

FINANCIAL PROCEDURE RULES

CONTENTS

- A. FINANCIAL MANAGEMENT
 - 1. General
 - 2. The Role of the Chief Financial Officer
 - 3. Strategic Directors
 - 4. Financial Management Standards
 - 5. Managing Expenditure
 - 6. Accounting Policies, Records and Returns

- B. FINANCIAL PLANNING
 - 1. Performance Plans
 - 2. Budgeting
 - 3. Maintenance of Reserves

- C. RISK MANAGEMENT AND CONTROL OF RESOURCES
 - 1. Risk Management
 - 2. Internal Controls
 - 3. Audit Requirements
 - 4. Preventing Fraud and Corruption
 - 5. Assets
 - 6. Treasury Management
 - 7. Staffing
 - 8. Financial Guarantees

- D. FINANCIAL SYSTEMS AND PROCEDURES
 - 1. General
 - 2. Income and Expenditure
 - 3. Taxation
 - 4. Trading Accounts and Business Units

- E. EXTERNAL ARRANGEMENTS
 - 1. Partnerships
 - 2. External Funding
 - 3. Work for Third Parties

FINANCIAL PROCEDURE RULES

A. FINANCIAL MANAGEMENT

1A GENERAL

1.1 The full Council is responsible for approving the annual budget, any amendments thereto (subject to any delegated responsibilities) and the determination of the rate of Council Tax to be levied.

1.2 Where, under the Education Act 1998, these Rules do not apply in their entirety, appropriate variations shall be issued by the Chief Financial Officer.

1.3 Further instructions are included in the Financial Instructions issued to staff.

2A THE ROLE OF THE CHIEF FINANCIAL OFFICER

2.1 The Chief Financial Officer shall be the officer under Section 151 of the Local Government Act 1972 and he/she, or officers nominated by him/her where appropriate, shall be responsible for advising the Council, Cabinet Committee and all other Committees and Members on all financial matters, and for issuing instructions for safe and efficient arrangements for the receipt of monies payable to, and for payments made by, the Council.

2.2 All the principal accounting and costing records of the Council shall be determined and compiled by the Chief Financial Officer or under his/her direction. He/she shall exercise overall supervision and control over the form and standard of all financial records, statements and accounts kept by the Council and in its Departments, and will determine the period for which such documents shall be kept.

2.3 The Chief Financial Officer (together with the Monitoring Officer) is responsible for advising the Cabinet or full 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:

- initiating a new policy

- committing expenditure in future years to above the budget level
- incurring intra-portfolio transfers above virement limits

3A STRATEGIC DIRECTORS

3.1 Strategic Directors are responsible for:

- ensuring that Cabinet Members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Financial Officer
- signing contracts on behalf of the Authority relating to their service areas, subject to the requirements of the Council's Contract Procedure Rules.

3.2 It is the responsibility of Strategic Directors to consult with the Chief Financial Officer and seek approval on any matter liable to affect the Authority's finances materially, before any commitments are incurred.

4A FINANCIAL MANAGEMENT STANDARDS

4.1 The Chief Financial Officer shall ensure the proper administration of the financial affairs of the Authority and shall set the financial management standards and monitor compliance with them. This will include the provision and regular review of Financial Instructions to staff dealing with financial matters.

4.2 The Chief Financial Officer shall ensure proper professional practices are adhered to and will act as head of profession in relation to the standards, performance and development of finance staff throughout the Authority.

4.3 Strategic Directors shall promote the financial management standards set by the Chief Financial Officer in their departments and shall monitor adherence to the standards and practices. This shall include ensuring full compliance with the Council's Financial Instructions.

5A MANAGING EXPENDITURE

5.1 The overall budget shall be agreed by the Cabinet and approved by the full Council.

5.2 Strategic Directors shall arrange for the implementation of effective budgetary control and shall designate relevant accountable officers to manage all elements of the

budget. Together with the Cabinet Member, they will be responsible for the monitoring of income and expenditure against their Revenue and Capital budgets. Strategic Directors and budget managers are authorised to incur expenditure in accordance with the estimates that make up the budget.

5.3 The Cabinet and/or individual members and officers discharging executive functions may only take decisions which are in line with the budget. Any decisions which are contrary to or not wholly in accordance with the budget approved by full Council may only be taken by the Council unless the decision is deemed to be a matter of urgency.

5.4 Decisions deemed to be a matter of urgency may only be taken:

- (i) if it is not practical to convene a quorate meeting of the full Council; and
- (ii) if the chair of the Overview and Scrutiny Commission agrees that the decision is a matter of urgency.

Scheme of Virement

5.5 The Council shall have the following Budget Heads:-

- (i) Functions which are the responsibility of the Cabinet:
 - such functions as are listed in Part 3 of the Constitution
 - Other Operating Expenditure/Income
 - Contingency Items
 - Contributions to/from Reserves
 - Contributions from Government Grants and Local Taxpayers
- (ii) Functions which are the responsibility of the Council:
 - Elections and Electoral Registration
 - Members Allowances
 - Development Control
 - Licensing & Registration

5.6 Steps taken by the Cabinet, an individual member or officer discharging executive functions to implement Council policy shall not exceed those budgets allocated to

each budget head. However, such bodies or individuals shall be entitled to vire across budget heads where such virement:-

- (i) arises from the need to conform with recognised accounting standards and practices and has no overall budgetary implication;
- (ii) arises from the reorganisation or rationalisation of internal management arrangements which has no direct impact on service delivery or standards;
- (ii) involves the allocation or distribution from Contingency Items or Reserves previously earmarked by the Council for specific purposes.

All such virement shall only be effected after consultation with, and approval by, the Chief Financial Officer and, in the case of (iii) above in accordance with the established process for use of earmarked balances. All other virement across budget heads shall require the approval of full Council.

5.7 Budget Heads will be sub-divided into “Service Estimates” and “Capital Schemes” as reflected in the Council's Revenue Estimates and Capital Programme respectively. Strategic Directors may exercise virement between Service Estimates and/or Capital Schemes on budgets within their control, subject to the following:-

- (i) any decision requiring variations to approved Service Estimates/Capital Schemes must only be taken in accordance with the Scheme of Delegation to Officers;
- (iii) such virement does not create additional overall budget liability;
- (iv) for administrative decisions, virement up to an aggregate value of £100,000 can be undertaken in accordance with the Scheme of Delegation to Officers. Strategic Directors should, in consultation with the relevant Cabinet Member, identify those officers whom they wish to delegate authority for approving such virement. Strategic Directors should determine limits that they wish to place on individual officers' authority.

The Chief Financial Officer should be fully informed of all such delegations;

- (v) virements between £50,000 and £100,000 must be reported to, and approved by, the Chief Financial Officer;
- (vi) virement from a service estimate should not be approved if it will result in that service estimate being overspent during the budget period;
- (vii) virement should not involve the transfer of resources from revenue to capital or vice versa without the approval of the Chief Financial Officer;
- (vii) Strategic Directors should ensure that suitable documentation is maintained for all decisions in order to demonstrate compliance with agreed procedures and in order to provide evidence for audit purposes.

5.8 Strategic Directors are expected to exercise their discretion in managing their budgets responsibly and prudently and 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. Strategic Directors must plan to fund such commitments from within the Service Estimates within their control.

Treatment of Year End Balances

5.9 All overspendings and underspendings on Service Estimates/Capital Schemes shall be reported to Council. Any overspending on Service Estimates/Capital Schemes in total (i.e. Budget Heads) will constitute the first call on Budget Heads in the following year.

5.10 Underspendings (other than slippage on Capital Schemes or any specific initiative for which approval for funding by way of earmarked balances has been previously granted), shall be retained for the benefit of the Authority and their application shall require the approval of the Council.

6A ACCOUNTING POLICIES RECORDS AND RETURNS

6.1 The Chief Financial Officer will be responsible for the selection of suitable accounting policies and will ensure that they are applied consistently.

- 6.2 Strategic Directors will adhere to the accounting policies and guidelines as approved by the Chief Financial Officer.
- 6.3 The Chief Financial Officer will determine the accounting procedures and records for the Authority and will arrange for the compilation of all accounts and accounting records under his/her direction.
- 6.4 The Chief Financial Officer will:-
- (i) draw up the timetable for final accounts preparation;
 - (ii) prepare the Authority's statement of accounts in accordance with proper practices and publish the audited accounts in accordance with the statutory timetable;
 - (iii) make proper arrangements for the audit of the Authority's accounts in accordance with the provisions of the Accounts and Audit Regulations;
- 6.5 Strategic Directors will be responsible for having all appropriate arrangements in place to ensure that claims for funds, including grants, are made by the due date and shall arrange for any associated audit of claims, returns or assurance statements with the Chief Financial Officer
- 6.6 Strategic Directors will maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements, and will supply information required to enable the statement of accounts to be completed in accordance with the guidelines and timetable issued by the Chief Financial Officer. This will include the provision of working papers and other records in the format and quality prescribed by the Chief Financial Officer.

B. FINANCIAL PLANNING

1B PERFORMANCE PLANS

- 1.1 The Chief Financial Officer will be responsible for advising on and ensuring the supply of financial information that needs to be included as part of the Authority's corporate planning processes, in accordance with agreed timetables and any statutory requirements.

1.2 Strategic Directors will be responsible for contributing to the development of performance plans; corporate and service targets; objectives and performance information, and the provision of financial information as required to satisfy these requirements.

2B BUDGETING

Format of the Budget

2.1 The Chief Financial Officer will advise the Cabinet on the format of the budget to be approved by full Council.

Budget Preparation, Monitoring and Control

2.2 The Chief Financial Officer will establish an appropriate framework of budgetary management and control that ensures that:-

- (i) budget management is exercised within annual cash limits unless the full Council agrees otherwise;
- (ii) each Strategic Director has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities;
- (iii) expenditure is committed only against an approved budget head;
- (iv) all officers responsible for committing expenditure comply with relevant guidance, instruction and Procedure Rules;
- (v) each cost centre/capital project has a single named manager, determined by the relevant Strategic Director. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure;
- (vi) significant variances from approved budgets are investigated and reported by budget managers regularly.

2.3. The Chief Financial Officer will administer the Authority's scheme of virement and will prepare and submit reports on the Authority's projected income and expenditure compared to budget on a regular basis.

2.4 Strategic Directors shall make arrangements:-

- (i) to maintain budgetary control within their departments, in adherence to the principles outlined in 2.2 above, and to ensure that all income and expenditure is properly recorded and accounted for;
- (ii) to ensure that an accountable budget manager is identified for each item of income and expenditure under the control of the Strategic Director (grouped together in a series of cost centres). As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure;
- (iii) to ensure that spending remains within the service's overall cash limit, and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast;
- (iv) to ensure that resources are only used for the purposes for which they were intended;
- (v) to ensure that a monitoring process is in place to review performance levels/ levels of service in conjunction with the budget and is operating effectively;
- (vi) to prepare and submit to the Cabinet reports on the service's projected expenditure compared with its budget, in consultation with the Chief Financial Officer.

2.5 In relation to Capital Schemes, Strategic Directors will:-

- (i) comply with guidance concerning capital schemes and controls as issued from time to time by the Chief Financial Officer;
- (ii) ensure that all capital proposals comply fully with the requirements of all the Council's approved Strategies and Plans;
- (iii) ensure that credit arrangements, such as leasing agreements, are not entered into without the prior approval of the Chief Financial Officer.

Budgets and Medium-Term Planning

2.6 The Chief Financial Officer will:-

- (i) prepare and submit reports on budget prospects for the Cabinet, including resource constraints set by the Government. Reports should take account of medium-term prospects, where appropriate;
- (ii) determine the detailed form of revenue estimates and the methods for their preparation, consistent with the requirements of the full Council, and after consultation with the Cabinet and Strategic Directors;
- (iii) prepare and submit reports to the Cabinet on the aggregate spending plans of departments and on the resources available to fund them, identifying, where appropriate, the implications for the level of council tax to be levied;
- (iv) advise on the medium-term implications of spending decisions;
- (v) encourage the best use of resources and value for money by working with Strategic 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;
- (vi) advise the full Council on Cabinet proposals in accordance with his or her responsibilities under Section 151 of the Local Government Act 1972.

2.7 Strategic Directors will:-

- (i) prepare estimates of income and expenditure, in consultation with the Chief Financial Officer, to be submitted to the Cabinet;
- (ii) prepare budgets that are consistent with any relevant cash limits, with the Authority's annual budget cycle and with guidelines issued by the Cabinet. The format should be prescribed by the Chief Financial Officer in accordance with the full Council's general directions;
- (iii) integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures;

- (iv) in consultation with the Chief Financial Officer in accordance with the laid-down guidance and timetable, prepare detailed draft revenue and capital budgets for consideration by the Cabinet;
- (v) when drawing up draft budget requirements, have regard to:
 - (a) spending patterns and pressures revealed through the budget monitoring process;
 - (b) legal requirements;
 - (c) policy requirements as defined by the full Council in the approved policy framework;
 - (d) initiatives already under way.
- (vi) identify opportunities to improve efficiency, economy and effectiveness and ensure any action to deliver efficiency targets prescribed by Council or the Cabinet are approved, monitored and reported on a frequent basis.

Resource Allocation

- 2.8 The Chief Financial Officer will advise on methods available for the funding of resources, such as grants from central government and borrowing requirements, and will assist in the allocation of resources to budget managers.
 - 2.9 Strategic Directors will work within budget limits and utilise resources allocated in the most efficient, effective and economic way and will continually endeavour to identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.
- 3B MAINTENANCE OF RESERVES
- 3.1 The Chief Financial Officer will advise the Cabinet and/or the full Council on prudent levels of reserves for the Authority.

C. RISK MANAGEMENT AND CONTROL OF RESOURCES

1C RISK MANAGEMENT

- 1.1 The Chief Financial Officer shall be responsible for the preparation of the Authority's risk management policy statement and insurance strategy, and for identifying all potential liabilities.
- 1.2 The Chief Financial Officer shall be responsible for effecting all insurance cover as is considered necessary as a result of that strategy, and for negotiating claims and maintaining appropriate records. The Chief Financial Officer shall at such time as he/she considers necessary review all insurances in consultation with other Strategic Directors.
- 1.3 Strategic Directors shall submit any claims on the appropriate form to the Chief Financial Officer for processing to the Council's insurers.
- 1.4 Strategic Directors shall take responsibility for risk management and shall ensure that there are regular reviews of risks within their Departments and notify the Chief Financial Officer of all new risk that require insurance or alteration to existing insurances.
- 1.5 Strategic Directors shall ensure that all projects within their sphere of responsibility are subject to sound planning and control to avoid financial and reputational risks associated with their management. Such controls need to be consistently applied across all projects where the Council has significant involvement or takes the lead and in these circumstances it is the policy that the PRINCE 2 project management methodology or an appropriate equivalent methodology will be used.

2C INTERNAL CONTROLS

- 2.1 The Chief Financial Officer shall ensure that 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 are put in place.

2.2 Strategic Directors shall:-

- (i) manage processes to check that established controls are 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 risk;
- (ii) review existing controls in the light of changes affecting the Authority and to establish and implement new ones in line with guidance from the Chief Financial Officer. Strategic Directors should also be responsible for removing controls that are unnecessary or not cost or risk effective - for example, because of duplication;
- (iii) ensure staff have a clear understanding of the consequences of lack of control.

3C AUDIT REQUIREMENTS

Internal Audit

- 3.1 The Chief Financial Officer be responsible for maintaining an independent continuous audit of the financial records, operations and systems of control as laid down in the Accounts and Audit Regulations and the UK Public Sector Internal Audit Standards.
- 3.2 In undertaking his/her responsibility the Chief Financial Officer, or his/her authorised representative, shall have authority:-
 - (i) to enter any premises or land without prior notification to examine all records, documents and correspondence relating to any financial and other transactions of the Council;
 - (ii) to require and receive such explanations as he/she deems necessary in order to satisfy him/herself on any matter under consideration;
 - (iii) to require production of any information or items deemed necessary for the efficient and effective conduct of the audit.
- 3.3 Whenever any matter arises which involves, or is thought to involve, or which may suggest the involvement of fraud, corruption or irregularities in the exercise of the functions of the Authority, or any instances of material error or non-compliance the

Strategic Director concerned shall immediately inform the Chief Financial Officer, who shall take such steps as he/she considers necessary by way of investigation and report.

- 3.4 Strategic Directors shall consider and respond promptly to recommendations in audit reports and ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.

External Audit

- 3.5 The Chief Financial Officer will 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 and will ensure that there is effective liaison between external and internal audit.

- 3.6 Strategic Directors will ensure that all records and systems are up-to-date and available for inspection.

4C PREVENTING FRAUD AND CORRUPTION

- 4.1 The Chief Financial Officer will develop and maintain relevant anti-fraud and anti-corruption policies and monitor the effectiveness of internal control arrangements.
- 4.2 Strategic Directors will ensure that all suspected irregularities and financial improprieties are reported to the Chief Financial Officer.

5C ASSETS

Acquisition, Enhancement and Improvement

- 5.1 The Strategic Directors are responsible for:-
- (i) determination of the Council's capital and asset management plans/strategies;
 - (ii) the development of corporate prioritisation methodologies to assist the Council in determining the Capital Programme within defined resource limitations.

Security

- 5.2 Strategic Directors will ensure that an asset register is developed and available to record details of all land and building assets held by the Council in order to provide information about those assets and to ensure that they are:-
- (i) safeguarded;
 - (ii) used efficiently and effectively;
 - (iii) adequately maintained.
- 5.3 Strategic Directors shall be responsible for the constant upkeep of data held in the land and buildings register.
- 5.4 In relation to land and buildings Strategic Directors will:-
- (i) ensure that lessees and other prospective occupiers of Council land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the Strategic Director in consultation with the Chief Financial Officer and Head of Legal Services, has been established as appropriate;
 - (ii) ensure the proper security of all buildings and other assets under their control; and take the appropriate action in any case where security is thought to be defective or where it is considered that special security arrangements may be needed;
 - (iii) identify land or buildings which are surplus to requirements;
 - (iv) pass title deeds to the appropriate Strategic Director who is responsible for custody of all title deeds;
 - (v) ensure that no Council owned land or building is subject to personal use or any other use other than in pursuance of approved service delivery without proper authority, and where appropriate, documentation identifying terms, responsibilities and duration of use;
 - (vi) arrange for the valuation of assets for accounting purposes to meet requirements specified by the Chief Financial Officer.

Additionally, and in relation to all other assets, Strategic Directors will, as appropriate:-

- (i) ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the Authority, including regalia and heritage assets;
- (ii) ensure that the Department maintains a register/inventory of moveable assets in accordance with arrangements defined by the Chief Financial Officer;
- (iii) ensure that assets are identified, their location recorded and that they are appropriately marked and insured;
- (iv) undertake regular checks of all items on the inventory in order to verify location, review condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, cameras and video recorders should be identified with security markings as belonging to the Authority;
- (v) ensure that no Council owned assets are subject to personal use or any other use other than in pursuance of approved service delivery without proper authority, and where appropriate, documentation identifying terms, responsibilities and duration of use;
- (vi) ensure stocks are maintained at reasonable levels and are subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion;
- (vii) investigate and remove from the Authority's records (i.e. write off) any stock discrepancies, or redundant stocks, as necessary, or to obtain Cabinet approval if they are in excess of £2,000;
- (viii) ensure cash holdings on premises are kept to a minimum and within relevant insurance limits;

- (ix) 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 Chief Financial Officer as soon as possible;
- (x) ensure that the disposal or part exchange of assets is in accordance with corporate disposal procedures;
- (xi) 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 Authority in some way.

Intellectual Property

- 5.5 The Chief Financial Officer will develop and disseminate good practice in relation to the Authority's intellectual property procedures.
- 5.6 Strategic Directors will ensure that controls are in place to ensure that staff do not carry out private work in Council time and that staff are aware of an employer's rights with regard to intellectual property.

Asset Disposal

- 5.7 The detailed procedures for the disposal of land and property are contained within the Council's "Procedure for Disposal" and should be adhered to.
- 5.8 The procedure for the disposal of other assets shall be such as to ensure proper recording and that the benefits to the Council are authorised and comply with the requirements of the Authority's "Procedure for Disposal".

6C TREASURY MANAGEMENT

- 6.1 All Treasury Management activity shall be undertaken in full compliance with CIPFA's Code of Practice: Treasury Management in the Public Services. In particular, this will entail that:-
 - (i) the Chief Financial Officer will create and maintain, as the cornerstones for effective Treasury Management:

- a treasury management policy statement, stating the policies and objectives of its treasury management activities
 - suitable treasury management practices (TMP's), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities;
- (ii) the Council will receive reports on its Treasury Management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, an interim report and an annual report after its close, in the form prescribed in its TMP's;
- (iii) the implementation and monitoring of Treasury Management policies and practices shall be the responsibility of the Cabinet and the execution and administration of Treasury Management decisions shall be delegated to the Chief Financial Officer who will act in accordance with the Council's Policy Statement and Treasury Management Practices.

6.2 Strategic Directors shall ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without specific Council/Cabinet approval.

6.3 The Chief Financial Officer shall make all arrangements for the opening and operation of bank accounts in the name of the Council, for the ordering and issue of cheques, and shall be authorised to operate such bank accounts as he/she considers necessary including variations in the Council's banking terms and overdraft arrangements. All cheques drawn on behalf of the Council shall be signed in accordance with the mandate rules specified by the Chief Financial Officer.

6.4 Strategic Directors shall ensure that each bank account held within their area of responsibility has a nominated Officer responsible for bank reconciliations, cheque control, accounting for transactions, preparing reimbursement claims, security, and submitting request changes for variations to the mandate.

- 6.5 Any indemnity required by the Council's bankers regarding the signature of cheques by a computer or where the services of a security firm are used for the deposit or receipt of cash at the bank shall be given by the Chief Financial Officer or other duly authorised officer.
- 6.6 The Chief Financial Officer shall make such advances as he/she considers necessary after consultation with the Strategic Director, to meet petty cash payments and for use as change floats. Payments from petty cash imprests shall be limited to such maximum value and type of expenditure as may be directed by the Chief Financial Officer. The current maximum value shall be as prescribed in the existing Financial Instructions issued to staff.
- 6.7 The Chief Financial Officer shall make all arrangements for the management of Business Card facilities and all card holders shall comply with those instructions issued governing their use.
- 6.8 Strategic Directors shall:-
- (i) arrange for all trust funds and monies managed via appointeeships to be held, wherever possible, in the name of the Authority. All Officers acting as trustees by virtue of their official position shall deposit securities, etc., relating to the trust with the Chief Financial Officer, unless the deed otherwise provides;
 - (ii) arrange, where funds are held on behalf of third parties, for their secure administration, approved by the Chief Financial Officer and to maintain written records of all transactions;
 - (iii) ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

7C STAFFING

- 7.1 Strategic Directors shall:-
- (i) produce an annual staffing budget;

- (ii) ensure that the staffing budget is an accurate forecast of staffing levels and is equated to an appropriate revenue budget provision (including on-costs and overheads);
- (iii) monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff;
- (iv) 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;
- (v) ensure that the Chief Financial Officer is immediately informed if the staffing budget is likely to be materially over or under spent.

8C FINANCIAL GUARANTEES

- 8.1 Strategic Directors have a responsibility to ensure that no Financial Guarantees be given in relation to any third party without the express approval of the Chief Financial Officer and without having secured appropriate Council/Cabinet approval.

D **FINANCIAL SYSTEMS AND PROCEDURES**

1D GENERAL

- 1.1 The Chief Financial Officer will determine the Authority's accounting systems and ensure that financial systems are sound. The approval of the Chief Financial Officer is required prior to the introduction of new financial systems or changes to existing systems.
- 1.2 Strategic Directors will ensure that all financial transactions have management trails which allow tracing from accounting records to original documents.
- 1.3 Strategic Directors will arrange for the documentation of systems and relevant staff training and will ensure that effective contingency arrangements exist for computer systems within their scope of activity.
- 1.4 Strategic Directors will ensure that due regard is had to planning and committing expenditure through commissioning and procurement processes to enable compliance with both internal requirements and external regulations/statute.

2D INCOME AND EXPENDITURE

Income

- 2.1 The arrangements for the collection of all Monies due to the Council shall be subject to the approval of the Chief Financial Officer.
- 2.2 No cash payments in excess of that sum specified in the Council's Financial Instructions shall be accepted in a single transaction or series of transactions by cashiers without the approval of the Authority's nominated Money Laundering Reporting Officer.
- 2.3 Details of charges for work done, goods supplied or services rendered on behalf of the Council and of all other income due to the Council, shall be promptly notified by the Chief Financial Officer in a form approved by him/her. Such form shall include provision, as necessary, for the allocation of income to the relevant head of account. Value Added Tax should be accounted for separately, where applicable.
- 2.4 All monies received on behalf of the Council shall be acknowledged at once by the issue of an official receipt, voucher or ticket or by other agreed method, and shall be paid intact to the Chief Financial Officer or his/her collecting officer or, subject to his/her instructions, be banked in the Council's name at such intervals as he/she may determine. Strategic Directors shall ensure that there is a prompt and comprehensive reconciliation of all monies received and banked.
- 2.5 All accounts, statements or letters requiring monies to be paid to the Council shall specify that payment must be made to the Chief Financial Officer unless agreed otherwise by him/her.
- 2.6 Sums deemed to be irrecoverable shall only be approved for write off in accordance with the requirements of the Scheme of Delegation to Officers.
- 2.7 All receipt forms, books, tickets, licences and other documents representing receipts for money shall be in a form approved by the Chief Financial Officer.
- 2.8 Strategic Directors shall establish a charging policy for the supply of goods and services, including the appropriate charging of VAT and shall ensure that the levels of

fees and charges relating to services under their control shall be reviewed annually and reports shall be forwarded to the Cabinet for approval, after consultation with the Chief Financial Officer or his/her nominated representative or dealt with under the Delegated Executive Decision system.

- 2.9 Strategic Directors shall ensure that the requirements of the Council's Debt Recovery Policy are fully complied with at all times.

Ordering and Paying for Work, Goods & Services

- 2.10 The Strategic Director or senior persons nominated by him/her shall be responsible for the examination, verification and certification of requisitions for payment and for the allocation of expenditure to the relevant head of account. Value Added Tax should be accounted for separately where applicable.
- 2.11 All requisitions for payment shall be signed by the Strategic Director or authorised designated officer and shall include responsibility for verifying, prior to passing to the Chief Financial Officer for payment, that:-
- (a) the goods or services to which the invoice relates have been received;
 - (b) the prices, calculations, trade discounts, other allowances and VAT are correct, and the invoice has not previously been passed for payment;
 - (c) the expenditure is lawful;
 - (d) the expenditure complies with Financial Procedure Rules, Contract Procedure Rules and Financial Instructions.
- 2.12 The Chief Financial Officer may examine, so far as he/she considers necessary, all accounts passed to him/her for payment and shall be entitled to receive such information and explanations as he/she may require. The Chief Financial Officer shall pay all accounts which he/she is satisfied represent legal payments and are in order.
- 2.13 Strategic Directors shall, as soon as possible after 31 March each year and not later than a date specified, notify the Chief Financial Officer, or agent, of all outstanding expenditure relating to his/her department for the previous financial year. Strategic

Directors shall ensure that all such expenditure relates only to work, goods or services that has been completed or delivered on or before 31 March.

- 2.14 Invoices shall be passed to the Chief Financial Officer in sufficient time to enable payment to the supplier within the agreed payment period. Variations to standard Council payment terms shall only occur where express approval has been issued by the Chief Financial Officer.
- 2.15 Proposals to take advantage of early payment discounts require approval of the Chief Financial Officer prior to such discounts being taken.
- 2.16 Strategic Directors must ensure that credit notes, refunds, or other appropriate redress is obtained when payment has been made and goods/services are subsequently deemed to be unsatisfactory.

Payments to Employees and Members

- 2.17 Strategic Directors shall notify or consult the Head of Human Resources in the appropriate manner of all appointments, promotions, regradings, resignations, redundancies, dismissals, retirements, suspensions, secondments and absences from duty or any other circumstances affecting the salaries, wages or emoluments of any employee in the Council and shall consult the Head of Human Resources on matters relating to the application of salaries and wages scales.
- 2.18 Timesheets or other pay documents, in a form approved by the Head of Human Resources in consultation with the Chief Financial Officer shall be prepared as necessary and certified by the authorised representative of the Strategic Director.
- 2.19 The Head of Human Resources, or other officer designated by him/her, shall be responsible for the payment of all payrolls from information supplied by Departments. The Strategic Directors shall provide the Head of Human Resources with all information necessary to maintain records of service, superannuation, income tax, national insurance, statutory sick pay, etc. Strategic Directors shall ensure that all requests to pay employees are:-

- (i) in respect of employees within authorised establishments or approved redeployments or in respect of temporary or casual employees engaged for periods of sickness or emergency;
- (ii) at salary and wage rates in accordance with nationally negotiated rates except where otherwise approved.

Grants to be Awarded by the Council

2.20 Strategic Directors shall ensure that all grants awarded by the Council to third parties are subject to robust and fully documented processes and procedures to compliance with approved objectives and full accountability for the sums awarded.

These processes and procedures should include, where appropriate:-

- (i) advertisement of grant opportunities;
- (ii) application processes and timescales;
- (iii) defined eligibility criteria;
- (iv) assessment of application;
- (v) decision making processes;
- (vi) approval processes;
- (vii) notification procedures;
- (viii) monitoring and reporting procedures;
- (ix) repayment and clawback arrangements;
- (x) an assessment of any other funding awarded by the Council to the party concerned.

2.21 Full documentation should be available at all times to support actions taken during the grant award process and retained in accordance with the Council's Retention Policy.

2.22 Decisions shall be made in compliance with the Council's Constitutional provisions for Decision Making and Responsibility of Functions.

3D TAXATION

3.1 The Head of Human Resources will complete all returns to Her Majesty's Revenue & Customs (HMRC) regarding PAYE.

3.2 The Chief Financial Officer will complete a monthly return of VAT inputs and outputs to HMRC and will provide details to the HMRC regarding the Construction Industry Tax Deduction scheme.

3.3 The Chief Financial Officer will maintain up-to-date guidance for employees on taxation issues.

3.4 Strategic Directors will:-

- (i) ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HMRC Regulations;
- (ii) ensure that, where construction and maintenance works are undertaken, the Authority's arrangements for the proper recording of all Construction Industry Tax Deductions are satisfied;
- (iii) ensure that all persons employed by the Authority are added to the Authority's payroll and tax deducted from any payments, except where the individuals may be paid without the deduction of tax in accordance with those procedures specified by the Head of Human Resources;
- (iv) follow the guidance on taxation issued by the Chief Financial Officer in the Authority's VAT Manual and Construction Industry Tax Deductions guidance documents.

4D TRADING ACCOUNTS AND BUSINESS UNITS

4.1 The Chief Financial Officer will advise on the establishment and operation of trading accounts and business units.

4.2 Strategic Directors will:-

- (i) observe all statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged;

- (ii) ensure that the same accounting principles are applied in relation to trading accounts as for other services or business units;
- (iii) ensure that each business unit prepares an annual business plan.

E **EXTERNAL ARRANGEMENTS**

1E PARTNERSHIPS

1.1 The Council has specific responsibilities when establishing partnership arrangements with external companies, other public organisations and community and voluntary groups. Partnership arrangements are defined as any arrangement with another organisation which places responsibility for the carrying out duties on behalf of the Council.

- The nature of the partnership should be clearly stated in a partnership agreement and should include formal agreement and acceptance of each partners roles and responsibilities.
- The agreement should be subject to a risk management process to establish and manage all known risks including relevant exit strategies.
- Standards of financial administration should be consistent with those operated by the Council. This may mean that Financial and Contract Procedure Rules will need to be shared with the partner organisations. However this requirement needs to be considered in the context of risks and potential loss.
- A performance monitoring framework will need to be established to ensure the objectives of the partnership are met.
- A formal reporting procedure should be established to report to the Council both the financial and performance position.
- Access protocols to records and documents should be established to ensure effective Audit and Inspection processes.

1.2 The Chief Financial Officer will advise on effective controls to ensure that resources are not wasted and that accounting arrangements are satisfactory.

- 1.3 Strategic Directors will maintain a register of all contracts entered into with external bodies after prior consultation with the Head of Legal Services and Chief Financial Officer and ensure full consideration is given to appropriate partnership protocol.
- 1.4 Strategic Directors will ensure that all partnership agreements are properly documented in a form prescribed by the Strategic Director Group, do not impact adversely upon the services provided by the Authority and that a risk assessment appraisal has been undertaken, in conjunction with the Chief Financial Officer prior to entering such agreements.

2E EXTERNAL FUNDING

- 2.1.1 Strategic Directors shall liaise with the Chief Financial Officer when notified of any new or additional external funding from Government Departments or other grant-making body where that new or additional grant has not been subject to an initial grant application or submission from the Council. Approval as to the purposes for which such grant may be used must be secured in accordance with the requirements of the Budget & Policy Framework.
- 2.1.2 Strategic Directors shall liaise with the Chief Financial Officer when considering, and prior to undertaking, any submissions to Government Departments or other grant-awarding body for new or additional external funding. Approval for any such submissions must be secured in accordance with the requirements of the Budget & Policy Framework.
- 2.3 Strategic Directors shall ensure that applications are in accordance with the agreed plans, policies and priorities of the Council; that all risks associated with the completion of applications and claims for grant monies are fully considered; and that there are proper procedures in place to ensure that applications and claims are processed in an appropriately controlled manner. This risk assessment shall include:-
- (i) Consideration of impact on service delivery;
 - (ii) Any match funding and/or potential clawback requirements;

- (iii) Revenue and resource implications for future years, including planned exit strategies;
- (iv) Any constraints and restrictions of the grant conditions and the ability to deliver within those conditions;
- (v) Ability to comply with record keeping arrangements;
- (vi) Ability to implement appropriately robust processes for progress monitoring and reporting.

2.4 Strategic Directors must ensure that requirements prescribed by the approval letter, grant conditions and grant claiming instructions are understood and complied with, and that all claims for funds are made by the due date, and that all expenditure is properly incurred and recorded.

3E WORK FOR THIRD PARTIES

3.1 The Chief Financial Officer will provide advice with regard to the financial aspects of third party contracts and other arrangements.

3.2 Strategic Directors will:-

- (i) ensure that any necessary approvals are obtained before any negotiations are concluded to work for third parties;
- (ii) maintain a register of all contracts/arrangements entered into with third parties in accordance with the requirements of the Chief Financial Officer;
- (iii) ensure that appropriate insurance and other risk management arrangements are made;
- (iv) ensure that the Authority is not put at risk from any bad debts;
- (v) ensure that no contract/arrangement is subsidised by the Authority without having obtained prior approval;
- (vi) ensure that, wherever possible, payment is received in advance of the delivery of the service;
- (vii) ensure that the Department/Unit has the appropriate capacity and expertise to fulfil its obligations under the contract/arrangement;

- (viii) ensure that such contracts/arrangements do not impact adversely upon the services provided for the Authority;
- (ix) ensure that all contracts/arrangements are properly documented;
- (x) provide appropriate information to the Chief Financial Officer to enable the compilation of the Statement of Accounts in accordance with proper practices.