

FINANCIAL REGULATIONS

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SECTION A - FINANCIAL MANAGEMENT AND STANDARDS

1.0 INTRODUCTION

1.1 Financial management covers all the financial responsibilities and accountabilities involved in running the Council. Members and Officers have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by setting out clear standards to work to and ensuring that controls are in place to promote compliance with them.

2.0 FINANCIAL MANAGEMENT STANDARDS

2.1 The key controls for financial management standards are their promotion throughout the Council and a monitoring system to review compliance with them.

2.2 Council, Cabinet and Committees have a role to play in the financial management of the Council as set out in the Constitution. In addition, the respective roles and responsibilities of Officers are also set out in the Constitution, in the Proper Officer Provisions and Scheme of Delegation.

2.3 The Chief Finance Officer (CFO) is responsible for:

- complying with the statutory duties set out in section 151 and 114 of the Local Government Act 1972
- the proper administration of the Council's financial affairs and ensuring that proper professional practices are maintained
- setting financial management standards and monitoring their compliance
- advising on the corporate financial position and on the key strategic controls necessary to secure sound financial management
- providing financial information and advice to enable accurate and timely monitoring and reporting
- reporting potentially unlawful entries, actions and expenditure

2.4 Heads of Service are responsible for:

- ensuring that Cabinet members are advised of the financial implications of all proposals and that the financial implications have been agreed with the CFO
- consulting with the CFO and seeking the necessary Committee approvals before any commitments are made that are liable to affect the Council's finances materially
- promoting and monitoring adherence in their Services to financial standards prescribed by the CFO

3.0 ACCOUNTING POLICIES

3.1 The Chief Finance Officer is responsible for selecting suitable accounting policies and ensuring they are applied consistently in accordance with proper professional practice. These accounting policies will be reviewed and published with the annual financial statements.

3.2 Heads of Service are responsible for promoting and ensuring adherence to these accounting policies and guidelines.

4.0 **MANAGEMENT OF EXPENDITURE AND INCOME**

4.1 The management of expenditure and income is a key control in ensuring that the Council's budget is adhered to and that limited resources are used in the most efficient, economic and effective way. Effective management ensures that once budgets have been approved, resources allocated are used for their intended purposes and are properly accounted for.

4.2 The Chief Finance Officer is responsible for the overall framework of budgetary management and control and has specific duties relating to write-offs, virement, contingency sums and treatment of year end balances.

4.3 Heads of Service are responsible for:

- managing budgets responsibly and prudently
- assigning a Budget Manager for each budget heading who understands their financial responsibilities and ensures that there is adequate provision before any expenditure is incurred
- ensuring that official purchase orders are used to place orders with suppliers and contractors, unless there are exceptional circumstances or the supplier is detailed on the approved exemption list. In cases of exceptional circumstances, e.g. emergency telephone orders, an official purchase order should be raised as soon as practicable after the event to ensure there is a clear audit trail and that the commitment can be recognised for budget monitoring purposes
- ensuring an approved certification process is followed for all expenditure
- ensuring operations achieve financial performance targets
- regular monitoring of income and expenditure to ensure adherence to budgets and identify any fluctuation in income against set targets
- maintenance of effective records for all monies due and instigating effective recovery procedures for non-payment of debts
- regular consultation with assigned Accountants on developing or changing issues throughout the financial year
- taking appropriate corrective action where significant variations from the approved budget are forecast

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5.0 **ACCOUNTING RECORDS AND RETURNS**

5.1 The proper compilation, maintenance and retention of records is one of the ways in which the Council discharges its responsibility for the proper stewardship of public resources.

5.2 The key controls for accounting records and returns are adherence to accounting policies, standards and timetables, the timely and accurate recording of all transactions, material commitments and contracts and other essential accounting information, adequate reconciliation procedures, retention of prime documents and effective back up of records.

5.3 The Chief Finance Officer is responsible for determining the accounting procedures and records for the Council.

5.4 Heads of Service are responsible for:

- consulting with the CFO before making any changes to accounting records and procedures
- maintaining adequate records to provide an audit trail from source of income/expenditure through to the accounting statements
- supplying information required to enable the statement of accounts to be completed
- 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 paying them
- ensuring the proper retention of financial records in accordance with the Council's Retention and Disposal schedule

6.0 **ANNUAL STATEMENT OF ACCOUNTS**

6.1 The Council has a statutory responsibility to prepare its annual accounts to provide a true and fair view of its operations during the year. These accounts are subject to scrutiny by Members, External Audit and the public. The external audit provides assurance that the accounts are prepared properly and that proper arrangements have been made for securing economy, efficiency and effectiveness in the use of resources.

6.2 The Chief Finance Officer is responsible for the proper administration of the Council's financial affairs and the preparation of the statement of accounts in accordance with proper practices. This includes drawing up a timetable for final accounts preparation, the production of supporting working papers and other evidence, reviewing the system of internal control to ensure that it is effective and that financial transactions are lawful and making proper arrangements for the external audit of the accounts.

6.3 Heads of Service are responsible for complying with accounting guidance provided by the CFO and supplying information for the statement when required.

SECTION B - FINANCIAL PLANNING

7.0 INTRODUCTION

7.1 Financial planning is the development of effective systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. Preparing a policy framework, comprehensive budgets and robust business and performance plans are the key elements to achieving this. By regular monitoring, the Council can ensure that legal requirements and other relevant government guidelines are met and that variances and spending pressures are identified and dealt with promptly.

8.0 BUDGET AND POLICY FRAMEWORK PROCEDURES RULES

8.1 The Council is responsible for agreeing the Budget and Policy Framework, approving procedures for agreeing variations to approved budgets subject to the delegated virement arrangements, approving plans and strategies forming the policy framework, determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework and setting the level at which the Cabinet may reallocate budget funds from one service to another. The Cabinet is responsible for taking in-year decisions on resources and priorities in order to deliver the budget and policy framework within the financial limits set by the Council.

9.0 THE BUDGET

9.1 The budget is the financial expression of the Council's plans and policies. It must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of the Council. Budgets are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent.

FORMAT AND PREPARATION

9.2 The Chief Finance Officer is responsible for advising the Cabinet on the format of the budget and ensuring that a revenue budget and capital programme is prepared on an annual basis. The budget format determines the level of detail to which financial control and management will be exercised and must comply with all legal and relevant accounting requirements. The draft budget will include allocation to different services and projects, proposed taxation levels and contingency funds.

9.3 Heads of Service are responsible for ensuring that budget estimates, reflecting agreed service plans, are submitted to the Cabinet and that these estimates are prepared in line with guidance issued by the CFO.

BUDGET SETTING

9.4 The key controls for budget setting are specific budget approval for all expenditure, consultation with budget managers in the preparation of budgets

for which they will be responsible and a monitoring process to review the effectiveness and operation of budget preparation.

9.5 The Chief Finance Officer is responsible for encouraging best use of resources and value for money and advising on the medium term implications of spending decisions.

| 9.6 ~~Also~~ **The CFO is also responsible for** determining the detailed form of revenue estimates and the methods for their preparation, preparing reports on budget prospects, including resource constraints set by the government, and on the aggregate spending plans of Services, the resources available to fund them and implications for the level of council tax to be levied.

9.7 Heads of Service are responsible for:

- preparing estimates of income and expenditure
- preparing budgets which are consistent with the Council's annual budget cycle and with guidelines issued by the CFO
- integrating financial and budget plans into service planning
- having regard to spending patterns and pressures, legal requirements, policy framework requirements and initiatives already underway when drawing up draft budget requirements

MONITORING AND CONTROL

9.8 Budget management ensures that once the budget has been approved by the Council, resources are used for their intended purposes and properly accounted for. Budgetary control is a continuous process enabling the Council to review and adjust its budget targets during the financial year. Variances can be identified quickly and the Council is less likely to overspend.

9.9 The key controls for managing the revenue budget are the nomination of a budget manager for each cost centre who accepts responsibility and accountability for their budgets and understands their financial responsibilities, ensuring adequate processes are in place to record and account for all income and expenditure and that performance levels of their service are monitored regularly in conjunction with the budget and appropriate action taken where necessary to align service outputs and budgets.

9.10 The Chief Finance Officer is responsible for establishing an appropriate framework of budgetary management and control in line with recommended best practice and providing regular reports to both budget managers and Members on the Council's projected income and expenditure compared with the budget.

9.11 Heads of Service are responsible for:

- ensuring an accountable budget manager is identified for each item of income and expenditure

- managing expenditure within the budget allocated i.e. the planned income and expenditure for a service area or 'cost' centre and ensuring budget heads are not overspent (reflecting ~~how presented~~their presentation in the budget book as detailed in the Budget and Policy Framework Procedure Rules)
- ensuring budgets are managed in accordance with virement rules laid down in the Budget and Policy Framework
- taking appropriate corrective action where significant variations from the approved budget are forecast and alerting the CFO of any problems
- ensuring expenditure is committed only against an approved budget head, with an approved certification process and in compliance with relevant guidance and financial regulations
- ensuring all income and expenditure is properly recorded and accounted for
- ensuring an effective monitoring process is in place to review performance in conjunction with the budget
- seeking advice from the CFO on any new proposals that could create financial commitments in future years, change existing policies or affect services

RESOURCE ALLOCATION

- 9.12 A mismatch often exists between available resources (staff, money, equipment, goods and materials) and required resources. It is imperative that needs are carefully prioritised and that resources are fairly allocated in order to fulfil legal responsibilities.
- 9.13 The key controls for resource allocation are that resources are acquired in accordance with the law ~~and~~ using an approved authorisation process and are used only for the purpose intended with the minimum level of waste, loss or inefficiency, properly accounted for and held securely.
- 9.14 The Chief Finance Officer is responsible for advising on methods available for funding of resources and assisting in the allocation of resources to budget managers.
- 9.15 Heads of Service are responsible for working within budget limits, utilising resources in the most efficient, effective and economic way and identifying opportunities to minimise or eliminate resource requirements without having a detrimental effect on service delivery.

THE HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN

- 9.16 The HRA Business Plan sets out projections on future expenditure and income for the HRA over the next 30 years. This enables key expenditure and resource issues to be considered in the long term timescale that is required when considering the management and maintenance of the Council's housing stock.
- 9.17 The key controls for the HRA Business Plan are an annual review of the forecasts and projections within the plan and the updating of the forecasts and

projections within the plan so that it can influence and inform the Housing budget that will be agreed by Council

9.18 The Chief Finance Officer is responsible for ensuring that the Business Plan is reviewed and updated on an annual basis as part of the budget setting process for consideration by Members.

9.19 The Assistant Director Housing and Regeneration is responsible for:

- preparing estimates of income and expenditure
- integrating financial and business plans into service planning
- having regard to spending patterns and pressures and legal requirements and initiatives already underway when drawing up projections

THE CAPITAL PROGRAMME

9.16-20 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the Council. Capital assets shape the way services are delivered for the long-term and create financial commitments for the future. There are ~~strict government~~prudential and regulatory controls on the financing capacity of the Council which is why capital expenditure must be carefully prioritised in order to maximise the benefit of scarce resources.

9.17-21 The key controls for capital programmes are Cabinet and Council approval of capital scheme budgets, the development of project plans detailing estimates and targets, ~~targets and~~ accountable officers for individual capital schemes and an effective capital programme monitoring system.

9.18-22 The Chief Finance Officer is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by Members, issuing guidance concerning capital schemes and submitting financial monitoring reports to Members on approved programmes.

9.19-23 Heads of Service are responsible for:

- Complying with CFO guidance on capital schemes
- ensuring all capital proposals have undergone a thorough project appraisal
- proceeding with projects only where there is confirmed and adequate provision of resources in the capital programme
- ensuring adequate records are maintained in respect of all capital contracts
- providing information on the progress of capital schemes for inclusion in financial monitoring reports
- ensuring that credit arrangements, including loans and leases, are not entered into without prior approval from the CFO

MAINTENANCE OF RESERVES

9.20-24 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.

| 9.24-25 The key controls for reserves are maintaining them in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC) and agreed accounting practices and clearly defining the proposed usage and basis of transactions for each reserve established.

| 9.22-26 The Chief Finance Officer is responsible for maintaining and keeping up to date a reserves policy in line with recommended best practice, advising Members on prudent levels of reserves for the Council and ensuring that resources are only used for the purposes for which they were intended.

| 9.23-27 Heads of Service are responsible for recommending to the CFO the setting up of specific earmarked reserves ~~or provisions and managing their reserves in line with the requirements of the reserves policy~~

10.0 **PERFORMANCE PLANS**

10.1 Business and performance plans set out the Council's overall priorities and objectives, planned projects, initiatives and targets, current performance and proposals for further improvement and efficiencies.

- 10.2 The key controls for business and performance plans are that they are produced consistently, on time with accurate, complete and up to date data and with improvement targets that are meaningful, realistic and challenging.
- 10.3 The Chief Finance Officer is responsible for ensuring financial performance information is reported to Members and is available for inclusion in business and performance plans and that effective systems are in place to collect accurate financial information.
- 10.4 Heads of Service are responsible for devising business and performance plans and contributing to the development of initiatives, targets and performance information.

SECTION C - RISK MANAGEMENT & CONTROL OF RESOURCES

11.0 INTRODUCTION

11.1 Robust systems are required for identifying and evaluating all significant operational risks to the Council on an integrated basis. This includes the proactive participation of all those associated with planning and delivering services.

12.0 RISK MANAGEMENT & INSURANCE

12.1 Risk is the chance or possibility of loss, damage or injury or failure to achieve objectives caused by an unwanted or uncertain action or event. By being risk aware the Council is better placed to avoid threats and take advantage of opportunities. A robust risk management system is embedded across the Council to monitor and manage risks and an approved Risk Management Policy and Strategy is in place outlining processes and officer roles and responsibilities.

12.2 The Chief Finance Officer is responsible for promoting the Risk Management Policy and Strategy, reporting on the effectiveness of the risk management system and ensuring adequate insurance cover for all of the Council's activities and employees.

12.3 Heads of Service are responsible for:

- taking responsibility for risk management and adhering to the risk management strategy and policy, including regularly reviewing risks in their service areas
- ensuring that business continuity plans are in place for applicable service areas in case of disasters which could result in significant loss or damage
- notifying the CFO immediately of any loss, liability or damage which may lead to a claim against the Council
- reviewing the annual summary statement of insurance cover and throughout the year notifying the CFO promptly of all new risks, properties, assets or vehicles which require insurance and of any alterations or service changes affecting existing insurances
- consulting the CFO and the Borough Solicitor on the terms of any indemnity which the Council is requested to give
- ensuring that Council employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation which may prejudice the assessment of liability in respect of any insurance claim

13.0 INTERNAL CONTROLS

13.1 Internal control refers to the systems of control devised by management to help ensure the Council's objectives are achieved in a manner which promotes economical, efficient and effective use of resources and ensures statutory obligations are met, risks are managed and the Council's assets and interests are safeguarded.

13.2 Robust internal control systems include adequate and effective financial and operational systems and procedures which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and robust information systems.

13.3 ~~Also-They also incorporate~~ effective managerial control systems which include defining policies, setting objectives, monitoring performance and taking appropriate anticipatory and remedial action. Control systems should be regularly reviewed, including review by Internal Audit.

13.4 The Chief Finance Officer is responsible for assisting the Council in putting in place an appropriate control environment and effective internal controls.

13.5 Heads of Service are responsible for:

- ensuring staff have an understanding of the consequences of a lack of control
- managing processes to check that established controls are being adhered to and to evaluate their effectiveness in the achievement of objectives and management of risk
- reviewing existing controls in the light of changes affecting the Council and establishing and implementing new ones in consultation with the CFO
- ensuring internal control systems comply with all applicable statutes and regulations

14.0 **AUDIT REQUIREMENTS**

INTERNAL AUDIT

14.1 Internal Audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control and is a statutory requirement for Councils. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

14.2 The key controls for Internal audit are that it is independent in its planning and operation, the Internal Audit Manager has direct access to management and elected Members and internal auditors comply with the ~~CIPFA Code of Practice for Internal Audit in Local Government~~United Kingdom Public Sector Internal Audit Standards.

14.3 The Chief Finance Officer is responsible for ensuring the independence of the internal audit function and that internal auditors have the authority to access ~~Council premises~~, records (including those of third parties), documentation, Council premises and assets and receive information and explanations deemed necessary for any matter under consideration.

14.4 Heads of Service are responsible for:

- ensuring Internal Audit are given access at all reasonable times to premises, personnel and documentation which they consider necessary for the purposes of their work and are provided with any information and explanations requested
- discussing audit reports and implementing agreed actions in line with deadlines detailed in action plans
- ensuring new systems for maintaining financial records or records of assets, or changes to such systems, are discussed and agreed with the Internal Audit Manager before implementation

EXTERNAL AUDIT

- 14.5 All large public sector organisations are subject to external audit. The external auditor has rights of access to all documents and information which are necessary for audit purposes and their objectives are to review and report upon the financial implications of corporate governance arrangements, the financial statements and accounts and ~~certain aspects of value for money arrangements.~~ to manage performance.
- 14.6 The Chief Finance Officer is responsible for ensuring that external auditors are given appropriate access, ensuring effective liaison between External and Internal Audit and advising staff and members on their responsibilities in relation to external audit.
- 14.7 Heads of Service are responsible for ensuring records and systems are up to date and available for inspection and that External Audit are given appropriate access to them.

15.0 PREVENTING FRAUD AND CORRUPTION

- 15.1 The council will not tolerate fraud, corruption, bribery or malpractice in the administration of its responsibilities and to prevent this has an Anti Fraud, Bribery and Corruption Policy and Anti-Money Laundering Policy in place detailing processes and officer roles and responsibilities.
- 15.2 The Chief Finance Officer is responsible for developing, maintaining and promoting both policies and ensuring all irregularities are reported and investigated appropriately.
- 15.3 Heads of Service are responsible for ensuring awareness of and adherence to the policies, instigating action under the Council's disciplinary procedures where necessary and ensuring the registers of external activity and gifts and hospitality is-are up to date in line with the procedure laid down in the Officer Code of Conduct and that all staff under their control report all instances of suspected fraud immediately in accordance with approved procedures.

16.0 STAFFING

- 16.1 In order to provide a good service, the Council must recruit and retain high calibre, knowledgeable and qualified staff in line with its recruitment and selection process.
- 16.2 The key controls for staffing are having an appropriate staffing strategy and policy in place, procedures for forecasting staffing requirements and cost, ensuring staff time is used efficiently and adequate checks are undertaken on staff prior to appointment.
- 16.3 The Chief Finance Officer is responsible for ensuring that budget provision exists for all existing and new employees.
- 16.4 Heads of Service are responsible for providing information to the CFO to ensure appropriate budgets for staffing, ensuring the staffing budget is an adequate forecast of staffing levels and ensuring adequate control over such costs as sickness, overtime, training and temporary staff. Staffing budgets must not be exceeded without due authority and must be managed to enable the agreed level of service to be provided.

17.0 **ASSETS**

- 17.1 The Council holds assets in the form of land, property, vehicles, equipment, furniture, information and other items worth significant sums of money.

SECURITY

- 17.2 It is important that assets are safeguarded and used efficiently in the delivery of services and that there are arrangements for the security of assets and information required for service operations.
- 17.3 The key controls for the security of assets are the maintenance of an up to date asset register, staff awareness of their responsibilities with regard to safeguarding assets, robust information ~~and computer~~ systems and compliance with the Council's ~~computer and internet security policies~~[ICT Security Policy](#).
- 17.4 The Chief Finance Officer is responsible for ensuring that an asset register is maintained for all ~~fixed long term~~ assets with a value in excess of ~~£520,000~~ and assets are valued in accordance with recommended best practice ~~so that this information can be incorporated into the statement of accounts~~.
- 17.5 Heads of Service are responsible for:
- maintaining a database for all significant properties, plant and machinery and moveable assets currently owned or used by the Council
 - ensuring lessees and other prospective occupiers of Council land and buildings are not permitted to take possession until a lease or agreement has been established and the form of lease should be agreed with the CFO and Borough Solicitor where appropriate

- ensuring adherence to building security procedures, the safe custody of all vehicles, equipment, furniture, stock, keys and any other property and reporting any loss or theft immediately to the CFO
- ensuring that no Council asset is subject to personal use by an employee without proper authority
- ensuring that any use of property or establishment by a section other than for direct service delivery should be supported by documentation identifying terms, responsibilities and duration of use
- passing title deeds to the Borough Solicitor.
- ensuring all suspected security incidents are reported appropriately and consulting with the CFO where security is thought to be defective or where it is considered that special security arrangements may be required
- arranging for the valuation of assets for insurance and accounting purposes
- ensuring access to all systems is appropriately restricted, network security procedures are adhered to and that computer usage is in line with the ICT Security Policy
- ensuring that all employees are aware of their personal responsibility with regard to ~~the protection and confidentiality of information~~ data protection legislation and the Council's Data Protection Policy
- maintaining inventories of all items over £100 including item description, location and value and ensuring attractive and portable items are appropriately marked and insured
- undertaking an annual check of inventories and stocks and taking action in relation to surpluses or deficiencies
- investigating and removing from the Council's records discrepancies as required and obtaining appropriate approval to do so where necessary

DISPOSAL

- 17.6 Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and ~~regulations~~ guidance of the Council. Assets should only be disposed of when it is in the best interest of the Council and best price must be obtained for disposals bearing in mind other factors, such as environmental issues. For items of significant value, disposal should be by competitive tender or public auction.
- 17.7 The Chief Finance Officer is responsible for providing guidance on disposals or part exchange of an asset and ensuring appropriate accounting entries are made.
- 17.8 Heads of Service are responsible for seeking advice from the CFO on the disposal of surplus or obsolete materials, stores or equipment where appropriate and ensuring that any income received is properly accounted for. The proposed sale of land, buildings or other significant assets must be discussed with the CFO prior to disposal.

18.0 TREASURY MANAGEMENT

- 18.1 To provide assurances that money is properly managed in a way which balances risk with return the Council has adopted and adheres to the CIPFA

Code of Practice on Treasury Management in the Public Services. As the cornerstones for effective treasury management, the Council has in place an approved Treasury Management Policy Statement and Treasury Management Practices. The statement outlines the policies, objectives and approach to risk management of its treasury management activities and the practices set out the manner in which the Council will seek to achieve those objectives and how it will manage those activities.

18.2 The Chief Finance Officer is responsible for:

- the execution and administration of treasury management decisions and acting in accordance with the policy statement and practices and the CIPFA Standard of Professional Practice on Treasury Management
- providing Council with reports on treasury management including an Annual Strategy and Plan and a Mid-year review
- providing regular reports to the Audit & Governance committee for effective scrutiny of treasury management strategies and policies
- ensuring the Council's activities comply with the policy statement and practices

18.3 Heads of Service are responsible for;

- following any instructions on banking issued by the CFO, ensuring loans are not made to third parties and that interests are not acquired in companies, ventures or other enterprises without consultation with the CFO and approval of the council
- ensuring all trust funds are operated within relevant legislation and the specific requirement for each trust
- arranging, where funds are held on behalf of third parties, for their secure administration and the maintenance of all detailed records of transactions in consultation with the CFO

SECTION D – SYSTEMS AND PROCEDURES

19.0 INTRODUCTION

19.1 Sound systems and procedures are essential to an effective framework of accountability, governance and control. Various systems and procedures are used across the Council to control its assets. These should be well managed with controls to ensure that transactions are properly processed and errors minimised and detected promptly. The financial management information they contain must also be accurate.

20.0 SYSTEMS AND PROCEDURES

20.1 The key controls for systems and procedures are that robust data exists to enable the Council's priorities, budgets and plans to be formulated, performance is communicated to the appropriate managers on an accurate, complete and timely basis, operating systems and procedures are secure and early warning is provided of deviations from targets, plans and budgets that require management attention.

20.2 The Chief Finance Officer is responsible for ensuring that the council's financial systems are sound and must agree any new financial systems or changes made to existing ones.

20.3 Heads of Service are responsible for:

- ensuring accounting records are properly maintained and held securely and that sound financial processes are in place
- ensuring financial documentation is managed in accordance with the Council's Retention and Disposal Schedule
- ensuring all financial transactions have an adequate audit trail from original document to the accounting records and vice versa
- incorporating appropriate system controls so that input is genuine, complete, accurate, timely and not previously processed, all processing is carried out in an accurate and timely manner and data from the system is complete, accurate and timely ~~in line with the Council's Data Quality Strategy and meets the standards of the Data Quality Protocol~~
- ensuring an appropriate segregation of duties is in place for all systems
- ensuring systems and procedures are documented and staff are well trained in operations
- ensuring business continuity plans are in place for appropriate service areas
- consulting with the CFO and informing Internal Audit before changing systems or introducing new ones
- establishing a scheme framework of delegation identifying officers authorised to act on their behalf in respect of payments, income collection, placing orders and entering into contracts, including variations, and showing the limits of their authority
- supplying and keeping up to date lists of authorised officers, with specimen signatures and delegated limits/roles, to the CFO, ~~Internal Audit~~ and Revenues and Payments, ~~together with any subsequent variations~~

- ensuring staff comply with the ICT ~~documents~~ Security Policy and Anti-Phishing, paying particular attention to back-up procedures, copyright and data protection

21.0 **INCOME**

21.1 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all of the income due to the Council is identified, collected, receipted, banked and accounted for properly. Wherever possible, income should be obtained in advance of supplying goods or services to aid cash flow and avoid the time consuming and costly administration of debts.

21.2 The key controls for income are the identification of all income due, effective charging and collection policies, effective recovery action and write off procedures, appropriate retention of income documents and reconciliations of money collected to the Council's financial systems and bank account.

21.3 The Chief Finance Officer is responsible for approving arrangements and procedures for the collection of income and ~~administering~~ the write off of bad debts, including their appropriate accounting treatment and referring large sums write offs over £5,000 to Cabinet for approval, where appropriate, in line with the Scheme of Delegation to Chief Officers.

21.4 Heads of Service are responsible for:

- ensuring there is an appropriate and effective set of procedures, systems and documentation in place for the collection of income
- ensuring bills are correctly calculated and served in a timely manner
- regularly reviewing fees and charges, including VAT requirements, for the supply of goods and services
- complying with the Fees and Charges policy
- ensuring discounts or exemptions are applied correctly and consistently and that any system parameters relating to fees and charges are set correctly in line with agreed levels
- ensuring any refunds and credits are applied correctly and consistently
- ensuring an adequate separation of duties between identifying amounts due and collection and reconciliation
- monitoring income and debt levels, establishing and initiating appropriate recovery procedures for unpaid debt and complying with the Corporate Debt Recovery Policy
- issuing receipts or other ~~appropriate~~ approved documentation for income collected
- ensuring ~~two employees are present during post opening~~ there are appropriate arrangements in place so that any income received by post is properly identified and recorded
- ensuring income collection documentation is managed in accordance with the Council's Retention and Disposal schedule
- ensuring income is paid promptly into the Council's bank account in full, with details recorded on paying-in-slips where required

- ensuring payments are immediately and correctly posted to individual accounts or funds
- ensuring there is regular reconciliation of income collected and deposited with bank statements
- ensuring the CFO is aware of all sums due to the Council
- ~~writing off debts which are deemed to be irrecoverable up to a limit of £5,000, or nominating an officer to be authorised to do so (such officers must be included on the authorised signatories list held by Revenues and Payments and Internal Audit should also be informed in advance of any proposed changes) after consultation with the CFO, or seeking Cabinet approval for write off of debts in excess of the approved limit.~~
- consulting with the CFO on the appropriate process for the write off of any debts over £5,000
- accurate records of all write offs must be retained in line with the Council's Retention and Disposal schedule
- notifying the CFO of outstanding income relating to the previous financial year as soon as possible after 31 March

22.0 **EXPENDITURE**

ORDERING AND PAYING FOR WORK, GOODS AND SERVICES

- 22.1 Public money should be spent with demonstrable probity and in accordance with the Council's policies. All purchasing should seek to achieve and evidence value for money. These regulations should be read in conjunction with the Council's Contracts Procedure Rules, Procurement Practice Notes, Purchasing Rules, Purchasing system instruction manual and Invoice processing instructions
- 22.2 The key controls for ordering and paying for work, goods and services are compliance with the Council's purchasing instructions and contract procedures rules, goods and services ordered, authorised and checked only by appropriate persons, management of transaction and payment documents in line with the Retention and Disposal schedule and accurate recording of expenditure, including VAT, in the accounts. Making payments to the correct person, for the correct amount and only where goods have been received to the correct price, quantity and quality standards are also key controls along with effective processes for the security and integrity of all data.
- 22.3 The Chief Finance Officer is responsible for ensuring that there are sound procedures in place for ordering goods and services and incurring expenditure, approving ~~the form of official orders and associated~~any amendments to the terms and conditions of the Council's official e-purchasing ordering template, making payments from the Council's funds following appropriate authorisation, providing advice on the most economical payment methods and ensuring that a budgetary control system is established which enables commitments to be taken into account in budget monitoring reports.
- 22.4 Heads of Service are responsible for:

- ensuring all staff are aware of their responsibility to declare any links or personal interests they have with purchasers, suppliers and contractors in line with the Officers Code of Conduct
- ensuring that official orders are issued for all work, goods or services to be supplied to the Council at the time commitments are incurred (except for ~~supplies of utilities, periodic payments such as rent or rates, transactions covered by contract or agreement and petty cash purchases~~ the approved exceptions contained on the official Exemption list). All purchase orders are to be raised through the Civica electronic purchasing system in accordance with the Council's purchasing instructions and standard terms and conditions (except for those transactions ~~covered by~~ secured through housing maintenance contracts which may be processed through the housing maintenance order system or other exceptions agreed by the CFO)
- ensuring orders are only used for goods and services provided to the Council. Individuals must not use official orders to obtain goods or services for their private use, nor must personal or private use be made of Council contracts
- ensuring value for money is achieved by obtaining and demonstrating recording competitive prices for goods and services of the appropriate quality in line with CFO guidance and contract procedure rules
- ensuring all procurement complies with contract procedure rules and procurement practice notes
- agreeing with the CFO the financial aspects of a contract where appropriate
- ensuring only those staff they have nominated can raise and authorise orders through the Civica purchasing system and that these names, ~~together with the limits of their authority,~~ are provided to the Purchasing and Land Charges Manager, the CFO and, Revenues and Payments ~~and Internal Audit~~ together with any subsequent variations
- ensuring officers authorising orders are satisfied that goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that contract procedure rules have been complied with
- ensuring there is an adequate separation of duties in the ordering, ~~authorising,~~ receiving, checking and authorisation for payment of goods and services e.g. the authoriser of an invoice is a different officer to the person who authorised the order and who checked the invoice
- ensuring that goods and services are checked on receipt to verify that they are in accordance with the order and where appropriate entered on inventories or stock records
- supplying lists of officers authorised to sign invoices, with specimen signatures ~~and delegated limits,~~ to the CFO, ~~Internal Audit~~ and Revenues and Payments, together with any subsequent variations
- ensuring the treatment of invoices is compliant with the Invoice processing instructions and that VAT is treated correctly
- ensuring payment is only made where a VAT invoice has been received, checked, coded (where appropriate) and certified for payment
- ensuring payments are not made on a photocopied or faxed invoice or statement or other document other than the formal invoice, unless there is an adequately documented reason for doing so. Details of these circumstances should be reported to the Internal Audit Manager

- ensuring Payment Requisition forms are only used in appropriate circumstances, i.e. where payment by invoice is not viable, and that they are signed in accordance with authorised signatory lists
- ensuring all payment records are managed in accordance with the Retention and Disposal schedule
- encouraging suppliers to receive payment by the most economical means. Payments made by direct debit must be supported by documented prior approval from the CFO valid documentation and appropriately authorised
- ensuring that loans, leasing or rental arrangements are not entered into without prior agreement from the CFO
- notifying the CFO of outstanding expenditure relating to the previous financial year as soon as possible after 31 March
- notifying the CFO immediately of any expenditure to be incurred where there is no budgetary provision e.g. as a result of statute/court order

IMPREST ACCOUNTS

- 22.5 Cash imprest accounts are provided to meet minor expenditure. Minor items of expenditure should not exceed the prescribed amounts and the same standard of record keeping should be maintained as for any other type of expenditure.
- 22.6 The Chief Finance Officer is responsible for providing employees with cash imprest accounts, ~~reimbursing when necessary~~ and maintaining a record of these, reimbursing when necessary, prescribing rules for their operation, including classes of expenditure which may not be processed through petty cash, determining petty cash limits and rules to ensure the safe custody and control of these advances.
- 22.7 ~~Service Heads~~Heads of Service are responsible for ensuring employees operating an imprest account record transactions promptly, obtain and retain vouchers to support each payment and where appropriate obtain a VAT ~~invoice~~receipt, hold the imprest securely, reconcile and balance the account at least monthly and provide the CFO with a certificate of the value of the account held at 31 March each year.
- 22.8 Also upon demand be able to produce cash and vouchers to the total value of the imprest amount, never use the float to cash personal cheques or to make personal loans, only pay reimbursements or change into the account and on ceasing to hold an imprest advance, account to the CFO for the amount advanced together with the balance to be paid back in.

HOUSING AND COUNCIL TAX BENEFITS AND COUNCIL TAX SUPPORT

- 22.9 Housing ~~and Council Tax~~ benefits and Council tax support are a significant area of expenditure for the Council and due care and diligence is required in their administration to ensure a secure and efficient service is provided, claimants are paid correctly and cases of fraud are minimised.

22.10 The key controls for ~~the payment of benefits~~this area are robust identification and verification procedures, compliance with current benefit legislation, trained staff and quality control checks, robust anti-fraud procedures and an effective computer system.

22.11 The Chief Finance Officer is responsible for reviewing ~~benefit~~ systems and procedures to ensure sound and effective controls are in place and for ensuring that reconciliations are completed between relevant financial systems.

22.12 The Transformation Manager is responsible for managing the contract with our service provider and for:

- ensuring identity details and circumstances are checked and verified prior to payment of a claim
- ensuring all new staff are adequately trained and that regular refresher sessions are provided for existing staff, particularly on the implementation of new legislation
- ensuring staff are alert to the possibilities of fraudulent claims
- ensuring all payments comply with current benefit legislation and that all tapers, rules and allowances are set correctly within the computer system
- ensuring the correct benefit amount is paid to the correct person
- ensuring benefits are not overpaid
- in consultation with the CFO, ensuring adequate ~~cheque~~ controls are in place on payments and that benefit payments are not duplicated
- ensuring all benefit payments are properly recorded and accounted for
- ensuring records are robust so that the correct subsidy is claimed
- ensuring all documentation and information is retained in line with the Council's Retention and Disposal schedule
- ensuring access to the Benefits and Council Tax systems is restricted, properly password protected and that adequate contingency measures are in place should a system failure occur

PAYMENTS TO EMPLOYEES AND MEMBERS

22.13 Staff costs are ~~the largest~~large item of expenditure for most council services. It is important that payments are accurate, timely, made only when they are due for services to the Council and accord with individual's conditions of employment. All payments should be accurately and completely recorded and accounted for.

22.14 The key controls for payments to employees and Members are compliance with HM Revenues & Customs regulations, compliance with the Retention and Disposal scheme, use of approved properly authorised prime documents to initiate payments and frequent reconciliations of payroll expenditure against approved budgets and control accounts and payroll system data. Also submission of timesheets and claim forms where appropriate, proper authorisation procedures and adherence to starter and leaver procedures and the Council's harmonisation and single status document and contracts of employment.

22.15—The Chief Finance Officer is responsible for ~~ensuring effective payment reviewing~~ systems and procedures to ensure sound and effective controls are in place, completing regular reconciliations of payroll data and monitoring payroll holding accounts. ~~The Transformation Manager is responsible for the secure and reliable payment of all monies due to staff, the accurate and timely administration of all deductions and the local administration of the superannuation scheme.~~

22.16 The Transformation Manager is responsible for managing the Payroll contracts with our service providers and for:

- ensuring the secure and reliable payment of all monies due to staff and Members
- the accurate and timely administration of all deductions including income tax, national insurance and superannuation contributors
- the local administration of the superannuation scheme
- ensuring that the correct amounts are paid to the correct individuals in line with contracts and conditions of employment
- compliance with HM Revenues and Customs regulations and any other legislator/regulatory requirements
- use of approved, properly authorised documents to initiate, amend or terminate payments

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22.~~16~~-17 Heads of Service are responsible for:

- ensuring appointments are made in accordance with Council regulations and the recruitment and selection policy
- notifying Human Resources of appointments, terminations or variations which may affect the pay, pension or contract of employment of an employee or former employee
- certifying travel and subsistence claims and other allowances in accordance with the rules contained in the Harmonisation and Single Status Document
- nominating officers authorised to sign claim forms and timesheets and providing specimen signatures to the CFO, ~~Internal Audit and Revenues and Payments~~ and Human Resources section in advance, together with any subsequent variations
- ~~ensuring adequate and effective systems and procedures are operated so that payroll transactions are processed only through the payroll system, payments are only authorised to bona fide employees and only made where there is a valid entitlement and conditions and contracts of employment are correctly applied~~

seeking advice from the CFO on the payment of self-employed consultants in advance of their appointment

- ensuring payroll documentation is managed in accordance with the Retention and Disposal schedule

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23.0 TAXATION

- 23.1 The Council is responsible for ensuring its tax affairs are in order as penalties for incorrect accounting are severe. It is important that all officers are aware of their role.
- 23.2 The key controls on taxation are that budget managers are kept abreast of tax issues and aware of their record keeping responsibilities, all taxable transactions are identified, properly calculated and accounted for within stipulated timescales and returns are made to the appropriate authorities within stipulated timescales.
- 23.3 The Chief Finance Officer is responsible for the Council's administration of VAT, completing VAT returns for HM Revenues and Customs and ensuring the VAT manual is up to date. The Transformation Manager is responsible, through our service providers, for completing all HM Revenues and Customs returns regarding PAYE and providing details of the ~~Construction Industry Tax Deduction (CITD) scheme~~ Construction Industry Scheme (CIS), receiving tax credits and maintaining tax records.
- 23.4 Heads of Service are responsible for:
- ensuring compliance with the Council's VAT manual and any periodic VAT instructions
 - ensuring the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Revenues and Customs regulations
 - ensuring contractors fulfil the necessary ~~Construction Industry Tax Deduction~~ CIS requirements
 - ensuring all payments relating to persons arising from their employment by the Council are processed through the payroll system and that tax is deducted from any payments appropriately

SECTION E – EXTERNAL ARRANGEMENTS

24.0 INTRODUCTION

24.1 The Council provides a leadership role for the community and brings together the contributions of various stakeholders. It also actively seeks to promote and improve the economic, social and environmental well-being of its area. In doing so it will comply with all relevant regulatory regimes, for example [E.U.](#) State Aid and competition law requirements.

25.0 PARTNERSHIPS

25.1 Partnerships play a key role in delivering community strategies and contributing to the well-being of the area. They also provide new ways to share risks, access new resources and new and better ways of delivering services. The Council has a comprehensive Protocol for Partnership Arrangements. This outlines officer and partner responsibilities and provides a checklist of all necessary requirements before entering into a partnership, during it and following its cessation.

25.2 The Chief Finance Officer is responsible for advising on effective controls ~~which will~~to ensure that resources are used efficiently and effectively and the key elements of funding a project, ensuring accounting arrangements are satisfactory and promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the Council.

25.3 Heads of Service are responsible for:

- adhering to the Protocol for Partnership Arrangements before embarking on any partnership agreement, ensuring a risk management appraisal is undertaken and obtaining appropriate approvals
- ensuring partnerships do not impact adversely on Council services
- providing appropriate information for the statement of accounts
- maintaining all contract documentation in line with Rule 16 of the Council's Contract Procedure Rules
- ensuring partners are aware of their obligations with regards to confidentiality, conflicts of interests, communication and financial and contract responsibilities

26.0 EXTERNAL FUNDING

26.1 External funding is potentially an important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with Council objectives and that financial liabilities do not remain with the Council at the end of projects. Some funding is linked to tight specifications and may not be sufficiently flexible to link to the Council's overall plan.

26.2 The key controls for external funding are ensuring conditions of funding and statutory requirements are complied with, responsibilities of the accountable body are clearly understood, funds are acquired only to meet the Council's

priorities and that any match funding requirements are given due consideration prior to entering into agreements and that future revenue budgets reflect these requirements.

26.3 The Chief Finance Officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the accounts, audit requirements are met and that match funding requirements are considered.

26.4 Heads of Service are responsible for ensuring that appropriate authorisations are obtained, claims for funds are made by the due date, that projects progress in accordance with agreed timescales and that all expenditure is properly incurred and recorded. There should also be clear plans or an exit strategy in place to ensure the Council is not left burdened with unfunded liabilities.

27.0 **WORKING FOR THIRD PARTIES**

27.1 Current 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 risks associated with this work is minimised and that such work is intra vires.

27.2 The key controls for working for third parties are ensuring that proposals are costed properly, formal approval processes are adhered to and that contracts are drawn up in accordance with proper practices.

27.3 The Chief Finance Officer is responsible for providing guidance with regard to the financial aspects of third party contracts.

27.4 Heads of Service are responsible for:

- ensuring appropriate approvals are obtained before any obligations are ~~concluded~~entered into to work for third parties
- maintaining a register of all contracts entered into and ensuring all contracts are properly documented
- ensuring appropriate insurance arrangements are made
- ensuring the Council is not put at risk from any bad debts
- ensuring contracts are not subsidised by the Council
- ensuring appropriate expertise exists to undertake the contract
- ensuring contracts do not impact adversely on the Council's services
- providing appropriate information for the statement of accounts