MALDON DISTRICT COUNCIL

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Financial Regulations and Financial Procedures

(Updated October 2025)

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

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 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 presigned 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 Director of Resources.	February 2019.
Combined B.1.3 and B.1.4 as no required distinctions.	February 2019
Updating to reflect new Committee Structure (SPJ)	February 2020
Updating to reflect new Senior Management Structure	October 2025

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Contents

1.	**Status of Financial Regulations**		
2.	**Financial Regulations**		
	a)	Financial Management	**1**
	b)	Financial Planning	**5**
	c)	Risk Management and Control of Resources	**7**
	d)	Systems and Procedures	**9**
	e)	External Arrangements	**10**
	Appendices		
A	**Financial Management Procedures**		
	Financial management standards		**11**
	Managing expenditure		**11**
	Accounting policies		**13**
	Accounting records and returns		**13**
	The Annual Statement of Accounts		**15**
B	**Financial Planning**		
	Performance plans		**16**
	Budgeting		**16**
	Maintenance of reserves		**22**
C	**Risk Management and Control of Resources**		
	Risk management		**24**
	Internal controls		**25**
	Audit requirements		**26**
	Preventing fraud and corruption		**29**
	Assets		**30**
	Treasury management		**32**
	Staffing		**34**
D	**Financial Systems and Procedures**		
	General		**36**
	Income and expenditure		**37**
	Ordering and paying for work, goods and services		**39**
	Payments to employees and Members		**42**
	Taxation		**44**
	Trading accounts and business units		**45**
E	**External Arrangements**		
	Partnerships		**46**
	External funding		**48**
	Work for third parties		**48**
F	**Financial limits**		**50**
G	**Banking Mandate**		**52**
H	**Authorisation Arrangements**		**53**

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

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 Directors, and the Monitoring Officer. Directors should maintain a written record where decision making has been delegated to members of their staff, including seconded staff. Where decisions have been delegated or devolved to other responsible officers, references to the Director in the regulations should be read as referring to them. Actions may also be delegated, and again delegation 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 Director of Finance is responsible for maintaining a continuous review of the financial regulations and submitting any additions or changes necessary to the Council for approval. The Director of Finance 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 Director of Finance. Anyone wishing to act outside the provisions of these regulations, in a specific instance, must seek the prior written approval of the Director of Resources.

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 Director of Finance 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 Director of Finance 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.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

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 the corporate governance arrangements (Standing orders and 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 Services 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 along with its major role in reviewing Best Value, 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.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

4. THE STATUTORY OFFICERS

4.1 Head of Paid Service (Chief Executive)

4.1.1 He/she is responsible for the corporate and overall strategic management of the Council as a whole. He/she must report to and provide information for the Council, the Programme committees and other Committees. He/she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Head of Paid Service is also responsible, together with the Monitoring Officer (see 4.2 below), for the system of record keeping in relation to all the Council's decisions.

4.1.2 The Director of Legal and Governance is responsible for keeping the Council's corporate governance arrangements up to date.

4.2 Monitoring Officer (Director Of Legal and Governance)

4.2.1 The Monitoring Officer is responsible for promoting and maintaining high standards of financial conduct and therefore provides support to the Joint Standards Committee. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the Council and/or to the Committees, and for ensuring that procedures for recording and reporting key decisions, as defined in the Constitution, are operating effectively.

4.2.2 The Monitoring Officer must ensure that Committees' decisions and the reasons for them are made public. He/she must also ensure that Council Members are aware of decisions made by Committees and of those made by officers who have delegated responsibility.

4.2.3 The Monitoring Officer is responsible for advising all Members and officers about who has authority to take a particular decision.

4.2.4 The Monitoring Officer is responsible for advising the Committees or Council about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.

4.2.5 The Monitoring Officer (together with the Section 151 Officer (see below)) is responsible for advising the Committees or Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:

a) initiating a new policy;

b) committing expenditure in future years to above the current budget level;

c) incurring expenditure where no estimate or an inadequate estimate exists thereby giving rise to the necessity for supplementary estimates or virements above approved limits;

d) causing the total expenditure financed from council tax, grants and corporately held reserves to increase, or to increase by more than a specified amount.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

4.3 Section 151 Officer (Director of Finance)

4.3.1 The Director of Finance is the Section 151 Officer and 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.

4.3.2 The Section 151 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 Director of Resources.

4.3.3 Section 114 of the Local Government Finance Act 1988 requires the 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 Section 151 Officer to nominate a properly qualified member of staff to deputise should he/she be unable to perform the duties under section 114 personally;

e) the Council to provide the Section 151 Officer with sufficient staff, accommodation and other resources, including legal advice where this is necessary, to carry out the duties under section 114.

5. DIRECTORS

5.1 Directors 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 Director of Finance;

5.2 The Directors and the Chief Executive are responsible for signing contracts on behalf of the Council.

5.3 It is the responsibility of Directors and Committees to consult with the Director of Finance and seek approval on any matter liable to affect the Council's finances, before any commitments are incurred.

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 Directors must consult the Director of Finance on all virements, (see **Appendix F**)

6.2 Treatment of year-end balances

6.2.1 The Director of Finance is responsible for agreeing procedures for carrying forward under-spending on budget headings.

6.3 Accounting policies

6.3.1 The Director of Finance is responsible for selecting accounting policies and ensuring that they are applied consistently.

6.4 Accounting records and returns

6.4.1 The Director of Finance is responsible for determining the accounting procedures and records for the Council.

6.5 The Annual Statement of Accounts

6.5.1 The Director of Finance 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 and Audit Committee is responsible for approving the annual Statement of Accounts.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

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 Monitoring Officer or the Section 151 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 Director of Strategy and Improvement 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 Director of Finance. 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 Director of Finance 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 Director of Finance is responsible for providing appropriate financial information to enable budgets to be monitored effectively. He/she 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 Directors to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Director of Finance. They should also take any action necessary to avoid exceeding their budget allocation and alert the Director of Finance to any problems.

3.4 Resource allocation

3.4.1 The Director of Finance 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 Director of Finance 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 to Directors by the Director of Finance 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 Director of Finance to advise the Strategy and Resources Committee on prudent levels of reserves for the Council.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

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. The Strategy and Resources Committee is responsible for ensuring that proper insurance exists where appropriate.

2.2 The Director of Finance 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 Director of Finance is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, effectively and in accordance with the statutory and other authorities that govern their use.

3.3 It is the responsibility of 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.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

5. PREVENTING FRAUD AND CORRUPTION

5.1 The Director of Legal and Governance, is responsible for the development and maintenance of an Anti-Fraud and Anti-Corruption Policy.

6. ASSETS

6.1 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 Director of Finance 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 Director of Finance 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 Director of Finance.

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 Director of Finance, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities.

8. STAFFING

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

8.2 The Chief Executive, in consultation with the Director of Finance, 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.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL 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 Director of Finance is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. The Director of Finance must determine any changes proposed by Directors to the existing financial systems or the establishment of new systems. However, Directors are responsible for the proper operation of financial processes in their own services.

2.2 Any changes to agreed procedures by Directors to meet their own specific service needs should be agreed with the Director of Finance.

2.3 The Director of Finance should ensure that all staff receive relevant financial training.

2.4 Directors must ensure that, where appropriate, computer and other systems are registered in accordance with Data Protection legislation. 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 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 should identify in writing staff authorised to act on the 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 Director of Finance 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 Director of Finance is responsible for advising 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 Director of Finance 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 Director of Finance to advise on the establishment and operation of trading accounts.

e) External Arrangements

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 The Committees are responsible for approving delegations, including 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 The Committees can delegate functions, including those relating to partnerships, to officers. These are set out in the scheme of delegation that forms part of the Council's corporate governance arrangements. Where functions are delegated, the Committees remain accountable for them to the Council.

2.3 The Director of Finance 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 Director of Finance, in consultation with the Council's designated legal advisor, must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are robust and comply with best practices. He/she must also consider the overall corporate governance arrangements and in consultation with the designated legal advisor, legal issues when arranging contracts with external bodies. He/she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.

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 Director of Finance is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts.

Appendix A

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 Strategy and Resources and/or Performance, Governance and Audit Committees.

A.1.3 Responsibilities of the Director of Finance

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 Chief Executive and Directors

1.4.1 To promote the financial management standards set by the Director of Finance 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.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix A

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, 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 Director of Finance 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. 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. 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. Directors must plan to fund such commitments from within their own budgets.

A.2.3 Responsibilities of the Director of Finance

2.3.1 To prepare jointly with the 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 Directors

2.4.1 A Director, in consultation with the Director of Resources 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 Director should be implemented only after agreement with the relevant Director.

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

2.4.5 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 Committee has approved the basis and the terms, including financial limits, on which it will be allocated. Individual allocations in excess of the financial limits should be reported to the Strategy and Resources Committee.

2.4.6 Virements are not permitted in relation to asset charges or other budget headings which are outside the control of the 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 Director of Finance 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 Director of Finance

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 and Directors

3.4.1 To adhere to the accounting policies and guidelines approved by the Director of Finance.

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 Director of Finance

4.3.1 To determine the accounting procedures and records for the Council. Where these are maintained outside his/her department, the Director of Finance should consult the Director concerned.

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 Chief Executive and Directors

4.4.1 To consult and obtain the approval of the Director of Finance 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 Director of Finance.

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 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 Director of Finance (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 Director of Finance

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 Chief Executive and Directors

5.4.1 To comply with accounting guidance provided by the Director of Finance 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 Chief Executive and Directors

1.4.1 To contribute to the development of performance plans in line with statutory requirements.

1.4.2 To contribute to the development of corporate and service targets and objectives and performance information.

1.4.3 To ensure that systems are in place to measure activity and collect accurate information for use as performance indicators.

1.4.4 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 Chief Executive and Directors

2.3.1 To comply with accounting guidance provided by the Director of Finance.

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 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 Director of Finance

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 manager, determined by the relevant Director. 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 relevant Director, where a Director is unable to balance expenditure and resources within existing approved budgets under his/her 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 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 item of income and expenditure under the control of the Director. 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 Committees (as appropriate) 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 relevant Director where it appears that a budget proposal, including a virement proposal, may impact materially on another service area or another 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 Director of Finance. Unless the Council or Strategy and Resources Committee has agreed otherwise, 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 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 Director of Finance

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 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 Directors

2.11.1 To prepare estimates of income and expenditure, in consultation with the Director of Finance.

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 Director of Finance.

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 Director of Finance 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 Director of Finance

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 Chief Executive and 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 relevant Director;

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 Director of Finance

2.18.1 To prepare the capital programme and estimates jointly with Directors and to report them to the Strategy and Resources Committee for approval. The Strategy and Resources 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 Cheif Executive and Directors

2.19.1 To comply with guidance concerning capital schemes and controls issued by the Director of
Finance

2.19.2 To prepare and submit quarterly reports jointly with the Director of Resources 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 Director of Resources, 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 Director of Finance.

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 Director of Finance, to the Strategy and Resources committees, 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 Director of Finance, 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 Director of Finance 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 Director of Finance

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 Chief Executive and 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 Director of Strategy and Improvement

1.3.1 To prepare and promote the Council's Risk Management Policy.

1.3.2 To develop risk management controls in conjunction with Directors.

C.1.4 Responsibilities of the Director of Finance

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 Chief Executive and Directors

1.5.1 To notify the Director of Finance 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 Finance 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 Director of Finance promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.

1.5.5 To consult the Director of Finance 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 Director of Finance

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 Chief Executive and 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 Director of Finance. Directors should also be responsible, after consultation with the Director of Finance, 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 Director of Finance (also the officer designated under Section 151 of the Local Government Act5 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 Director of Finance, 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 Director of Finance

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 Chief Executive and 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 appropriate Director and the Director of Finance 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 Directors to the Director of Finance for investigation.

3.4.6 The Director of Finance must then arrange for appropriate investigation of the matter. The relevant Director must agree any further investigative action with the Director of Finance before proceeding.

3.4.7 The Director of Finance, in consultation with the relevant Director and the Monitoring Officer will advise whether any matter should be referred to the police for further investigation.

3.4.8 To ensure that the Director of Finance 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 Director of Finance

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 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 Chief Executive and 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 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 Director of Legal and Governance.

4.3.1 To maintain and review an Anti-Fraud Policy.

C.4.4 Responsibilities of the Director of Finance

4.4.1 To maintain adequate and effective internal control arrangements.

4.4.3 To ensure that all suspected irregularities are investigated, and all proven irregularities reported to the Monitoring Officer and Section 151 Officer.

C.4.5 Responsibilities of Chief Executive and Directors

4.5.1 To ensure that all suspected irregularities are reported to the Director of Finance

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 Director of Finance is informed. Where sufficient evidence exists to believe that a criminal offence may have been committed, after consultation with the Director of Finance, the Chief Executive or relevant Director willensure that the Police are called in.

C.4.6 Responsibility of the Monitoring Officer

4.6.1 To maintain a register of 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 Director of Finance

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 Directors

5.4.1 A property database shall be maintained by the Director of Finance 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 Director of Finance (see **Appendix F**).

5.4.5 To pass title deeds to the Monitoring Officer who is 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 Senior 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 Executive 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 carried on the person of those responsible at all times; loss of any such keys must be reported to the Director of Neighbourhood Services and Communities 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 Director of Finance

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 Director of Finance – 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 and other Committees as required.

6.3.3 To operate bank accounts as are considered necessary – opening or closing any bank account shall require the written approval of the Director of Finance in accordance with the Banking Mandate (**Appendix G**).

C.6.4 Responsibilities of Chief Executive and Directors – treasury management and banking

6.4.1 To follow the instructions on banking issued by the Director of Finance.

C.6.5 Responsibilities of Director of Finance – 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 the Monitoring Officer or under arrangements approved by the Director of Finance

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 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 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 Director of Finance, and to maintain written records of all transactions.

C.6.8 Responsibilities of the Director of Finance – 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 Chief Executive and 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 Director of Finance 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 Director of Finance 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 Director of Finance

7.3.1 To act as an advisor to 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 Directors to monitor staffing budgets effectively.

C.7.4 Responsibilities of Chief Executive and Directors

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

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 Director of Finance 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 Director of Finance 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 Director of Finance**

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 Chief Executive andDirectors**

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 Director of Finance.

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 Director of Finance before changing any existing system or introducing new systems.

1.4.9 In consultation with the Director of Finance to establish a scheme of delegation identifying officers authorised to act upon the 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 Director of Finance, together with any subsequent variations.

1.4.11 To ensure that relevant standards and guidelines for ICT systems issued by the Director of Finance 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 Director of Finance 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 Director of Finance

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 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 Director of Finance 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 Director of Finance with details relating to work done, goods supplied, services rendered or other amounts due, to enable the Director of Finance to record correctly the sums due to the Council and to ensure accounts are sent out promptly. Directors have a responsibility to assist the Director of Finance 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 Director of Finance of outstanding income relating to the previous financial year as soon as possible after 31st March in line with the timetable determined by the Director of Finance 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***.

Appendix D

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 Director of Finance. 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 Director of Finance.

3.3.3 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 Director of Finance.

3.3.4 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 Director of Finance. The use of direct debit shall require the prior agreement of the Director of Finance The use of Council procurement/business cards by non card holders shall require the prior agreement of the Director of Finance

3.3.5 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.

3.3.6 Detailed regulations relating to Procurement are set out in the Council's ***Contract Procedure Rules.***

3.3.7 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 Director of Finance**

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 Chief Executive or 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 Chief Executive or 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 Chief Executive and 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 Director of Finance.

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 Director of Finance.

3.5.11 To notify the Director of Finance of outstanding expenditure relating to the previous financial year as soon as possible after 31st March in line with the timetable determined by the Director of Resources.

3.5.12 With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the Director of Finance 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 Director of Finance 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 Director of Finance**

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 Director of Finance 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 Chief Executive and Directors

4.4.1 To send an up-to-date list of the names of officers authorised to sign records to the Director of Finance, together with specimen signatures.

4.4.2 To ensure that payroll transactions are processed only through the payroll system. 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 Director of Finance.

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 Director of Finance 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 Director of Finance. 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 Director of Finance 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 Director of Finance.

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 Director of Finance

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 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 Director of Finance.

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 Programme 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 Director of Finance.

D.**6.3 Responsibilities of the Director of Finance**

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

D.**6.4 Responsibilities of 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 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 Director of Finance 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.

Appendix E

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 Director of Finance**

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 Chief Executive and 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 Director of Finance 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 Director of Finance**

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 Chief Executive and 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 Director of Resources;

b) to ensure that contracts are drawn up using guidance provided by the Director of Finance 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 Director of Finance**

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 Chief Executive and Directors**

3.4.1 To ensure that the approval of the relevant 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 Director of Finance

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 Director of Finance to enable a note to be entered into the Statement of Accounts.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix F

F. FINANCIAL LIMITS

F.1. General

F.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:

F.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 and are under the control of the Chief Executive.

F1.3 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.

F.1.4 The financial limits for approval of revenue virements and revenue supplementary estimates are set out below:

(a) Virements within same Directorate

Relevant Director and Director of Finance

(b) Virements between different Directorates

(i) Up to **£20,000** – Director and Director of Finance and reported quarterly to members via email.

(ii) Over **£20,000** up to **£50,000** - Director, Director of Finance in consultation with relevant Committee Chairperson; 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** – Director and Director of Finance in consultation with the Chairperson 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.

F.1.5 A capital scheme (an identifiable project) is where expenditure exceeds £**10,000**.

F.1.6 The financial limits for approval of capital virements and capital supplementary estimates are the same as for revenue.

F.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 relevant committee (Appendix B paragraph 2.19.8).

F.1.8 The asset register shall contain all assets with a value in excess of **£10,000** (Appendix C paragraph 5.3.1).

F.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.

F.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).

F.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.**

F.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).

F.1.13 Finance limits relating to contracts are contained in the Council's ***Contract Procedure Rules***.

Appendix G

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 Director of Finance or, in his/her absence, the Chief Executive.

G.3. Amendments to cheques can be countersigned by the above and additionally the Lead Finance Specialist for cheques up to £10,000.

G.4. Manual CHAPS payments shall be signed by any of the following:

a) Director of Finance

b) Chief Executive

*G.*5. All arrangements with the Council's financial institutions shall be made by the Director of Finance who shall be authorised to operate such banking accounts/investments/financial instruments as he/she may consider necessary.

*G.*6. All cheques shall be ordered only on the authority of the Director of Finance or under arrangements made by him/her.

*G.*7. All cheques shall be ensured are kept in safe custody by the Director of Resources until issue.

*G.*8. All instructions relating to the Council's banking accounts, shall be authorised by the Director of Finance or Officers authorised by him or her.

*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 Director of Finance.

H. AUTHORISATION ARRANGEMENTS

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

* Note requirement for written contracts above £50,000 – See Section 13.7 of Contract Procedure Rules.

Definitions (as per Contract Procedure Rules)

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

Line Manager - An *Officer* designated by the *Director to* exercise the role reserved to the line manager by the contract procedure rules, this will be a Level 2 Manager.

Director- *The Chief Executive or one of five Directors*

I. DELEGATIONS

I.1.1 Introduction

1.1.1. The Status of financial regulations section (Section one in this document) refer to Directors and Officers delegating their responsibilities per these financial regulations. Delegation 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 delegation has not been made as not known required.

1.1.2. There are statutory delegations for statutory posts, the Monitoring Officer and Returning Officer, who have a Deputies. Written delegation is not required for these posts to act in the full capacity.