant had prepared the financial statements, and he would therefore provide the requested information outside of the meeting.

The Chairperson moved the recommendations set out in the report. These were duly seconded and agreed.

RESOLVED

- (i) That Members considered:
 - the ISA 260 Audit Report for 2023 / 24 at Appendix 1 to the report;
 - the Annual Audit Report for 2023 / 24 (Appendix 2 to the report)
 - the Audit Plan Report for 2023 / 24 (Appendix 3 to the report;
- (ii) That delegated authority be granted to both the Chairperson of the Performance, Governance and Audit Committee and Chief Finance Officer (Section 151) to liaise directly with the external auditors, KPMG, to facilitate the signing of the accounts and its subsequent publication online.

558. INTERNAL AUDIT REPORT

The Committee considered the report of the Interim Chief Financial Officer and associated Internal Audit report from BDP LLP, attached on the agenda as follows:

- 8a) Progress Report 2024 / 25 (February 2025)
- 8b) Follow-Up of Recommendations Report (February 2025)
- 8c) Capital and Commercial Project Management Final Report (January 2025)
- 8d) Contract Management Final Report (January 2025)
- 8e) Health and Wellbeing 2024 / 25 Final Report (January 2025)
- 8f) Internal Audit Annual Plan 2025 / 26 and Strategic Plan 2023 - 26

Progress Report 2024 / 25 (February 2025)

Mr Andrew Billingham (BDO LLP) presented his report to the Committee which provided an update on completion of the 2024 / 25 internal audit plan. It was noted that since the last report to the Committee three further reviews had been finalised, two were at draft report stage and field work was ongoing for the remaining three audits which would be completed by the end of the financial year.

Follow-Up of Recommendations Report (February 2025)

Mr Billington (BDO LLP) presented the report and advised that no recommendations had been reached their implementation dates, so there was no follow-up. There was one outstanding recommendation on Licensing and Management of Property and Members were advised that this would be due and followed-up before the next meeting of the Committee.

Capital and Commercial Project Management Final Report (January 2025)

Mr Billington (BDO LLP) presented the report and advised that this had received a substantial opinion for the design of controls and a moderate opinion for effectiveness of controls. It was noted that three recommendations had been raised around ensuring the business case templates were completed in all cases and updating project management guidance, the Asset Management and Commercial

Strategies.

Contract Management Final Report (January 2025)

Mr Billington (BDO LLP) presented the report and advised that this had received a substantial opinion for the design of controls and a moderate opinion for effectiveness of controls. It was noted that two recommendations had been raised the first was around ensuring contract managers received the correct training and establishing a quality assurance process and the second about updating contract management guidance.

Health and Wellbeing 2024 / 25 Final Report (January 2025)

Mr Billington (BDO LLP) presented the report and advised that this had received a substantial opinion for both the design of controls and effectiveness of controls. It was noted that two low priority recommendations had been raised and were to ensure that actions resulting from the staff survey were SMART (Specific, Measurable, Achievable, Realistic and Time-bound) and improving governance arrangements for the Council's Mind, Body and Sole Group.

Internal Audit Annual Plan 2025 / 26 and Strategic Plan 2023 - 26

Mr Aaron Winter (BDO LLP) presented the report and highlighted the annual plan for 2025 / 26 which had been collated following the annual planning process and consideration by the Council's Corporate Leadership Team. The Plan detailed nine reviews which the Internal Auditors would undertake during 2025 / 26 which were a mix of cyclical coverage and specific areas of potential risk. It was noted that the Plan would be reviewed to ensure it prioritised the risks that the Council faced, and any changes reported to this Committee.

Members' attention was drawn to page 219 of the agenda pack which set out the internal audit charter. Mr Winter advised the Committee that from the beginning of January 2025 there were new global audit standards which had become applicable. As a result, there was a new set of Public sector Internal Audit Standards which would come into effect from 1 April 2025 and to which the 2025 / 26 Plan would be delivered. Members were given assurance that there were no significant changes and Mr Winter advised that BDO had already reviewed its process to ensure compliance.

In response to questions raised Members were advised:

- If any future changes created risk Internal Audit would review this in discussion with senior officers and report back to the Committee. Internal Audit had a statutory requirement to ensure that the Internal Audit Plan was aligned to those risks.
- The Building Control audit was currently underway, and the concerns and challenges faced had been built into the background of that review. Although the audit could not help improve recruitment by saying that more resources were required if it was the root cause for a backlog or they had concerns around process delivery this would be reflected.

In response to a question regarding the Council's reserves and the future of the Council, the Deputy Chief Executive advised that the Essex Chief Executives and Leaders Group had commissioned external consultants to look at the various financial issues and options in relation to Devolution and unitary authorities. The Council meeting on 25 February 2025 would be considering a paper on this matter to ensure all Members had a full oversight of the analysis. The internal audit plan also included a preparedness for the Local Government Reform (LGR) audit. He outlined

the current timeline relating to LGR and advised that the audit and checklist would be reviewed to ensure the Council was undertaking due diligence.

Internal Audit report continued

The Chairperson then moved the three recommendations set out in the report, taking into consideration the earlier discussions. This was duly seconded and approved.

RESOLVED

- (i) that the Committee considered, commented, and approved the following reports as set out on the agenda:
 - (a) Progress Report 2024 / 25 (February 2025) at 8a;
 - (b) Follow-Up of Recommendations Report (February 2025) – at 8b;
 - (c) Capital and Commercial Project Management Final Report (January 2025) – at 8c;
 - (d) Contract Management Final Report (January 2025) – at 8d;
 - (e) Health and Wellbeing 2024 / 25 Final Report (January 2025) - at 8e
 - (f) Internal Audit Annual Plan 2025 / 26 and Strategic Plan 2023 – 26 – at 8f.

The Chairperson thanked the External and Internal Auditors for their reports and attendance. At this point thanks was also given to the Finance Team, particularly the Interim Chief Finance Officer.

559. CORPORATE PERFORMANCE - QUARTER 3

The Committee considered the report of the Chief Executive that required the Committee to undertake a quarterly review of the Corporate performance, as assurance that performance was being managed effectively to achieve the corporate outcomes as set out in the Council's Corporate Plan 2023 - 2027. Appendix 1 to the report provided an overview of performance as at the end of Quarter 3 (Q3) (October to December 2024).

The Chairperson introduced the report and deferred to the Assistant Director – Programmes, Performance and Governance to present the detail. The Assistant Director took the Committee through the report highlighted section 3.2 which gave a high level view for each priority of delivery along with the specific indicators within the priority that had been marked at risk. It was noted that a new corporate plan had been adopted in December 2024. Work had been taking place to map the new Key Performance Indicators, along with an internal session booked with Committee Members prior to Quarter 1 being reported against the new corporate plan.

The Chairperson proposed that the recommendations as set out in the report be agreed and this was duly seconded.

In response to questions raised during the discussion that ensued the following information was provided:

- Develop and launch of Maldon's youth engagement programme – It was confirmed that this priority was on track with conditional elements.

- Number of trees planted within the District in partnership – The Assistant Director - Place and Community agreed to supply details of the number of trees planted and their location outside of the meeting.
- Training – In response to comments from the Independent Person regarding training, the Deputy Chief Executive advised that the Corporate Performance report would not normally provide the level of detail he raised. The comments raised would be taken into account and reviewed within the Council's review of reporting for the future.

The Chairperson then moved the recommendations set out in the report and these were duly agreed.

RESOLVED

- That Members reviewed the information as set out in this report and Appendix 1 to the report, with priority focus given to the Strategic Priority level performance;
- That Members confirmed they are assured through this review that corporate performance was being managed effectively.

560. REVIEW OF CORPORATE RISK - QUARTER 3

The Committee considered the report of the Chief Executive that required Members to undertake a quarterly review of the Corporate Risk Register as assurance that the Council's corporate risks were being managed effectively. A summary and detailed table of the Corporate Risk Register, latest ratings and officer commentary was attached as appendix 1 to the report.

The Chairperson introduced the report and deferred to the Assistant Director - Programmes, Performance and Governance to address the detail. The Assistant Director advised that the report covered the Corporate Risks for the third quarter of 2024 / 25, (October - December 2024). She advised that since quarter two there had been three changes to risks, as follows:

- Failure to maintain a Five-Year Housing Land Supply – this risk has increased.
- Failure to plan and deliver balanced budgets over the medium term – this risk has decreased.
- Failure to engage and prepared to be ready any impact of Local Government Review – this was a new risk.

Members were advised that work was taking place to refresh the risk management Policy which was due for renewal in 2025 and as a result of this a review of risk scoring would also take place in the coming quarters.

The Chairperson moved the recommendations set out in the report. These were duly seconded and agreed.

RESOLVED

- That Members reviewed the Corporate Risk Register in Appendix 1 to the report and provided comment and feedback for consideration;
- That Members reviewed progress of the Corporate Risk Mitigating actions in Appendix 2 to the report and provided comment and feedback for consideration;

- (iii) That Members are assured through this review that corporate risk is being managed effectively;
- (iv) That Members challenged risk where the Committee felt that the Council's corporate goals may not be achieved.

561. HEALTH AND SAFETY UPDATE - QUARTER THREE 2024 / 25

The Committee considered the report of the Deputy Chief Executive that provided an update on Health and Safety statistics and activity during Quarter 3 (Q3) (1 October to 31 December 2024). The Chairperson introduced the report and deferred to the Assistant Director - Place and Community and Corporate Health and Safety Manager to present the detail.

The Assistant Director took the Committee through the report advising on the numbers of accidents / incidents, near misses and unacceptable behaviour which were relatively low and dealt with according to Council policies with no particular trends identified during this period. It was noted that the number of accidents and near misses reported demonstrated that Officers continued to follow the correct procedure. The report provided further update in respect of the following areas:

- Health and Safety Actions – the report detailed a number of actions along with an update on the progress of each. It was noted that those actions completed had been removed.
- Health and Safety Groups – Reported incidents were scrutinised through the monthly Health and Safety Managers' Group along with compliance in other areas and monthly performance updates were provided to the extended Corporate Leadership Team.
- System resources
- Fire Risk Assessments
- Policies and procedures
- Health and Safety inspections
- Legionella
- Training – a number of training events had been undertaken during this quarter, including over 70 staff attending training on dealing with violence and aggression.
- Accident-near miss reporting
- Health and Safety Audit – Following the recent audit an action plan had been produced and Members were advised that good progress was being made to implement the related recommendations.

The Chairperson proposed that the recommendations as set out in the report be agreed and this proposal was duly seconded.

During the discussion that followed and in response to questions raised, the following information was provided:

- Shellfish Sampling – Members were advised that there was a statutory requirement for this and certain techniques that had to be employed for sampling and the Council was exploring using an external consultant. The Health and Safety Manager advised he was unable to provide information

regarding the suggestion that a boat was used to carry out sampling however, would raise this matter with the appropriate team.

- The Council employed best practice along with a Strategy regarding the assessment of trees in public parks. The Assistant Director - Customer Services and Operations advised that in addition the Council had a regular programme of tree inspections which provided a good level of reassurance. A high winds new working practice had recently been introduced and provided clear guidance to staff regarding wind speed and the steps taken if there were high winds.
- In response to a question regarding the impact of unacceptable behaviour on members of staff, the Health and Safety Manager agreed to get an update from the relevant Manager.

The Chairperson then moved the recommendations which were duly agreed.

RESOLVED

- (i) That Members considered the accident and incident statistics and incidences of unacceptable behaviour reported;
- (ii) That Members considered progress of key health and safety themes (as set out in section 3.2 of the report).

562. BALANCE SCORECARD EXCEPTIONS (JULY - DECEMBER 2024)

The Committee considered the report of the Chief Executive reporting exceptions to operational service and provided visibility of any identified Balance Scorecard Key Performance Indicators (KPIs) that had met their threshold, supported by an action plan to ensure targets were met.

The Chairperson introduced the report and deferred to the Assistant Director, Programmes, Performance and Governance to present the detail. It was noted that the report covered the period July to December 2024 and section 3.2 contained detail on underperforming areas and the action being taken. The Assistant Director drew Members' attention to section 3.3 which highlighted two indicators where the Council was overperforming, section 3.4 flagged those areas where closer monitoring was taking place and it was noted that areas of tolerance were marked for closer monitoring by the leadership team. Internally, the Senior Management Team monitor this data and discuss it monthly to help address performance issues in real time where possible, with a six-monthly report provided to this Committee to show the exceptions and any areas of under / over performance. Appendix 1 to the report provided further performance data.

The Chairperson moved the recommendations as set out in the report. This was duly seconded and agreed.

RESOLVED

- (i) That the Committee reviewed and commented on exceptions to service reporting provided in the report;
- (ii) That Members noted the additional performance detailed in Appendix 1 to the report;
- (iii) That Members confirmed they were assured through this review, that operational performance was being managed effectively.

563. ANNUAL GOVERNANCE STATEMENT ACTIONS UPDATE

The Committee considered the report of the Chief Executive providing Members with an update on the actions identified in the Annual Governance Statement (AGS). The Chairperson introduced the report and deferred to the Assistant Director Programmes, Performance and Governance, to present the detail.

The Assistant Director took the Committee through the report that covered the best practice governance actions identified in the 2023 / 24 AGS and an update on progress against these. It was noted that the AGS was in line with the Chartered Institute of Public Finance and Accountancy best practice, reflective of governance matters and forward looking about where the Council could make improvements.

Section 3.5 of the report provided a table of those actions and an update of progress as at Quarter 3 (end December 2024). Actions highlighted in grey denoted actions completed and a further six actions were ongoing for the year, with updated text provided. The Assistant Director highlighted how the draft AGS for 2024 / 25 was due to be considered as a separate item on the agenda and would continue to build on best practice.

The Chairperson proposed that the recommendation as set out in the report be agreed. This proposal was duly seconded and agreed.

RESOLVED that the Committee reviewed the Annual Governance Statement table at paragraph 3.5 and the updates within the report and challenged where necessary.

564. ANNUAL GOVERNANCE STATEMENT 2024 / 25

The Committee considered the report of the Chief Executive presenting the Annual Governance Statement (AGS) 2024 / 25 (attached at Appendix 1 to the report) for review and adoption by the Committee.

The Chairperson introduced the report and deferred to the Assistant Director – Programmes, Performance and Governance to present the detail. The Assistant Director advised that the AGS was a key statutory document that had to be produced and appended to the Council's Statement of Accounts and followed the Council's adopted template to reflect the Chartered Institute of Public Finance and Accountancy (CIPFA) best practice advice. It was noted that the report commented on the Council's position against the seven principles of good governance identified by CIPFA and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) in 2016. In addition, comments on the Council's arrangements against the CIPFA financial management code had been provided, particularly standard C. It was noted that this AGS was being brought forward prior to the end of the financial year, it was not expected that the commentary would change, however should there be any change these would be reported to the Committee.

The first page of the appendix highlighted the achievements of the 2024 / 25 financial year in terms of governance arrangements. Overall, the statement demonstrated that the Council had appropriate governance arrangements in place. It was noted that the appendix identified some actions for the coming year in line with best practice. The AGS also reflected on achievements in the 2024 / 25 financial year.

The Chairperson proposed that the recommendations set out in the report be agreed. This proposal was duly seconded and agreed.

RESOLVED

- (i) That the Annual Governance Statement (attached at Appendix A to the report) be approved and appended to the Statement of Accounts.
- (ii) That the Performance, Governance and Audit Committee monitors the progress of the action plan identified in the Annual Governance Statement through a quarterly report.

565. ANNUAL REVIEW OF FINANCIAL REGULATIONS

The Committee considered the report of the Interim Chief Financial Officer presented revised Financial Regulations (attached as Appendix 1 to the report) for review and recommendation to the Council for approval.

The Financial Regulations provided a framework to ensure sound financial management and control within a local authority, aligned with the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Codes, and complied with relevant legislation and best practices in public financial management. It was noted that the Regulations were reviewed annually in accordance with the Council's Constitution to ensure they remained current and effective. The Interim Chief Financial Officer advised how the Financial Regulations had been updated to reflect the new leadership structure implemented in December 2024 and would be kept under constant review and refined, where necessary to adapt to emerging financial management challenges and opportunities.

The Chairperson moved the recommendation set out in the report and this was duly seconded.

In response to questions raised by the Independent Person, Officers reported that the Finance Working Group was a cross-Committee group that made recommendations to the Strategy & Resources and Performance, Governance & Audit Committees, as appropriate. Further explanation in terms of the remit of each Committee was also provided and the Deputy Chief Executive advised that further clarification could be provided outside of the meeting.

The Chairperson then put the recommendation which was duly agreed.

RECOMMENDED that the revised Financial Regulations at **APPENDIX 1** to these Minutes be approved.

There being no other items of business the Chairperson closed the meeting at 8.31 pm.

N D SPENCELEY
CHAIRPERSON



MALDON DISTRICT COUNCIL

Financial Regulations and Financial Procedures

Updated January 2025

Changes log

| Committee version | Change |
|---|----------------|
| C 2.1 changed to reflect audit committee responsibility as opposed to finance and corporate services. | June 2018 |
| Throughout – Amend the references to Chief Executive and Assistant Directors titles in line with new structure. | October 2018 |
| Appendix I reference to Deputy for Section 151 removed as this isn't a position. | January 2019 |
| Amended wording relating to cheques as pre-signed cheques are now removed. | January 2019 |
| Appendix G.9. Amended wording on BACS to reflect new BACS system of electronic signatures, and gave delegation of authorisations of BACS to Chief Finance Officer / S151 . | February 2019. |
| Combined B.1.3 and B.1.4 as no required distinctions. | February 2019 |
| Updated to reflect new Committee Structure | October 2019 |
| Further review and updating for presentation to Members to adopt as part of the Constitution | July 2020 |
| Throughout – Replace references to Directors' titles with the Chief Executive, Deputy Chief Executive, Chief Finance Officer, and Assistant Director, as required, in line with the new leadership structure implemented in December 2024 | January 2025 |
| | |

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1. Status of Financial Regulations

- 1.1. 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.
- 1.2. The regulations identify the financial responsibilities of the Council, the Committees, the Chief Executive, the Deputy Chief Executive, the Chief Financial Officer / Section 151 (S151) and the Assistant Directors. These officers must maintain a written record where decision making under the regulations has been delegated; [Delegated decisions made](#) and references in the regulations should be read as referring to them. Actions under the regulations may also be delegated, and again any such authorisations should be documented, however the responsibility to ensure that these actions are happening remains with the person specified in these regulations. (Appendix I)
- 1.3. All Council Members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
- 1.4. The Chief Financial Officer / S151 is responsible for maintaining a continuous review of the financial regulations and submitting any additions or changes necessary to the Council for approval. The Chief Financial Officer / S151 is also responsible for reporting, where appropriate, breaches of the financial regulations to the Strategy and Resources Committee. Any non-compliance with the Regulations must be reported to the Chief Financial Officer / S151. Anyone wishing to act outside the provisions of these regulations, in a specific instance, must seek the prior written approval of the Chief Financial Officer / S151 .
- 1.5. The Council's detailed financial procedures, setting out how the regulations will be implemented, are contained in the appendices to the financial regulations.
- 1.6. The Chief Financial Officer / S151 is responsible for ensuring that all staff are aware of the existence and content of the Council's financial regulations and other internal regulatory documents and that they comply with them.
- 1.7. The Chief Financial Officer / S151 is responsible for issuing advice and guidance to underpin the financial regulations that Members, Officers and others acting on behalf of the Council are required to follow. Notes and guidance may expand upon, but not contradict the Regulations. Any consultation required under these Regulations must allow sufficient time for a proper consideration of any issues.
- 1.8. All financial and accounting procedures must be carried out in accordance with the Regulations.

2. FINANCIAL REGULATIONS

a) Financial Management

1. INTRODUCTION

- 1.1 Financial management covers all financial accountabilities in relation to the running of the Council, including the policy framework and budget.

2. THE COUNCIL

- 2.1 The Council is responsible for adopting a Constitution and associated corporate governance arrangements (including Council and Committee Procedure Rules and Committee Terms of Reference), for approving the annual budget and the policy framework within which the Committees operate. It is also responsible for approving and monitoring compliance with the Council's overall framework of accountability and control. The framework is set out in its corporate governance arrangements. The Council is also responsible for monitoring compliance with the agreed policy and related Committee decisions.
- 2.2 The Council is responsible for approving procedures for recording and reporting decisions taken. This includes those key decisions delegated by and decisions taken by the Council and its Committees.

3. THE COMMITTEES

- 3.1 The Strategy and Resources Committee is responsible for proposing the annual budget to the Council, and for discharging its own functions in accordance with that budget and framework.
- 3.2 Once approved, the Strategy and Resources Committee is responsible for the administration of the budget for the services set out in its Terms of Reference.
- 3.3 Committee decisions can be delegated to an officer or a sub-committee.
- 3.4 The Committees are responsible for establishing protocols to ensure that decisions take account of legal and financial liabilities and risk management issues that may arise from the decision.
- 3.5 The Overview and Scrutiny Committee, has power to scrutinise decisions made, or action taken, in respect of any of the functions of the Council which have financial implications. It also has powers to make recommendations on future financial policy options and for reviewing the general financial policy and service delivery of the Council.
- 3.6 The Joint Standards Committee is established by the Council and is responsible for 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 Members' code of conduct, and for monitoring the operation of the code.

4. THE STATUTORY OFFICERS

4.1 The Council will appoint the Chief Executive, Deputy Chief Executive or a senior officer to the following statutory roles:

- Head of Paid Service – responsible for the co-ordination of the operational activity involved in delivering the Council’s services and functions, including the appointment and management of staff.
- Section 151 Officer or Chief Finance Officer – responsible for the proper administration of the Council’s financial affairs.
- Monitoring Officer – reports to the Council on cases of maladministration, the conduct of councillors and officers, and responsible for the review and updating of the Constitution (including the provision of advice and interpretation).

Further information on these roles is contained within the Council’s constitution although of particular relevance to these Regulations are the following statutory provisions:

4.2 Section 151 Officer (Chief Finance Officer)

4.2.1 The Officer appointed by the Appointments Board as the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. The statutory duties arise from:

- a) Section 151 of the Local Government Act 1972;
- b) The Local Government Finance Act 1988;
- c) The Local Government and Housing Act 1989;
- d) The Accounts and Audit Regulations 2015;
- e) The Localism Act 2011.

4.2.2 The Section 151 Officer (Chief Finance Officer) is responsible for:

- a) the proper administration of the Council’s financial affairs;
- b) setting and monitoring compliance with financial management standards;
- c) advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;
- d) providing financial information;
- e) preparing the [revenue budget](#) and [capital programme](#);

Operational responsibility for these matters is assigned to the Chief Finance Officer / S151.

4.2.3 Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer (Section 151 Officer) to report to the Council, Committees and external auditor if the Council, Committees or one of its officers or members:

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

Section 114 of the 1988 Act also requires:

- d) the Chief Finance Officer to nominate a properly qualified member of staff to deputise should They be unable to perform the duties under section 114 personally;
- e) 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.

5. CHIEF EXECUTIVE, DEPUTY CHIEF EXECUTIVE, ASSISTANT DIRECTORS

- 5.1 The above officer's are responsible for ensuring that Committees are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Finance Officer / S151;
- 5.2 They are responsible for signing contracts on behalf of the Council.
- 5.3 It is the responsibility of these officers and Committees to consult with the Chief Finance Officer / S151 and seek approval on any matter liable to affect the Council's finances, before any commitments are incurred.
- 5.4 The Chief Executive is responsible for keeping the Council's corporate governance arrangements up to date.

6. OTHER FINANCIAL ACCOUNTABILITIES

6.1 Virement

- 6.1.1 The Council is responsible for agreeing procedures for revenue and capital virements of expenditure or income between budget headings.
- 6.1.2 The Chief Executive, Deputy Chief Executive and Assistant Directors must consult the Chief Finance Officer / S151 on all virements, (see [Appendix F](#))

6.2 Treatment of year-end balances

- 6.2.1 The Chief Finance Officer / S151 is responsible for agreeing procedures for carrying forward under-spending on budget headings.

6.3 Accounting policies

- 6.3.1 The Chief Finance Officer / S151 is responsible for selecting accounting policies and ensuring that they are applied consistently.

6.4 Accounting records and returns

- 6.4.1 The Chief Finance Officer / S151 is responsible for determining the accounting procedures and records for the Council.

6.5 The Annual Statement of Accounts

- 6.5.1 The Chief Finance Officer / S151 is responsible for ensuring that the annual Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Local Authority Accounting in the United Kingdom and that the annual accounts are published by the deadline set out in the Accounts and Audit Regulations each year. The Performance, Governance & Audit Committee is responsible for approving the annual Statement of Accounts.

b) Financial Planning

1. INTRODUCTION

- 1.1 The Council is responsible for agreeing the Council's policy framework, in particular the Corporate Plan. It is also responsible for agreeing the budget, the main framework of which will be proposed by the Strategy and Resources Committee. In terms of financial planning, the key elements are:

- a) the revenue budget;
- b) the medium term financial strategy (MTFS);
- c) the capital programme.

2. POLICY FRAMEWORK

- 2.1 The policy framework comprises a number of statutory plans and strategies, which are set out in the Councils corporate governance arrangements.

- 2.2 The Council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework. The S151 Officer and/or Monitoring Officer, as appropriate, should refer decisions to the Council.

- 2.3 The Committees are responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by the Council.

2.4 Preparation of the Corporate Plan

- 2.4.1 The Chief Executive or Assistant Director of Strategy, Partnerships and Communication is responsible for proposing the Corporate Plan to the Council for approval.

3. BUDGETING

3.1 Budget format

- 3.1.1 The general format of the budget will be approved by the Strategy and Resources Committee and the Council on the advice of the Chief Finance Officer / S151. The draft budget should include current approvals updated for inflation and volume changes, proposals for growth and savings, together with the proposed taxation level.

3.2 Budget preparation

- 3.2.1 The Chief Finance Officer / S151 is responsible for ensuring that a revenue budget is prepared on an annual basis and a MTFS at least on a three-yearly basis for consideration by the Strategy and Resources Committee, before submission to the Council. The Council may amend the budget before approving it.

3.3 Budget monitoring and control

- 3.3.1 The Chief Finance Officer / S151 is responsible for providing appropriate financial information to enable budgets to be monitored effectively. They must monitor and control expenditure against budget allocations and report to the Strategy and Resources Committee on the overall position on a quarterly basis.

- 3.3.2 It is the responsibility of Assistant Directors to control income and expenditure within their areas and to monitor performance, taking account of financial information provided by the Chief Finance Officer / S151. They should also take any action necessary to avoid exceeding their budget allocation and alert the Chief Finance Officer / S151 to any problems.

3.4 Resource allocation

- 3.4.1 The Chief Finance Officer / S151 is responsible for developing and maintaining a resource allocation process that ensures due consideration of the Council's strategic and financial planning process.

3.5 Preparation of the Capital Strategy

- 3.5.1 The Chief Finance Officer / S151 is responsible for ensuring that the Capital Strategy and Capital Programme are prepared on an annual basis for consideration by the Strategy and Resources Committee before submission to the Council.

3.6 Guidelines

- 3.6.1 Guidelines on budget policies are issued by the Chief Finance Officer / S151 following approval of the Strategy and Resources Committee. The guidelines will take account of:
- a) legal requirements;
 - b) medium-term financial strategy;
 - c) the Corporate Plan;
 - d) available resources;
 - e) spending pressures;
 - f) other relevant guidelines issued by government or external audit;
 - g) other internal policy documents;
 - h) cross-cutting issues (where relevant);
 - i) external partnerships.

4. MAINTENANCE OF RESERVES

- 4.1 It is the responsibility of the Chief Finance Officer / S151 to advise the Strategy and Resources Committee on prudent levels of reserves for the Council.

c) Risk Management and Control of Resources

1. INTRODUCTION

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

2. RISK MANAGEMENT

- 2.1 The Performance, Governance and Audit Committee is responsible for approving the Council's Risk Management Policy and for reviewing the effectiveness of risk management.
- 2.2 The Assistant Director of Programmes, Performance and Governance is responsible for preparing the Council's Risk Management Policy and for promoting it throughout the Council and is responsible for advising the Committees on proper insurance cover where appropriate.

3. INTERNAL CONTROL

- 3.1 Internal control refers to the systems of control devised by management to help ensure the Council's objectives are achieved in a manner that promotes economical, efficient, and effective use of resources and that the Council's assets and interests are safeguarded.
- 3.2 The Assistant Directors are 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, effectively and in accordance with the statutory and other authorities that govern their use.
- 3.3 It is the responsibility of Assistant Directors 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. AUDIT REQUIREMENTS

- 4.1 The Accounts and Audit Regulations require every local Council to maintain an adequate and effective internal audit.
- 4.2 The Secretary of State for Communities and Local Government, via the Local Government Association has delegated the appointment of external auditors to each local authority to a body called Public Sector Audit Appointments Ltd (PSAA). The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by the Local Audit and Accountability Act 2014.
- 4.3 The Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenues and Customs, which have statutory rights of access.

5. PREVENTING FRAUD AND CORRUPTION

- 5.1 The Chief Finance Officer / S151, is responsible for the development and maintenance of an Anti-Fraud and Anti-Corruption Policy.

6. ASSETS

- 6.1 Assistant Directors should ensure that records of the Council's assets in excess of the limit set out in section 1.7 of **Appendix F** are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place. The Chief Finance Officer / S151 should ensure that all assets above the specified value are properly recorded in the asset register.

7. TREASURY MANAGEMENT

- 7.1 The Council has adopted CIPFA's Code of Practice for Treasury Management in Local Authorities.
- 7.2 The Strategy and Resources Committee is responsible for approving the treasury management policy and Treasury Management Practices (TMP's) setting out the matters detailed in CIPFA's Code of Practice for Treasury Management in Local Authorities. The Chief Finance Officer / S151 has delegated responsibility for implementing and monitoring the TMP's.
- 7.3 All money in the hands of the Council is controlled by the officer designated for the purposes of section 151 of the Local Government Act 1972, referred to in the Code as the Chief Finance Officer / S151.
- 7.4 Subject to the Council setting the overall borrowing limits in accordance with the Prudential Code, the day-to-day decisions on borrowing, investment or financing shall be delegated to the Chief Finance Officer / S151, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities.

8. STAFFING

- 8.1 The Head of Paid Service is responsible for providing overall management to staff. Assistant Directors will be responsible for ensuring that there is proper use of evaluation or other agreed systems for determining the remuneration of a job.
- 8.2 Assistant Directors, in consultation with the Chief Finance Officer / S151, are responsible for controlling total staff numbers by:
- a) advising the Council on the budget necessary in any given year to cover estimated staffing levels;
 - b) 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;
 - c) the proper use of appointment procedures.

d) Systems and Procedures

1. INTRODUCTION

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

2. GENERAL

- 2.1 The Chief Finance Officer / S151 is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. The Chief Finance Officer / S151 must determine any changes proposed by Chief Executive, Deputy Chief Executive or Assistant Directors to the existing financial systems or the establishment of new systems. However, Assistant Directors are responsible for the proper operation of financial processes in their own services.
- 2.2 Any changes to agreed procedures by Assistant Directors to meet their own specific service needs should be agreed with the Chief Finance Officer / S151.
- 2.3 The Chief Finance Officer / S151 should ensure that all staff receive relevant financial training.
- 2.4 Assistant Directors must ensure that, where appropriate, computer and other systems are registered in accordance with Data Protection legislation. Assistant Directors must ensure that staff are aware of their responsibilities under freedom of information legislation.

3. INCOME AND EXPENDITURE

- 3.1 It is the responsibility of Assistant Directors to ensure that a proper scheme of internal authorisation has been established within their area and that it is operating effectively. The scheme of delegation, or a system of internal recording, should identify in writing staff authorised to act on the Assistant Directors' behalf, or on behalf of the Council, in respect of payments, income collection and placing orders, together with the limits of their authority. The Strategy and Resources Committee is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

4. PAYMENTS TO EMPLOYEES AND MEMBERS

- 4.1 The Chief Finance Officer / S151 is responsible for all payments of salaries and allowances to all staff, including payments for overtime, and for payment of allowances to Members.

5. TAXATION

- 5.1 The Chief Finance Officer / S151 is responsible for advising Assistant Directors, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Council.
- 5.2 The Chief Finance Officer / S151 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.

6. TRADING ACCOUNTS

- 6.1 It is the responsibility of the Chief Finance Officer / S151 to advise on the establishment and operation of trading accounts.

e) External Arrangement

1. INTRODUCTION

- 1.1 The Council provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social, and environmental well-being of its area.

2. PARTNERSHIPS

- 2.1 Committees are responsible for approving frameworks for partnerships. The Committees are the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.
- 2.2 While Committees can seek to delegate functions, including those relating to partnerships, to officers, any proposals to alter the Committee Terms of Reference and the Scheme of Delegation must be considered by the Performance, Governance and Audit Committee under the Council's corporate governance arrangements.
- 2.3 The Chief Finance Officer / S151 is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the Council.
- 2.4 The Chief Finance Officer / S151, in consultation with the Council's Monitoring Officer, must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are robust and comply with best practices. They must also consider the overall corporate governance arrangements and in consultation with the monitoring officer, legal issues when arranging contracts with external bodies. They must ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- 2.5 Committees are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

3. EXTERNAL FUNDING

- 3.1 The Chief Finance Officer / S151 is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts.

A. FINANCIAL MANAGEMENT PROCEDURES

A.1. FINANCIAL MANAGEMENT STANDARDS

1.1 Why is this important?

- 1.1.1 All staff and Members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

A.1.2 Key controls

- 1.2.1 The key controls and control objectives for financial management standards are
- (a) their promotion throughout the Council;
 - (b) a monitoring system to review compliance with financial standards, and regular comparisons of performance indicators and benchmark standards that are reported to the Performance, Governance and Audit Committee.

A.1.3 Responsibilities of the Section 151 Officer

- 1.3.1 To ensure the proper administration of the financial affairs of the Council.
- 1.3.2 To set the financial management standards and to monitor compliance with them.
- 1.3.3 To ensure proper professional practices are adhered to and to act as head of profession in relation to the standards, performance and development of finance staff throughout the Council.
- 1.3.4 To advise on the key strategic controls necessary to secure sound financial management.
- 1.3.5 To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.

A.1.4 Responsibilities of Assistant Directors

- 1.4.1 To promote the financial management standards set by the Section 151 Officer in their service and to monitor adherence to the standards and practices.
- 1.4.2 To promote sound financial practices in relation to the standards, performance, and development of staff in their departments.

A.2. MANAGING EXPENDITURE

2.1 Scheme of Virement

2.1.1 Why is this important?

- 2.1.1.1 The scheme of virement is intended to enable the Strategy and Resources Committee, Assistant Directors and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the Council, and therefore to optimise the use of resources.

A.2.2 Key controls

2.2.1 Key controls for the scheme of virement are:

- (a) it is administered by the Chief Finance Officer / S151 within guidelines set by the Council. Any variation from this scheme requires the approval of the Council;
- (b) the overall budget is proposed by the Strategy and Resources Committee and approved by the Council. Assistant Directors and budget holders are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement (i.e. switching resources between approved budget headings of expenditure or income). For the purposes of this scheme, a budget heading is considered to be a line in the Budget Summary of the Budget Book;
- (c) virement does not create additional overall budget liability. Assistant Directors are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Assistant Directors must plan to fund such commitments from within their own budgets.

A.2.3 Responsibilities of the Chief Finance Officer / S151

- 2.3.1 To prepare jointly with the Assistant Directors, a report to the Strategy and Resources Committee where revenue and capital virements, between different directorates, in excess of specified financial limits, are proposed (see **Appendix F**).

A.2.4 Responsibilities of Assistant Directors

- 2.4.1 The Chief Executive and Deputy Chief Executive, in consultation with the Chief Finance Officer / S151 may exercise virement within the same directorate under his/her control for any amount. Virements between different directorates must be reported to the Strategy and Resources Committee. The authorisation limits are set out in **Appendix F**.
- 2.4.2 Amounts that require the approval of the Strategy and Resources Committee must specify the proposed expenditure and the source of funding and must explain the implications in the current and future financial years.
- 2.4.3 Virement that is likely to impact on the level of service activity of another Assistant Director should be implemented only after agreement with the relevant Assistant Director.
- 2.4.4 Where an approved budget is a lump-sum budget or contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that:
- a) the amount is used in accordance with the purposes for which it has been established.
 - b) the Strategy and Resources will approve the basis and the terms, including financial limits, on which it will be allocated. Individual allocations more than the financial limits should be reported to that Committee.
- 2.4.5 Virements are not permitted in relation to asset charges or other budget headings which are outside the control of the Assistant Directors or where a proposal would adversely affect long term revenue commitments.

A.3. ACCOUNTING POLICIES

A.3.1 Why is this important?

- 3.1.1 The Chief Finance Officer / S151 is responsible for the preparation of the Council's Statement of Accounts, in accordance with proper practices as set out in the format required by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom for each financial year ending 31 March.

A.3.2 Key controls

- 3.2.1 The key controls for accounting policies are:
- a) systems of internal control are in place which 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 present fairly the financial position of the Council and its expenditure and income.

A.3.3 Responsibilities of the Chief Finance Officer / S151

- 3.3.1 To select suitable accounting policies and to ensure that they are applied consistently. The accounting policies are set out in the Statement of Accounts, which is prepared at 31 March each year, and covers such items as:
- a) income and expenditure.
 - b) fixed assets.
 - c) treatment of leasing.
 - d) depreciation.
 - e) charges to revenue.
 - f) capital receipts.
 - g) debtors and creditors.
 - h) support services.
 - i) pensions.
 - j) government grants.
 - k) investments.
 - l) reserves.
 - m) stocks

A.3.4 Responsibilities of Chief Executive, Deputy Chief Executive and Assistant Directors

- 3.4.1 To adhere to the accounting policies and guidelines approved by the Chief Finance Officer / S151.

A.4. ACCOUNTING RECORDS AND RETURNS

A.4.1 Why is this important?

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

A.4.2 Key controls

4.2.1 The key controls for accounting records and returns are:

- a) all Committees, finance staff and budget managers operate within the required accounting standards and timetables;
- b) all the Council's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis;
- c) procedures are in place to enable accounting records to be reconstituted in the event of systems failure;
- d) reconciliation procedures are carried out to ensure transactions are correctly recorded;
- e) prime documents are retained in accordance with legislative and other requirements.

A.4.3 Responsibilities of the Chief Finance Officer / S151

4.3.1 To determine the accounting procedures and records for the Council. Where these are maintained outside his/her department, the Chief Finance Officer / S151 should consult with the Chief Executive or Deputy Chief Executive.

4.3.2 To arrange for the compilation of all accounts and accounting records under his/her direction.

4.3.3 To comply with the following principles when allocating accounting duties:

- a) separating the duties of providing information about sums due to or from the Council and calculating, checking and recording these sums from the duty of collecting or disbursing them;
- b) employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.

4.3.4 To make proper arrangements for the audit of the Council's accounts in accordance with the Accounts and Audit Regulations 2015.

4.3.5 To ensure that all claims for funds including grants are made by the due date.

4.3.6 To prepare and publish the audited accounts of the Council for each financial year, in accordance with the statutory timetable and with the requirement for the Audit Committee to approve the Statement of Accounts.

4.3.7 To administer arrangements for under-spending to be carried forward to the following financial year.

4.3.8 To ensure the proper retention of financial documents in accordance with the requirements set out in the Council's document retention guidelines.

A.4.4 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

4.4.1 To consult and obtain the agreement of the Chief Finance Officer / S151 before making any changes to accounting records and procedures.

4.4.2 To maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements.

4.4.3 To supply information required to enable the Statement of Accounts to be completed in accordance with guidelines issued by the Chief Finance Officer / S151.

A.5. THE ANNUAL STATEMENT OF ACCOUNTS

A.5.1 Why is this important?

- 5.1.1 The Council has a statutory responsibility to prepare its own accounts to present fairly its operations during the year. The Performance, Governance and Audit Committee is responsible for approving the statutory annual Statement of Accounts.

A.5.2 Key controls

- 5.2.1 The key controls for the annual Statement of Accounts are:

- a) the Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs. In this Council, that officer is the Officer appointed by the Appointments Board as Section 151 Officer;
- b) the Council's Statement of Accounts must be prepared in accordance with proper practices as set out in the latest CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

A.5.3 Responsibilities of the Chief Finance Officer / S151

- 5.3.1 To sign and date the Statement of Accounts, stating that it presents a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March.
- 5.3.2 To select suitable accounting policies and to apply them consistently.
- 5.3.3 To make judgements and estimates that are reasonable and prudent.
- 5.3.4 To comply with the latest accounting Code of Practice.
- 5.3.5 To draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.

A.5.4 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

- 5.4.1 To comply with accounting guidance provided by the Chief Finance Officer / S151 and to supply him/her with information when required.

B. FINANCIAL PLANNING

B.1. PERFORMANCE PLANS

B.1.1 Why is this important?

- 1.1.1 The purpose of performance plans is to explain overall priorities and objectives, current performance, and proposals for further improvement.

B.1.2 Key controls

- 1.2.1 The key controls for performance plans are:
- (a) to meet the timetables set;
 - (b) to ensure that all performance information is accurate, complete and up to date;
 - (c) to provide improvement targets which are meaningful, realistic and challenging.

B.1.3 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

- 1.3.1 To contribute to the development of performance plans in line with statutory requirements.
- 1.3.2 To contribute to the development of corporate and service targets and objectives and performance information.
- 1.3.3 To ensure that systems are in place to measure activity and collect accurate information for use as performance indicators.
- 1.3.4 To ensure that performance information is collected and monitored sufficiently frequently to allow corrective action to be taken if targets are not likely to be met.

B.2. BUDGETING

B.2.1 Format of the budget

2.1.1 Why is this important?

- 2.1.1.1 The structure of the budget determines the level of detail to which financial control and management will be exercised. The structure shapes how the rules around virement operate, the operation of financial limits and sets the level at which funds may be reallocated within budgets.

B.2.2 Key controls

- 2.2.1 The key controls for the budget structure are:
- a) the structure complies with all legal requirements.
 - b) the structure reflects the accountabilities of service delivery.

B.2.3 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

- 2.3.1 To comply with accounting guidance provided by the Chief Finance Officer / S151.

B.2.4 Revenue budget preparation, monitoring and control

2.4.1 Why is this important?

- 2.4.1.1 Budget management ensures that once the budget has been approved by the Council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account, managers responsible for defined elements of the budget.
- 2.4.1.2 By continuously identifying and explaining variances against budgetary targets, the Council can identify changes in trends and resource requirements at the earliest opportunity. The Council itself operates within an annual financial limit, approved when setting the overall budget. To ensure that the Council in total does not overspend, each service is required to manage its own expenditure within the budget allocated to it.
- 2.4.1.3 For the purposes of budgetary control by managers, a budget will normally be the planned income and expenditure for a service or policy area. However, budgetary control may take place at a more detailed level if this is required by the Assistant Directors scheme of delegation or by the Council.

B.2.5 Key controls

- 2.5.1 The key controls for managing and controlling the revenue budget are:
 - a) budget managers should be responsible only for income and expenditure that they can influence;
 - b) there is only one nominated budget manager for each budget area;
 - c) budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities;
 - d) budget managers follow an approved certification process for all expenditure;
 - e) income and expenditure are properly recorded and accounted for;
 - f) performance levels/levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget;
 - g) Managers should supervise the financial management of those reporting to them.

B.2.6 Responsibilities of the Chief Finance Officer / S151

- 2.6.1 To establish an appropriate framework of budgetary management and control that ensures that:
 - a) budget management is exercised within annual financial limits unless the Council agrees otherwise;
 - b) each Manager has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities;
 - c) all officers responsible for committing expenditure comply with relevant guidance, and the financial regulations;
 - d) each directly controllable cost centre has a single named responsible officer of either the Chief Executive, Deputy Chief Executive or Assistant Director as agreed with the Chief Finance Officer / S151. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making process that commits expenditure;
 - e) significant variances from approved budgets are investigated and reported by budget managers regularly.

- 2.6.2 To administer the Council's scheme of virement.
- 2.6.3 To submit reports to the Strategy and Resources Committee and to the Council, in consultation with the Chief Executive, Deputy Chief Executive or relevant Assistant Director, where they are unable to balance expenditure and resources within existing approved budgets under their control.
- 2.6.4 To prepare and submit reports on the Council's projected income and expenditure compared with the budget on a quarterly basis.

2.6.5 To approve fees and charges where the budgeted income is less than or equal to £2,000.

B.2.7 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

- 2.7.1 To maintain budgetary control within their services, in adherence to the principles in 2.6.1, and to ensure that all income and expenditure is properly recorded and accounted for.
- 2.7.2 To ensure that an accountable budget manager is identified for each controllable item of income and expenditure. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.
- 2.7.3 To ensure that spending remains within the service's overall financial limit, and that individual budget headings are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.
- 2.7.4 To ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and that it is operating effectively.
- 2.7.5 To ensure prior approval by the Council or the Strategy and Resources Committee for new proposals, of whatever amount, that:
 - a) create financial commitments in the current or future years;
 - b) change existing policies, initiate new policies or cease existing policies;
 - c) materially extend or reduce the Council's services.
- 2.7.6 To ensure compliance with the scheme of virement.
- 2.7.7 To agree with the Chief Executive or Deputy Chief Executive where it appears that a budget proposal, including a virement proposal, may impact materially on another service area or another Assistant Director's level of service activity.

B.2.8 Budgets and the Medium-Term Financial Strategy (MTFS)

2.8.1 Why is this important?

- 2.8.1.1 The Council is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. The budget is the financial expression of the Council's plans and policies.
- 2.8.1.2 A report on new proposals should explain the full financial implications, following consultation with the Chief Finance Officer / S151. Unless the Council or the Strategy and Resources Committee has agreed otherwise, the Chief Executive, Deputy Chief Executive and Assistant Directors must plan to contain the financial implications of such proposals within the relevant financial limit.

- 2.8.1.3 The revenue budget must be constructed so as to ensure that resource allocation properly reflects the business plans and priorities of the Council. Budgets (spending plans) are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for a Council to budget for a deficit.
- 2.8.1.4 The annual strategic and financial planning process involves a cycle in which the Chief Executive, Deputy Chief Executive and Assistant Directors develop their own plans for submission to the relevant Committee. As each year passes, another future year will be added to the MTFS. This ensures that the Council is always preparing for events in advance.

B.2.9 Key controls

- 2.9.1 The key controls for budgets and the MTFS are:
- a) specific budget approval for all expenditure;
 - b) budget managers are consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the Council for their budgets and the level of service to be delivered;
 - c) a monitoring process is in place to review regularly the effectiveness and operation of budget preparation and to ensure that any corrective action is taken.

B.2.10 Responsibilities of the Chief Finance Officer / S151

- 2.10.1 To prepare and submit reports on budget prospects to the Strategy and Resources Committee including resource constraints set by the Government. Reports should take account of medium-term prospects, where appropriate.
- 2.10.2 To determine the detailed form of revenue estimates and the methods for their preparation.
- 2.10.3 To advise on the medium-term implications of spending decisions.
- 2.10.4 To encourage the best use of resources and value for money by working with the Chief Executive, Deputy Chief Executive and Assistant Directors to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.
- 2.10.5 To advise the Council on proposals in accordance with his/her responsibilities under section 151 of the Local Government Act 1972.

B.2.11 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

- 2.11.1 To prepare estimates of income and expenditure, in consultation with the Chief Finance Officer / S151.
- 2.11.2 To prepare budgets that are consistent with any relevant financial limits, with the Council's annual budget cycle and with guidelines issued by the Chief Finance Officer / S151.
- 2.11.3 To integrate financial and budget plans into business planning, so that budget plans can be supported by financial and non-financial performance measures.
- 2.11.4 In consultation with the Chief Finance Officer / S151 and in accordance with the laid-down guidance and timetable, to prepare detailed draft revenue and capital budgets for consideration by the Strategy and Resources Committee.

- 2.11.5 When drawing up draft budget requirements, to have regard to:
- a) spending patterns and pressures revealed through the budget monitoring process;
 - b) legal requirements;
 - c) requirements as defined by the Council in the Strategic and Financial Policy Process;
 - d) initiatives already under way and any new service requirements that are likely to require funding within the financial year in question.

B.2.12 Resource allocation

2.12.1 Why is this important?

- 2.12.1.1 A mismatch often exists between available resources and required resources. A common scenario is that available resources are not adequate to fulfil need/desire. It is therefore imperative that needs/desires are carefully prioritised, taking account of the Council's legal responsibilities and that resources are allocated to meet the urgent priorities. Resources may include staff, money, equipment, goods and materials.

B.2.13 Key controls

- 2.13.1 The key controls for resource allocation are:
- a) resources are acquired in accordance with the law and allocated using an approved authorisation process;
 - b) resources are used only for the purpose intended, to achieve the approved policies and objectives, and are properly accounted for;
 - c) resources are securely held for use when required;
 - d) resources are used in the most efficient manner.

B.2.14 Responsibilities of the Chief Finance Officer / S151

- 2.14.1 To coordinate the Strategic and Financial Planning process to ensure that resources are devoted to the Council's stated priorities.
- 2.14.2 To advise on methods available for the funding of expenditure plans.

B.2.15 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

- 2.15.1 To deliver the Council's key objectives within budget limits and to utilise resources allocated, and further allocate resources, in the most efficient, effective and economic way.
- 2.15.2 To identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.

B.2.16 Capital programmes

2.16.1 Why is this important?

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

- 2.16.1.2 The Government controls the financing capacity of the Council through the CIPFA Prudential Code. This means that capital expenditure should be integrated into the Council's Treasury Management Strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

B.2.17 Key controls

- 2.17.1 The key controls for capital programmes are:
- a) the development and implementation of asset management plans;
 - b) specific approval by the Council for the programme of capital expenditure;
 - c) a scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared for each capital project, for approval by the Strategy and Resources Committee;
 - d) proposals for improvements and alterations to buildings must be approved by the Chief Executive or Deputy Chief Executive;
 - e) accountability for each capital project is accepted by a named manager;
 - f) monitoring of progress in conjunction with expenditure and comparison with approved budget;
 - g) capital spending plans are to be in line with the approved Capital Strategy.

B.2.18 Responsibilities of the Chief Finance Officer / S151

- 2.18.1 To prepare the capital programme and estimates jointly with Assistant Directors and to report them to the Strategy and Resources Committee for approval. The Committee will make recommendations on the capital programme and on any associated financing requirements to the Council.
- 2.18.2 To prepare and submit reports jointly with the officers defined as accountable for capital projects to the Strategy and Resources Committee on the progress of the capital programme compared with the approved estimates.
- 2.18.3 Having regard to regulations determine the definition of 'capital'.

B.2.19 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

- 2.19.1 To comply with guidance concerning capital schemes and controls issued by the Chief Finance Officer / S151 .
- 2.19.2 To prepare and submit quarterly reports jointly with the Chief Finance Officer / S151 to the Strategy and Resources Committee on the the progress of the capital programme compared with the approved estimates.
- 2.19.3 To prepare regular reports reviewing the capital programme provisions for their services. In consultation with the Chief Finance Officer / S151, to obtain authorisation from the Strategy and Resources Committee and/or the Council for individual schemes where the estimated expenditure exceeds the capital programme provision by more than a specified amount (see **Appendix F**).
- 2.19.4 To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by the Chief Finance Officer / S151.
- 2.19.5 To ensure that adequate records are maintained for all capital contracts.

- 2.19.6 To proceed with projects only when there is adequate provision in the capital programme.
- 2.19.7 To prepare and submit reports, jointly with the Chief Finance Officer / S151, to the Strategy and Resources Committee, of any increase in contract costs in excess of the approved scheme and estimate, unless the excess can be met by virement from elsewhere within the capital programme. The authorisation limits for capital virements are set out in **Appendix F**.
- 2.19.8 To prepare and submit reports, jointly with the Chief Finance Officer / S151, to the Strategy and Resources Committee, where it appears that the final cost of a revenue or capital contract will exceed the approved contract sum by more than a specified financial limit (see **Appendix F**).
- 2.19.9 No leasing arrangements as defined by the Chief Finance Officer / S151 shall be entered into without prior approval.

B.3. MAINTENANCE OF RESERVES

B.3.1 Why is this important?

- 3.1.1 The Council must decide the level of general reserves it wishes to maintain before it can decide the level of council tax. Reserves are maintained as a matter of prudence. They enable the Council to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained, such as the purchase or renewal of capital items.

B.3.2 Key controls

- 3.2.1 To maintain reserves in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and agreed accounting policies.
- 3.2.2 For each reserve established, the purpose, usage and basis of transactions should be clearly identified and approved by the Strategy and Resources Committee.

B.3.3 Responsibilities of the Chief Finance Officer / S151

- 3.3.1 To advise the Strategy and Resources Committee and/or the Council on prudent levels of reserves for the Council.

B.3.4 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

- 3.4.1 To ensure that resources are used only for the purposes for which they were intended.

C. RISK MANAGEMENT AND CONTROL OF RESOURCES

C.1. RISK MANAGEMENT

C.1.1 Why is this important?

- 1.1.1 All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure the continued financial and organisational well-being of the organisation. In essence it is, therefore, an integral part of good business practice. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending the action the organisation needs to take to control these risks effectively.
- 1.1.2 It is the overall responsibility of the Council to approve the Council's risk management strategy, and to promote a culture of risk management awareness throughout the Council.

C.1.2 Key controls

- 1.2.1 The key controls for risk management are:
- a) procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the Council;
 - b) a monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls;
 - c) managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives;
 - d) provision is made for losses that might result from the risks that remain;
 - e) procedures are in place to investigate claims within required timescales
 - f) acceptable levels of risk are determined and insured against where appropriate;
 - g) the Council has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

C.1.3 Responsibilities of the Chief Executive and Assistant Director, Programmes, Performance and Governance

- 1.3.1 To prepare and promote the Council's Risk Management Policy.
- 1.3.2 To develop risk management controls in conjunction with Assistant Directors.

C.1.4 Responsibilities of the Chief Finance Officer / S151

- 1.4.1 To include all appropriate employees of the Council in a suitable fidelity guarantee insurance.
- 1.4.2 To effect corporate insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with other officers, where necessary.

C.1.5 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

- 1.5.1 To notify the Chief Finance Officer / S151 immediately of any loss, liability or damage that may lead to a claim against the Council, together with any information or explanation required by the Council's insurers.
- 1.5.2 To take responsibility for risk management, having regard to advice from the Director of Strategy, Performance and Governance and other specialist officers (e.g. fire prevention, health and safety).
- 1.5.3 To ensure that there are regular reviews of risk within their Service.
- 1.5.4 To notify the Chief Finance Officer / S151 promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.
- 1.5.5 To consult the Chief Finance Officer / S151 and the Council's legal advisors on the terms of any indemnity that the authority is requested to give.
- 1.5.6 To ensure those employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

C.2. INTERNAL CONTROLS

C.2.1 Why is this important?

- 2.1.1 The Council is complex and beyond the direct control of a single individual. It therefore requires internal controls to manage and monitor progress towards strategic objectives.
- 2.1.2 The Council has statutory obligations, and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.
- 2.1.3 The Council faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks.
- 2.1.4 The system of internal controls is established in order to provide measurable achievement of:
 - a) efficient and effective operations;
 - b) reliable financial information and reporting;
 - c) compliance with laws and regulations;
 - d) risk management.

C.2.2 Key controls

- 2.2.1 The key controls and control objectives for internal control systems are:
 - a) key controls should be reviewed on a regular basis;
 - b) managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities;

- c) financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems;
- d) an effective internal audit function that is properly resourced. It should operate in accordance with the principles contained in the Auditing Practices Board's auditing guideline Guidance for Internal Auditors, CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom and with any other statutory obligations and regulations.

C.2.3 Responsibilities of the Chief Finance Officer / S151

- 2.3.1 To assist the Council to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

C.2.4 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

- 2.4.1 To manage processes to check that established controls are understood and being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.
- 2.4.2 To review existing controls in the light of changes affecting the Council and to establish and implement new ones in line with guidance from the Chief Finance Officer / S151 . Assistant Directors should also be responsible, after consultation with the Chief Finance Officer / S151 , for removing controls that are unnecessary or not cost or risk effective – for example, because of duplication.

C.3. AUDIT REQUIREMENTS

C.3.1 Internal audit

3.1.1 Why is this important?

- 3.1.1.1 The Accounts and Audit Regulations 2015 (para 5) require that a “relevant authority 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”.
- 3.1.1.2 Internal Audit must be seen as independent. This is achieved through operating within a framework that allows unrestricted access to senior management, reporting in its own name and segregation as far as practical from line operations. The function reports directly to the Officer designated under Section 151 of the Local Government Act 1972 as responsible for ensuring the proper administration of the Authority's financial affairs. Internal Audit also reports directly to the Performance, Governance and Audit Committee.

C.3.2 Key controls

- 3.2.1 The key controls for internal audit are:
 - a) that it is independent in its planning and operation;
 - b) the Audit Manager has direct access to the Chief Finance Officer / S151, all levels of management and directly to elected Members;

- c) Internal Auditors work towards complying with the UK Public Sector Internal Audit Standards (PSIAS), and effort is made to preserve objectivity by ensuring staff are free from conflicts of interest. Therefore as far as is practical, Internal Audit will not participate in the day to day operation of any systems of internal financial control.

C.3.3 Responsibilities of the Chief Finance Officer / S151

- 3.3.1 To ensure that internal auditors have the authority to:
 - a) access Council premises at reasonable times;
 - b) access all assets, records, documents, correspondence and control systems ;
 - c) receive any information and explanation considered necessary concerning any matter under consideration;
 - d) require any employee of the Council to account for cash, materials or any other asset under his/her control;
 - e) access records belonging to third parties, such as contractors, when required;
 - f) obtain direct access to the Strategy and Resources Committee and the Performance, Governance and Audit Committee.
- 3.3.2 To approve the annual audit plans, prepared by the Audit Manager, and present to the Performance, Governance and Audit Committee for their approval.
- 3.3.3 To prepare terms of reference for the internal audit function, for approval by the Performance, Governance and Audit Committee.
- 3.3.4 To ensure that effective procedures are in place to investigate promptly any fraud or irregularity.

C.3.4 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

- 3.4.1 To ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.
- 3.4.2 To ensure that auditors are provided with any information and explanations that they seek in the course of their work.
- 3.4.3 To respond to internal and external audit reports in writing, within a timescale agreed by the Chief Executive, Deputy Chief Executive or appropriate Assistant Director and the Chief Finance Officer / S151 or External Auditor, detailing the action intended to address any recommendations.
- 3.4.4 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- 3.4.5 To ensure that their staff report any suspicion of fraud, corruption or other financial irregularity in respect of Council funds, either directly, or via the Chief Executive, Deputy Chief Executive or Assistant Directors to the Monitoring Officer or Chief Finance Officer / S151 for investigation.
- 3.4.6 The Monitoring Officer and Chief Finance Officer / S151 must then arrange for appropriate investigation of the matter.

- 3.4.7 The Monitoring Officer and Chief Finance Officer / S151, will decide whether any matter should be referred to the police for further investigation.
- 3.4.8 To ensure that the Chief Finance Officer / S151 is given an opportunity, in a timely manner before live operation, to evaluate the adequacy of new systems for maintaining financial records, or records of assets, or changes to such systems.

C.3.5 External audit

3.5.1 Why is this important?

- 3.5.1.1 Under Schedule 1 of the Local Audit and Accountability Act 2014 all contracts for audit and related services, previously let by the Audit Commission, were transferred to Public Sector Audit Appointments Ltd on 1 April 2015. The external auditor has rights of access to all documents and information necessary for audit purposes (para 22 2014 Act).
- 3.5.1.2 The general duties of the external auditor are defined in the Local Audit and Accountability Act 2014 (para 20) and the Local Government Act 1999. In particular, Schedule 6 of the 2014 Act sets out that the Comptroller & Auditor General is responsible for preparing a code of audit practice, which external auditors follow when carrying out their duties. Schedule 1 of the code of audit practice sets out the auditor's statutory responsibilities across 3 main headings:
- a) Audit Scope;
 - b) Reporting;
 - c) Additional powers and duties.
- 3.5.1.3 The Council's accounts are scrutinised by external auditors, who must be satisfied that the Statement of Accounts 'presents a true and fair view' (Para 20 2014 Act) of the financial position of the Council and its income and expenditure for the year in question and complies with the legal requirements.

C.3.6 Key controls

- 3.6.1 External auditors were initially appointed by Public Sector Audit Appointments Ltd, however subsequent appointments are to be made by the Local Authority for a maximum period of five years. The Comptroller & Auditor General (National Audit Office) prepares the code of audit practice, which external auditors follow when carrying out their audits.

C.3.7 Responsibilities of the Chief Finance Officer / S151

- 3.7.1 To 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.
- 3.7.2 To work with the external auditor and advise the Council, and Assistant Directors on their responsibilities in relation to external audit.
- 3.7.3 To ensure there is effective liaison between external and internal audit.

C.3.8 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

- 3.8.1 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.

- 3.8.2 To ensure that all records and systems are up to date and available for inspection.

C.4. PREVENTING FRAUD AND CORRUPTION

C.4.1 Why is it this important?

- 4.1.1 The Council will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Council.
- 4.1.2 The Council's expectation of propriety and accountability is that Members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 4.1.3 The Council also expects that individuals and organisations (e.g. suppliers, contractors, service providers) with whom it comes into contact will act towards the Council with integrity and without thought of or actions involving fraud and corruption. It must guard against the possibility that these expectations will not be fulfilled in all respects.

C.4.2 Key controls

- 4.2.1 The key controls regarding the prevention of financial irregularities are that:
- a) the Council has an effective Anti-Fraud and Anti-Corruption Policy and maintains a culture that will not tolerate fraud or corruption;
 - b) all Members and staff act with integrity and lead by example as per the relevant Code of Conduct;
 - c) Managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Council or who are corrupt;
 - d) high standards of conduct are promoted amongst Members by the Joint Standards Committee;
 - e) the maintenance of a register of interests in which any hospitality or gifts accepted must be recorded;
 - f) "whistle blowing" procedures are in place and operate effectively;
 - g) legislation including the Public Interest Disclosure Act 1998 is adhered to.

C.4.3 Responsibilities of the Chief Finance Officer / S151

- 4.3.1 To maintain and review an Anti-Fraud Policy.
- 4.3.2 To maintain adequate and effective internal control arrangements.

C.4.5 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

- 4.5.1 To ensure that all suspected irregularities are reported to the Chief Finance Officer / S151
- 4.5.2 To instigate the Council's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.

- 4.5.3 To ensure that where financial impropriety is discovered, the Chief Finance Officer / S151 is informed. Where sufficient evidence exists to believe that a criminal offence may have been committed, after consultation with the Chief Finance Officer / S151, Monitoring Officer and the Chief Executive or Deputy Chief Executive, to ensure that the matter is reported to the Police.

C.4.6 Responsibility of the Monitoring Officer

- 4.6.1 To maintain a register of Member interests.

C.5. ASSETS

C.5.1 Security

5.1.1 Why is this important?

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

C.5.2 Key controls

- 5.2.1 The key controls for the security of resources such as land, buildings, fixed plant machinery, equipment, software and information are:
- a) resources are used only for the purposes of the Council and are properly accounted for;
 - b) resources are available for use when required;
 - c) resources no longer required are disposed of in accordance with the law and the regulations of the Council so as to maximise benefits;
 - d) an asset register is maintained for the Council, assets are recorded when they are acquired by the Council and this record is updated as changes occur with respect to the location, value and condition of the asset;
 - e) all staff are aware of their responsibilities with regard to safeguarding the Council's assets and information, including the requirements of the Data Protection Act and software copyright legislation;
 - f) all staff are aware of their responsibilities with regard to safeguarding the security of the Council's Information Communication Technology (ICT) Systems, including maintaining restricted access to the information held on them and compliance with the Council's Information Communication Technology and internet security policies.

C.5.3 Responsibilities of the Chief Finance Officer / S151

- 5.3.1 To ensure that an asset register is maintained in accordance with good practice for all fixed assets with a value in excess of a specified financial limit (see **Appendix F**). The function of the asset register is to provide the Council with information about fixed assets so that they are:
- a) safeguarded;
 - b) used efficiently and effectively;
 - c) adequately maintained.

- 5.3.2 To receive the information required for accounting, costing and financial records from each Director.
- 5.3.3 To ensure that assets are valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

C.5.4 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

- 5.4.1 A property database shall be maintained by the Chief Finance Officer / S151 for all properties, plant and machinery and moveable assets currently owned or used by the Council subject to the minimum values specified in **Appendix F**. Any use of property by a service other than for direct service delivery should be supported by documentation identifying terms, responsibilities and duration of use.
- 5.4.2 To ensure that lessees and other prospective occupiers of council owned land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the Council's legal advisor, has been established.
- 5.4.3 To ensure the proper security of all buildings and other assets under their control in accordance with laid down guidelines.
- 5.4.4 Where land or buildings are surplus to requirements, a recommendation for sale should be the subject of a joint report by the Director and the Chief Finance Officer / S151 (see **Appendix F**).
- 5.4.5 To pass title deeds to Land Charges / the Officer responsible for maintaining the central repository of all title deeds.
- 5.4.6 To ensure that no Council asset is subject to personal use by a Member or employee without prior agreement of the relevant Director.
- 5.4.7 To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the Council.
- 5.4.8 To ensure that an inventory is maintained of moveable assets (subject to limits in **Appendix F**) in accordance with arrangements defined by the Corporate Leadership Team.
- 5.4.9 To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.
- 5.4.10 To consult the Chief Finance Officer / S151 in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 5.4.11 To ensure cash holdings on premises are kept to a minimum.
- 5.4.12 To ensure that keys to safes and similar receptacles are kept secure by the person of those responsible at all times; loss of any such keys must be reported to the Chief Finance Officer / S151 as soon as possible.
- 5.4.13 To record all disposals or part exchange of assets that should normally be by competitive tender or public auction in accordance with **Contract Procedure Rules**, unless the Strategy and Resources Committee agrees otherwise.

- 5.4.14 To ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the Council in some way.
- 5.4.15 To maintain inventories and record an adequate description of furniture, fittings, equipment, plant and machinery above a specified financial limit in value (see **Appendix F**).
- 5.4.16 To carry out an annual check of all items on the inventory in order to verify location and condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers and cameras should be identified with security markings as belonging to the Council.
- 5.4.17 To make sure that property is only used in the course of the Council's business, unless the Director concerned has given permission otherwise.

C.5.5 Asset disposal

5.5.1 Why is this important?

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

C.5.6 Key controls

- 5.6.1 Assets for disposal are identified and are disposed of at the most appropriate time, and only when it is in the best interests of the Council, and best price is obtained in accordance with ***Contract Procedure Rules*** and bearing in mind other factors, such as environmental issues.
- 5.6.2 Procedures protect staff involved in the disposal from accusations of personal gain.

C.5.7 Responsibilities of the Chief Finance Officer / S151

- 5.7.1 To issue advice on disposal in accordance with ***Contract Procedure Rules***.
- 5.7.2 To ensure appropriate accounting entries are made to remove the value of disposed assets from the Council's records and to include the sale proceeds if appropriate.

C.6. TREASURY MANAGEMENT

C.6.1 Why is this important?

- 6.1.1 Millions of pounds pass through the Council's accounts each year. This requires the establishment of codes of practice. These aim to provide assurances that the Council's money is properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of the Council's investment.

C.6.2 Key controls

- 6.2.1 That the Council's borrowings and investments comply with the CIPFA Code of Practice on Treasury Management and with the Council's treasury management practices (TMP's).

- 6.2.2 That the Strategy and Resources Committee receives reports on Treasury activity at least twice a year in accordance with the code of practice and that the Treasury Management Strategy is subject to annual scrutiny before it is agreed.

C.6.3 Responsibilities of Chief Finance Officer / S151 – treasury management and banking

- 6.3.1 To arrange the borrowing and investments of the Council in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the Council's treasury management practices and strategy.
- 6.3.2 To prepare reports for the consideration of the Strategy and Resources Committee.
- 6.3.3 To operate bank accounts as are considered necessary – opening or closing any bank account shall require the written approval of the Chief Finance Officer / S151 in accordance with the Banking Mandate (**Appendix G**).

C.6.4 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors – treasury management and banking

- 6.4.1 To follow the instructions on banking issued by the Chief Finance Officer / S151 .

C.6.5 Responsibilities of Chief Finance Officer / S151 – investments and borrowing

- 6.5.1 To ensure that all investments of money are made in the name of the Council.
- 6.5.2 To ensure that all securities that are the property of the Council and the title deeds of all property in the Council's ownership are held in the custody of Land Charges/relevant responsible Officer or under arrangements approved by the Chief Finance Officer / S151 .
- 6.5.3 To effect all borrowings in the name of the Council.
- 6.5.4 To maintain records of all borrowing of money by the Council.

C.6.6 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors – investments and borrowing

- 6.6.1 To ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Council.

C.6.7 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors – funds held for third parties

- 6.7.1 To arrange, where funds are held on behalf of third parties, for their secure administration, approved by the Chief Finance Officer / S151, and to maintain written records of all transactions.

C.6.8 Responsibilities of the Chief Finance Officer / S151 – imprest accounts

- 6.8.1 To provide employees of the Council with cash imprest accounts to meet minor expenditure on behalf of the Council and to prescribe rules for operating these accounts. Minor items of expenditure should not exceed the prescribed amount.
- 6.8.2 To determine the petty cash limit and to maintain a record of all transactions and petty cash advances made, and periodically to review the arrangements for the safe custody and control of these advances.

6.8.3 To reimburse imprest holders, as often as necessary, to restore the imprests.

C.6.9 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors – imprest accounts

6.9.1 To ensure that employees operating an imprest account:

- a) obtain and retain vouchers to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained;
- b) make adequate arrangements for the safe custody of the account;
- c) produce upon demand by the Chief Finance Officer / S151 cash and all vouchers to the total value of the imprest amount;
- d) record transactions promptly;
- e) reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder;
- f) provide the Chief Finance Officer / S151 with a certificate of the value of the account held at 31 March each year;
- g) ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made.

C.7. STAFFING

C.7.1 Why is this important?

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

C.7.2 Key controls

7.2.1 The key controls for staffing are:

- a) procedures are in place for forecasting staffing requirements and cost;
- b) controls are implemented to ensure that staff time is used efficiently and to the benefit of the Council;
- c) checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced, lawfully resident and trustworthy.

C.7.3 Responsibilities of the Chief Finance Officer / S151

7.3.1 To act as an advisor to the Chief Executive, Deputy Chief Executive and Assistant Directors on areas such as Income Tax, National Insurance and pension contributions, as appropriate.

7.3.2 To ensure that staff costs are charged accurately to allow the Chief Executive, Deputy Chief Executive and Assistant Directors to monitor staffing budgets effectively.

C.7.4 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

7.4.1 To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.

APPENDIX 1
Appendix C

- 7.4.2 To ensure that the staffing budget is not exceeded without due authority and that it is managed to enable the agreed level of service to be provided.
- 7.4.3 To ensure that the Chief Finance Officer / S151 is immediately informed if the staffing budget is likely to be materially over- or under-spent.

D. FINANCIAL SYSTEMS AND PROCEDURES

D.1. GENERAL

D.1.1 Why is this important?

1.1.1 Services have systems and procedures relating to the control of the Council's assets. Services are reliant on computers for their financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

1.1.2 The Chief Finance Officer / S151 is responsible for ensuring that the authority's financial systems are sound and should therefore be notified of any new developments or changes.

D.1.2 Key controls

1.2.1 The key controls for systems and procedures are:

- a) basic data exists to enable the Council's objectives, targets, budgets and plans to be formulated;
- b) performance is communicated to the appropriate managers on an accurate, complete and timely basis;
- c) early warning is provided of deviations from target, plans and budgets that require management attention;
- d) operating systems and procedures are secure.

D.1.3 Responsibilities of the Chief Finance Officer / S151

1.3.1 To make arrangements for the proper administration of the Council's financial affairs, including to:

- a) issue advice, guidance and procedures for officers and others acting on the Council's behalf;
- b) determine the accounting systems, form of accounts and supporting financial records;
- c) establish arrangements for audit of the Council's financial affairs;
- d) approve any new financial systems to be introduced;
- e) approve any changes to be made to existing financial systems.

1.3.2 To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building.

1.3.3 To ensure that, where appropriate, computer systems are registered in accordance with Data Protection legislation and that staff are aware of their responsibilities under the legislation.

D.1.4 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

1.4.1 To ensure that accounting records are properly maintained and held securely.

1.4.2 To ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the Chief Finance Officer / S151 .

- 1.4.3 To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.
- 1.4.4 To incorporate appropriate controls to ensure that, where relevant:
 - a) all input is genuine, complete, accurate, timely and not previously processed;
 - b) all processing is carried out in an accurate, complete and timely manner;
 - c) output from the system is complete, accurate and timely.
- 1.4.5 To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.
- 1.4.6 To ensure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.
- 1.4.7 To ensure that systems are documented and staff trained in operations.
- 1.4.8 To consult with the Chief Finance Officer / S151 before changing any existing system or introducing new systems.
- 1.4.9 In consultation with the Chief Finance Officer / S151 to establish a scheme of delegation identifying officers authorised to act upon the Assistant Directors behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.
- 1.4.10 To supply lists of authorised officers, with specimen signatures and delegated limits, to the Chief Finance Officer / S151, together with any subsequent variations.
- 1.4.11 To ensure that relevant standards and guidelines for ICT systems issued by the Chief Finance Officer / S151 or Lead Specialist ICT are observed.
- 1.4.12 To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.
- 1.4.13 To comply with the copyright, designs and patents legislation and, in particular, to ensure that:
 - a) only software legally acquired and installed by the Council is used on its computers;
 - b) staff are aware of legislative provisions;
 - c) in developing systems, due regard is given to the issue of intellectual property rights.

D.2. INCOME AND EXPENDITURE

D.2.1 Income

2.1.1 Why is this important?

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

D.2.2 Key controls

2.2.1 The key controls for income are:

- a) all income due to the Council is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed;
- b) all income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery;
- c) all money received by an employee on behalf of the Council is paid in without delay through the Council's payment facility, as the Chief Finance Officer / S151 directs, to the Council's bank account, and properly recorded. The responsibility for cash collection should be separated from that:
 - i. for identifying the amount due
 - ii. for reconciling the amount due to the amount received
- d) effective action is taken to pursue non-payment within defined timescales;
- e) formal approval for debt write-off is obtained;
- f) appropriate write-off action is taken within defined timescales;
- g) appropriate accounting adjustments are made following write-off action;
- h) all appropriate income documents are retained and stored for the defined period in accordance with the document retention guidelines;
- i) money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.

D.2.3 Responsibilities of the Chief Finance Officer / S151

- 2.3.1 To agree arrangements for the collection of all income due to the Council and to approve the procedures, systems and documentation for its collection.
- 2.3.2 To approve all debts to be written off in consultation with the relevant Director and to keep a record of all sums written off up to the approved limit and to adhere to the requirements of the Accounts and Audit Regulations 2015.
- 2.3.3 To obtain the approval of the Strategy and Resources Committee in consultation with the relevant Director for writing off debts in excess of a specified financial limit (see **Appendix F**)
- 2.3.4 To ensure that appropriate accounting adjustments are made following write-off action.
- 2.3.5 To order and supply to services all receipt forms, books or tickets and similar items and to satisfy himself/herself regarding the arrangements for their control.

D.2.4 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

- 2.4.1 To implement the charging policy for the supply of goods or services, including the appropriate charging of VAT (in consultation with the Chief Finance Officer / S151 where appropriate), and to review it regularly, in line with corporate policies.
- 2.4.2 To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- 2.4.3 To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.

- 2.4.4 To issue official receipts or to maintain other documentation for income collection.
- 2.4.5 To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.
- 2.4.6 To hold securely receipts, tickets and other records of income for the appropriate period in accordance with the documentation retention policy.
- 2.4.7 To secure all income to safeguard against loss or theft, and to ensure the security of cash handling.
- 2.4.8 To ensure that income is paid fully and promptly into the appropriate Council bank account in the form in which it is received. Appropriate details should be recorded on paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a regular basis.
- 2.4.9 To ensure personal cheques or other payments are not en-cashed.
- 2.4.10 To supply the Chief Finance Officer / S151 with details relating to work done, goods supplied, services rendered or other amounts due, to enable the Chief Finance Officer / S151 to record correctly the sums due to the Council and to ensure accounts are sent out promptly. Assistant Directors have a responsibility to assist the Chief Finance Officer / S151 in collecting debts that they have originated, by providing any further information requested about the debtor, and in pursuing the matter on the Council's behalf.
- 2.4.11 To notify the Chief Finance Officer / S151 of outstanding income relating to the previous financial year as soon as possible after 31st March in line with the timetable determined by the Chief Finance Officer / S151 and not later than 15th April.

D.3. ORDERING AND PAYING FOR WORK, GOODS AND SERVICES

D.3.1 Why is this important?

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

D.3.2 General

- 3.2.1 Every Officer and Member of the Council has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council, in accordance with appropriate codes of conduct.
- 3.2.2 Official orders must be in a form approved by the Chief Finance Officer / S151. Official orders must be issued for all work, goods or services to be supplied to the Council, except for supplies of utilities, periodic payments, petty cash purchases or other exceptions specified by the Chief Finance Officer / S151.
- 3.2.3 Each order must conform to the guidelines approved by the Council on procurement Standard terms and conditions and must not be varied without the prior approval of the Chief Finance Officer / S151.

APPENDIX 1

Appendix D

- 3.2.4 Apart from petty cash, the normal method of payment from the Council shall be by BACS drawn on the Council's bank account by the Chief Finance Officer / S151. The use of direct debit shall require the prior agreement of the Chief Finance Officer / S151. The use of Council procurement/business cards by non card holders shall require the prior agreement of the Chief Finance Officer / S151.
- 3.2.5 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Council contracts, except where there is a specific Council policy to the contrary.
- 3.2.6 Detailed regulations relating to Procurement are set out in the Council's ***Contract Procedure Rules***.
- 3.2.7 Where an order is not appropriate as discussed in section 3.2.2, authorisation must be provided on the specified form and attached to the invoice for payment. Authorisation thresholds for Officers are set out in **Appendix H**.

D.3.3 Key controls

- 3.3.1 The key controls for ordering and paying for work, goods and services are:
- a) all goods and services are ordered only by authorised persons and are correctly recorded;
 - b) all goods and services shall be ordered in accordance with the Council's ***Contract Procedures Rules***;
 - c) goods and services received are checked to ensure they are in accordance with the order;
 - d) payments are not made unless goods have been received by the Council to the correct price, quantity and quality standards;
 - e) all payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method;
 - f) all appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention guidelines;
 - g) all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected by journal;
 - h) in addition, e-commerce requires that processes are in place to maintain the security and integrity of data for transacting business electronically.

D.3.4 Responsibilities of the Chief Finance Officer / S151

- 3.4.1 To ensure that all the Council's financial systems and procedures are sound and properly administered.
- 3.4.2 To approve any changes to existing financial systems and to approve any new systems before they are introduced.
- 3.4.3 To approve the form of official orders and associated terms and conditions in consultation with the Council's legal advisors.
- 3.4.4 To make payments from the Council's funds on the Director's authorisation that the expenditure has been duly incurred in accordance with financial regulations.
- 3.4.5 To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.

- 3.4.6 To make payments to contractors on the certificate of the appropriate Director, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- 3.4.7 To provide advice and encouragement on making payments by the most economical means, in accordance with the Council's Procurement Strategy and associated guidance.
- 3.4.8 To ensure that payment is not made unless a proper VAT invoice, where appropriate, has been received, checked and coded, confirming:
 - (a) that the invoice has not previously been paid;
 - (b) that expenditure has been properly incurred;
 - (c) that prices and arithmetic are correct;
 - (d) correct accounting treatment of tax;
 - (e) that discounts have been taken where available;
 - (f) that appropriate entries will be made in accounting records.
- 3.4.9 To ensure that payments are not made on a photocopied or faxed invoice, statement or other document other than the formal invoice, except where the original invoice has been lost, in which case a check must be made to see if payment has been made and if it has not the copy annotated accordingly prior to payment.

D.3.5 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

- 3.5.1 To ensure that official orders are issued via the e-procurement system for all goods and services, other than the exceptions as specified in 3.2.2.
- 3.5.2 To ensure that orders are only used for goods and services provided to the service. Individuals must not use official orders to obtain goods or services for their private use (see 3.3.5).
- 3.5.3 To ensure that only staff authorised to raise orders (Buyers) via the e-procurements system have access to the system. To ensure that only staff authorised to approve orders above the specified limit have access to the system. Buyers and Approvers should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision, and that quotations or tenders have been obtained if necessary. Best Value principles should underpin the Council's approach to procurement. Value for money should always be achieved.
- 3.5.4 To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. This check should, where possible, be carried out by a different officer from the person who authorised the order. Appropriate entries should then be made in inventories if necessary.
- 3.5.5 To ensure that the e-payment system is updated to show the receipt of goods, immediately after the goods are received.
- 3.5.6 Wherever possible to ensure that two authorised members of staff are involved in the ordering and receiving process.
- 3.5.7 To encourage suppliers of goods and services 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 Chief Finance Officer / S151.

- 3.5.8 To ensure that the service obtains best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality. Due regard to be taken of the Council's procurement strategy and associated procurement guidance.
- 3.5.9 To ensure that employees are aware of the national code of conduct for local government employees specified in personnel policies.
- 3.5.10 To ensure that, loans, leasing or rental arrangements are not entered into without prior agreement from the Chief Finance Officer / S151.
- 3.5.11 To notify the Chief Finance Officer / S151 of outstanding expenditure relating to the previous financial year as soon as possible after 31st March in line with the timetable determined by the Chief Finance Officer / S151.
- 3.5.12 With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the Chief Finance Officer / S151 the systems and procedures to be adopted in relation to financial aspects. This includes certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of subcontractors' tax status.
- 3.5.13 To notify the Chief Finance Officer / S151 immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- 3.5.14 To ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the document retention guidelines.

D.4. PAYMENTS TO EMPLOYEES AND MEMBERS

D.4.1 Why is this important?

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

D.4.2 Key controls

- 4.2.1 The key controls for payments to employees and Members are:
 - (a) proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to:
 - i. starters
 - ii. leavers
 - iii. variations
 - iv. enhancements
 - v. and that payments are made on the basis of timesheets or claims;
 - vi. frequent reconciliation of payroll expenditure against approved budget and bank account;
 - (b) all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention guidelines;
 - (c) that HM Revenues and Customs regulations are complied with.

D.4.3 Responsibilities of the Chief Finance Officer / S151

- 4.3.1 To arrange and control the secure and reliable payment of salaries, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him/her, on the due date.
- 4.3.2 To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention guidelines.
- 4.3.3 To record and make arrangements for the accurate and timely payment of tax, pensions and other deductions.
- 4.3.4 To make arrangements for payment of all travel and subsistence claims.
- 4.3.5 To make arrangements for paying Members travel or other allowances upon receiving the prescribed form, duly completed and authorised.
- 4.3.6 To ensure that adequate and effective systems and procedures are operated, so that:
 - (a) payments are only authorised to bona fide employees;
 - (b) payments are only made where there is a valid entitlement;
 - (c) conditions and contracts of employment are correctly applied, employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- 4.3.7 To ensure that the Chief Finance Officer / S151 is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system (P11d).

D.4.4 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

- 4.4.1 To send an up-to-date list of the names of officers authorised to sign records to the Chief Finance Officer / S151, together with specimen signatures.
- 4.4.2 To ensure that payroll transactions are processed only through the payroll system. Assistant Directors should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. HM Revenues and Customs applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Chief Finance Officer / S151.
- 4.4.3 To certify travel and subsistence claims and other allowances. 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. Due consideration should be given to tax implications and the Chief Finance Officer / S151 is informed where appropriate.
- 4.4.4 To make, having regard to the particular circumstances of each case, ex gratia payments not exceeding a specified financial limit (see **Appendix F**) in any one case, subject to consultation with the Chief Finance Officer / S151. The circumstances of the proposed payment must not have the effect of circumventing other Council pay and allowance policies, tax rules or other legislation.
- 4.4.5 To notify the Chief Finance Officer / S151 of all appointments, terminations or variations that may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Chief Finance Officer / S151 .

- 4.4.6 To ensure 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.

D.4.5 Responsibilities of Members and Officers

- 4.5.1 To submit claims for travel and subsistence allowances on a monthly basis and, in any event, within one month of the year end.

D.5. TAXATION

D.5.1 Why is this important?

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

D.5.2 Key controls

- 5.2.1 The key controls for taxation are:
- (a) Finance staff remain abreast of tax legislation, in particular that relating to PAYE, NICs, CIS and VAT.
 - (b) budget managers are provided with relevant information and kept up to date on tax issues;
 - (c) budget managers are instructed on required record keeping;
 - (d) all taxable transactions are identified, properly carried out, accounted for within stipulated time-scales and paid through appropriate financial systems;
 - (e) records are maintained in accordance with instructions;
 - (f) returns are made to the appropriate authorities within the stipulated timescale.

D.5.3 Responsibilities of the Chief Finance Officer / S151

- 5.3.1 To complete all HM Revenues and Customs returns regarding PAYE and NIC's.
- 5.3.2 To complete a monthly return of VAT inputs and outputs to HM Revenues and Customs.
- 5.3.3 To provide details to HM Revenues and Customs regarding the construction industry tax deduction scheme in accordance with their deadlines.
- 5.3.4 To provide guidance for Council employees on taxation issues (including VAT).

D.5.4 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

- 5.4.1 To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Revenues and Customs regulations.
- 5.4.2 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- 5.4.3 To follow any guidance on taxation issued by the Chief Finance Officer / S151 .

D.6. TRADING ACCOUNTS AND BUSINESS UNITS

D.6.1 Why is this important?

- 6.1.1 Trading accounts have become more important as local authorities have developed a more commercial culture.

D.6.2 General

- 6.2.1 Trading activities must operate within the Council's overall arrangements and rules for financial, personnel and resource management. Exceptionally, where it can be demonstrated that this would lead to a unit being uncompetitive and losing work, special arrangements can be considered. While the Committees have an overall responsibility for the operations of trading activities, clearly trading activities need freedom within this framework to operate on a commercial basis. Trading activities must adhere to Financial Regulations, unless alternative arrangements are explicitly identified and agreed in writing with the Chief Finance Officer / S151 .

D.6.3 Responsibilities of the Chief Finance Officer / S151

- 6.3.1 To advise on the establishment and operation of trading accounts.

D.6.4 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

- 6.4.1 To ensure that the control of the trading activity will be to the financial target (the 'bottom line') rather than to individual expenditure and income estimate headings
- 6.4.2 To ensure that as a minimum, a break even position should be achieved.
- 6.4.3 To report to the Strategy and Resources Committee, where a trading activity plans a significant item of expenditure (e.g. a capital scheme, the purchase of a major item of computer software or the creation of a major ongoing revenue commitment), prior to the expenditure being committed, unless already in an approved capital programme
- 6.4.4 To make a full report to the Strategy and Resources Services Committee, as soon as it is known that the trading activity may make a deficit.
- 6.4.5 To make a report to the Strategy and Resources Committee on the outturn of each trading activity compared to the financial plan.
- 6.4.6 To consult with the Chief Finance Officer / S151 and the Council's legal advisors where a trading activity wishes to enter into a contract with a third party where the contract expiry date exceeds the remaining life of their main contract with the Council. In general, such contracts should not be entered into unless they can be terminated within the main contract period without penalty.

E. EXTERNAL ARRANGEMENTS

E.1. PARTNERSHIPS

E.1.1 Why is this important?

1.1.1 Partnerships are likely to play a key role in delivering community strategies and in helping to promote and improve the well-being of the area. Local authorities are working in partnership with others – public agencies, private companies, community groups and voluntary organisations. Local authorities still deliver some services, but their distinctive leadership role is to bring together the contributions of the various stakeholders. They therefore need to deliver a shared vision of services based on user wishes.

1.1.2 Local authorities usually act as an “enabler” and will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations. Local authorities will be measured by what they achieve in partnership with others.

E.1.2 General

1.2.1 The main reasons for entering into a partnership are:

- a) the desire to find new ways to share risk;
- b) the ability to access new resources;
- c) to provide new and better ways of delivering services;
- d) to forge new relationships.

1.2.2 A partner is defined as either:

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

1.2.3 Partners participate in projects by:

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

1.2.4 Partners have common responsibilities:

- a) to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation;
- b) to act in good faith at all times and in the best interests of the partnership’s aims and objectives;
- c) be open about any conflict of interests that might arise;
- d) to encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors;
- e) to hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature;
- f) to act wherever possible as ambassadors for the project.

E.1.3 Key controls

1.3.1 The key controls for Council partners are:

- a) if appropriate, to be aware of their responsibilities under the Council's financial regulations and procedures together with ***Contract Procedure Rules***;
- b) to ensure that risk management processes are in place to identify and assess all known risks;
- c) to ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise;
- d) to agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences;
- e) to communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.

E.1.4 Responsibilities of the Chief Finance Officer / S151

1.4.1 To advise on effective controls that will ensure that resources are not wasted.

1.4.2 To advise on the key elements of funding a project. They include:

- a) a scheme appraisal for financial viability in both the current and future years;
- b) risk appraisal and management;
- c) resourcing, including taxation issues;
- d) audit, security and control requirements;
- e) carry-forward arrangements.

1.4.3 To ensure that the accounting arrangements are satisfactory.

1.4.4 To maintain a register of all contracts entered into with external bodies.

1.4.5 To ensure that spending has occurred in line with the terms and conditions and any eligibility criteria.

E.1.5 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

1.5.1 To ensure that, before entering into agreements with external bodies the Council's legal advisors are consulted.

1.5.2 To ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared.

1.5.3 To ensure that such agreements and arrangements do not impact adversely upon the services provided by the Council.

1.5.4 To ensure that all agreements and arrangements are properly documented.

1.5.5 To provide appropriate information to the Chief Finance Officer / S151 to enable a note to be entered into the Council's Statement of Accounts concerning material items.

E.2. EXTERNAL FUNDING

E.2.1 Why is this important?

- 2.1.1 External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Council. Local authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers. Funds from external agencies provide additional resources to enable the Council to deliver services to the local community. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the Council's overall plan.

E.2.2 Key controls

- 2.2.1 The key controls for external funding are:

- a) to ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood;
- b) to ensure that funds are acquired only to meet the priorities approved in the policy framework by the Council;
- c) to ensure that any match-funding requirements and future revenue implications are given due consideration prior to entering into long-term agreements and that future revenue budgets reflect these requirements.

E.2.3 Responsibilities of the Chief Finance Officer / S151

- 2.3.1 To ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts.
- 2.3.2 To ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.
- 2.3.3 To ensure that audit requirements are met.

E.2.4 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

- 2.4.1 To ensure that all claims for funds are made by the due date.
- 2.4.2 To ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred and recorded.

E.3. WORK FOR THIRD PARTIES

E.3.1 Why is this important?

- 3.1.1 Legislation enables the Council to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risk associated with this work is minimised and that such work is intra vires.

E.3.2 Key controls

3.2.1 The key controls for working with third parties are:

- a) to ensure that proposals are costed properly in accordance with guidance provided by the Chief Finance Officer / S151;
- b) to ensure that contracts are drawn up using guidance provided by the Chief Finance Officer / S151 and that the formal approvals process is adhered to;
- c) to issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

E.3.3 Responsibilities of Chief Finance Officer / S151

3.3.1 To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

E.3.4 Responsibilities of the Chief Executive, Deputy Chief Executive and Assistant Directors

3.4.1 To ensure that the approval of the appropriate Committee is obtained before any negotiations are concluded to work for third parties.

3.4.2 To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Chief Finance Officer / S151.

3.4.3 To ensure that appropriate insurance arrangements are made.

3.4.4 To ensure that the Council is not put at risk from any bad debts.

3.4.5 To ensure that no contract is subsidised by the Council.

3.4.6 To ensure that, wherever possible, payment is received in advance of the delivery of the service.

3.4.7 To ensure that the service has the appropriate expertise to undertake the contract.

3.4.8 To ensure that such contracts do not impact adversely upon the services provided for the Council.

3.4.9 To ensure that all contracts are properly documented.

3.4.10 To provide appropriate information to the Chief Finance Officer / S151 to enable a note to be entered into the Statement of Accounts.

F. FINANCIAL LIMITS

F.1. General

- 1.1 Throughout these regulations, there are references to financial limits. These limits will need to be reviewed on a regular basis and, consequently, the latest figures have been consolidated in this appendix in order to facilitate any future changes. The regulations which contain financial limits are listed below:
- 1.2 Virements between Directorates require the approval of the Strategy and Resources Committee subject to the authorisation limits set out below. For the purpose of virements, salaries are to be considered as a Directorate in their own right.
- 1.3 The use of reserves is to be approved through the same authorisation process as virements where not approved as part of the annual budget or accounts processes or have specific delegation.
- 1.4 The financial limits for approval of revenue virements and revenue supplementary estimates are set out below:
- (a) Virements within same Directorate
- Chief Executive, Deputy Chief Executive and Chief Finance Officer / S151
- (b) Virements between different Directorates
- (i) Up to **£20,000** – Chief Executive, Deputy Chief Executive and Chief Finance Officer / S151 .
- (ii) Over **£20,000** up to **£50,000** - Chief Executive, Deputy Chief Executive and Chief Finance Officer / S151 in consultation with Chairman of the Strategy and Resources Committee and reported to the next Strategy and Resources Committee meeting;
- (iii) Over **£50,000** - the Strategy and Resources Committee.
- (c) Supplementary Estimates
- (i) Up to **£20,000** – Chief Executive, Deputy Chief Executive and Chief Finance Officer / S151 in consultation with the Chairman of the Strategy and Resources Committee and the Leader and reported to the next Strategy and Resources Committee;
- (ii) Over **£20,000** – the Strategy and Resources Committee.
- NB** One of the Council's budget policies is to only agree supplementary estimates in exceptional circumstances.
- 1.5 A capital scheme (an identifiable project) is where expenditure exceeds **£10,000**.
- 1.6 The financial limits for approval of capital virements and capital supplementary estimates are the same as for revenue.
- 1.7 Any excess expenditure over the approved contract sum of more than **5%** or **£10,000** whichever is the greater must be reported to the Strategy and Resources Committee (Appendix B paragraph 2.19.8).

APPENDIX 1

Appendix F

- 1.8 The asset register shall contain all assets with a value in excess of **£10,000** (Appendix C paragraph 5.3.1).
- 1.9 All items with a value in excess of **£500** shall be included in inventories (Appendix C paragraph 5. 4.15). IT assets (laptops, monitors, printers etc but excluding IT peripherals) are an exception to this limit as are more desirable, and are all recorded on the IT inventory.
- 1.10 Strategy and Resources Committee approval is required to declare land surplus to requirements where the value exceeds **£10,000** (Appendix C paragraph 5.4.4).
- 1.11 Strategy and Resources Committee approval is required to write-off bad debts in excess of **£10,000** (Appendix D paragraph 2.3.3), in the case of Non Domestic Rates Debts this is increased to **£20,000**.
- 1.12 Strategy and Resources Committee approval is required to make ex-gratia payments in excess of **£2,000** (Appendix D paragraph 4.4.4).
- 1.13 Finance limits relating to contracts are contained in the Council's ***Contract Procedure Rules***.

G. BANK MANDATE

- G.1. Cheques are only to be issued in emergencies and will be from the contingency cheque book.
- G.2. Cheques above £10,000 shall be countersigned by the Chief Finance Officer / S151 or, in their absence, the Chief Executive or Deputy Chief Executive.
- G.3. Amendments to cheques can be countersigned by the above and additionally the Resources Specialist Manager for cheques up to £10,000.
- G.4. Manual CHAPS payments shall be signed by any of the following:
- a) Chief Finance Officer / S151
 - b) Chief Executive
 - c) Deputy Chief Executive
- G.5. All arrangements with the Council's financial institutions shall be made by the Chief Finance Officer / S151 who shall be authorised to operate such banking accounts/investments/financial instruments as They may consider necessary.
- G.6. All cheques shall be ordered only on the authority of the Chief Finance Officer / S151 or under arrangements made by him/her.
- G.7. All cheques shall be ensured are kept in safe custody by the Chief Finance Officer / S151 until issue.
- G.8. All instructions relating to the Council's banking accounts, shall be authorised by the Chief Finance Officer / S151 or Officers authorised by them.
- G.9. Payments may be made by BACS or CHAPS electronic transmission subject to two electronic signatures; and submission by an authorised card holder authentication. Responsibility for the delegation of authorisation below Director level and limits applicable is set by the Chief Finance Officer / S151.

H. AUTHORISATION ARRANGEMENTS

| Total Value | Category | Authorisation Level |
|--------------------|---|--|
| Up to £5,000 | Electronic Orders | <i>Authorised buyer</i> |
| £5,001 to £50,000 | Invoice Authorisations, Electronic Order Approvals, Mileage and Expenses Claims | <i>Line Manager</i> |
| Above £50,001* | Invoice Authorisations and Order/Contract Approvals | <i>Chief Executive or Deputy Chief Executive</i> |

* Note requirement for written contracts above £50,000 – See Section 15.2 of Contract Procedure Rules.

Definitions (as per Contract Procedure Rules)

Approved Buyer- An Officer designated by an Assistant Director who is authorised to generate electronic orders on behalf of the Council.

Line Manager - An Officer designated by the Chief Executive or Deputy Chief Executive to exercise the role reserved to the line manager by the contract procedure rules, this will be a Level 3 Assistant Director.

Chief Executive or Deputy Chief Executive - responsible for delivery of services

I. AUTHORISATIONS

I.1.1 Introduction

- 1.1.1. The Status of financial regulations section (Section one in this document) refer to the Chief Executive, Deputy Chief Executive and Assistant Directors and Officers authorising others to exercise their responsibilities under these financial regulations. Authorisation should be given in writing, however there are instances where this isn't necessary or not possible due to sickness/leave. These delegations are only applicable where decisions/actions are required urgently, and the relevant officer is not available and written authorisation has not been made as not known required.
- 1.1.2. The Monitoring Officer and Returning Officer are able to appoint lawful Deputies who are able to act in the full capacity without separate authorisation unless the terms of their appointment state otherwise.
- 1.1.3. The Council's Constitution provides that any power or function delegated to the Chief Executive, Deputy Chief Executive or Assistant Director may, if that Chief Executive, Deputy Chief Executive or Assistant Director or any other Officer authorised by them is absent and unable to act, be exercised by the Chief Executive, Deputy Chief Executive or another Assistant Director should the need arise.