

Financial Regulations

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1. INTRODUCTION

1.1 Why do we have Financial Regulations?

1.1.1 The Council is responsible for many millions of pounds of public money and has a number of statutory responsibilities in relation to its financial affairs.

1.1.2 The Local Government Act 1972 directs that Authorities shall make arrangements for the proper administration of their financial affairs and that one of their officers be responsible for the administration of those affairs. The Council designates the Section 151 Officer (S.151 Officer) as the Chief Finance Officer.

1.1.3 The Accounts and Audit Regulations 2011 require that the S.151 Officer must determine:

- (a) accounting records, including the form of accounts and supporting accounting records; and
- (b) accounting control systems.

To conduct its business efficiently, a local authority needs to ensure that it has sound financial management policies in place and that they are adhered to. Part of this process is the establishment of financial regulations that set out the financial policies of the Authority.

1.2 Status of Financial Regulations

1.2.1 Financial regulations provide the framework for managing the authority's financial affairs. They apply to every Member and Officer of the Authority and anyone acting on its behalf.

1.2.2 The regulations identify the financial responsibilities of the full Council, Executive and Scrutiny Members, the Head of Paid Service, Strategic Directors, the Monitoring Officer, the S.151 Officer and other Heads of Service.

1.2.3 All members and officers have a responsibility for taking reasonable action to provide for the security of the assets

under their control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.

- 1.2.4 The S.151 Officer is responsible for maintaining a continuous review of the financial regulations and submitting any additions or changes necessary to the full Council for approval. He/she is also responsible for reporting, where appropriate, breaches of these Financial Regulations to the Council and/or to the members of the Executive.
- 1.2.5 The authority's detailed financial procedures, setting out how these Regulations will be implemented, are contained in the Financial Standards manual.
- 1.2.6 Heads of Service are responsible for ensuring that all staff in their departments are aware of the existence and content of the authority's financial regulations, as well as ensuring that they remain up to date.
- 1.2.7 The S.151 Officer is responsible for issuing advice and guidance to underpin the financial regulations.
- 1.2.8 Financial regulations are subject to annual review. This edition of the regulations will apply from May 2015 and supersedes all previous editions.

1.3 Financial Thresholds

- 1.3.1 Where values appear in these regulations they are as follows:

Value A - up to £10,000

Value B - over £10,000 and up to £50,000

Value C - over £50,000.

(The values are exclusive of VAT.)

- 1.3.2 The Executive and the Corporate Management Team should maintain a written record of any decision and the reasons for the decision.

- 1.3.3 All Members and officers have a general responsibility for taking reasonable action to provide for the security of the assets under their control and for ensuring that the use of these resources is legal, properly authorised and provides value for money.
- 1.3.4 Exceptions to these Regulations may be authorised by the S.151 Officer where such are in the best interest of the Council on matters with a value of less than £10,000. For matters of a value exceeding £10,000 but less than £50,000 exceptions may be approved by the Director in consultation with the Executive Member for Finance. The Executive may approve exceptions in respect of matters above £50,000 other than where these Regulations reserve a decision in respect of matters above £50,000 to the Council.

2. FINANCIAL MANAGEMENT AND ACCOUNTABILITY

2.1 General

2.1.1. Financial Management covers all financial accountabilities in relation to the running of the Council, including the policy framework and budget. Below are set out the main areas of responsibility of financial management.

2.2 Council

2.2.1 The Full Council is responsible for adopting the Council's constitution and Members code of conduct and for approving the policy framework, budget and borrowing within which the Executive operates. It is also responsible for approving and monitoring compliance with the Authority's overall framework of accountability as set out in its constitution and is responsible for monitoring compliance with agreed policy and reporting decisions taken.

2.2.2 No bank account will be opened on behalf of or including the name of the Council except on the authority of a resolution by the Council.

2.3 The Executive

2.3.1 The Executive is responsible for proposing the policy framework and budget to the full Council, and for discharging executive functions in accordance with the policy framework and budget. Executive decisions can be delegated to a committee, an individual Member, or an officer.

2.3.2 Within the approved policy and budget frameworks the Executive is responsible for day to day direction of the Council's affairs. The Constitution provides for the necessary decision-making at three levels:

- (a) Key Decisions – decisions which by reason of their financial, strategic or corporate importance are taken by the whole Executive;

- (b) Executive Member Decisions – each member of the Executive is assigned a particular area of service responsibility (an Executive portfolio) and can take decisions within that portfolio after the proposal has been notified to all members of the Council;
- (c) Chief Officer and Heads of Service Decisions – decisions taken within a chief officer’s professional or management role or in accordance with specific delegated powers.

2.4 Head of Paid Service

2.4.1 The Head of Paid Service is responsible for the corporate and overall strategic management of the Authority as a whole. He/she must report to and provide information for the Executive, the full Council, Scrutiny Committees and other Committees. He/she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation.

2.5 Monitoring Officer

2.5.1 The Monitoring Officer is responsible for promoting and maintaining high standards of financial conduct and for reporting any actual or potential breaches of the law or maladministration and for ensuring that the procedures for recording and reporting key decisions are operating effectively.

2.5.2 The Monitoring Officer is responsible for advising all members and officers about who has the authority to take a particular decision and whether a decision is likely to be considered contrary to the policy framework.

2.5.3 The Monitoring Officer and the S.151 Officer are also responsible for advising the Executive or full Council if a decision could be considered contrary to the budget. An example of such a decision would be promoting a new policy without thought as to the budget implications.

2.6 The S.151 Officer

2.6.1 Lawfulness and Financial Prudence of Decision Making

After consulting with the Head of the Paid Service and the Monitoring Officer, the Chief Finance Officer will report to the Full Council or to the Executive in relation to an Executive function and the Council's external auditor if he/she considers that any proposal, decision or course of action will involve incurring unlawful expenditure or is unlawful and is likely to cause a loss or deficiency or if the Council is about to enter an item of account unlawfully.

2.6.2 The Chief Finance Officer, if necessary in conjunction with the Head of Paid Service and after consultation with the Leader of the Council, shall have the powers to take any action necessary to safeguard the interests of the Council.

Administration

2.6.3 The S.151 Officer has responsibility for the proper administration of the Council's financial affairs. This includes setting and monitoring compliance with financial management standards, advising on the corporate financial position and on key financial controls, providing financial advice, advising on preparation of revenue and capital budgets, and treasury management.

2.6.4 These responsibilities are set out in statute such as section 151 of the Local Government Act 1972. They refer to the totality of the financial affairs of the Council in all its dealings.

Advice

2.6.5 The S.151 Officer is responsible for advising committees on all financial matters. He/she must be consulted on all financial matters and given adequate opportunity to provide written comments in any report with financial implications. All reports to the Executive or Committees with a significant financial implication are to be made under the joint names of the Head of Service concerned and the Chief Finance Officer.

- 2.6.6 Where the urgency procedures set out in the Council's Constitution are to be invoked, the Chief Finance Officer must first be consulted on financial and other resource implications.

Treasury Management responsible officer

- 2.6.7 All money in the hands of the Council will be under the control of the officer designated for the purposes of Section 151 of the Local Government Act 1972 i.e.: the S.151 Officer, who will take all executive decisions on borrowing, lending, repayment and financing in line with current Council policy.

Records

- 2.6.8 The S.151 Officer will be the Council's Registrar of bonds and mortgages and will maintain records of any borrowing and lending by the Council.

Budgetary system

- 2.6.9 The S.151 Officer will be responsible for establishing, in consultation with the Corporate Management Team and Heads of Services, a timetable for the preparation of each year's budget. This timetable will be agreed by the Executive by July of each year and will be constructed to ensure that the Council will meet its statutory obligations in respect of setting the Council Tax.
- 2.6.10 The S.151 Officer will determine, in consultation with the Corporate Management Team, the form in which the revenue and capital budget will be prepared.
- 2.6.11 The S.151 Officer will propose for approval by the Executive a Financial Strategy setting out the principles and objectives of financial planning to set the Medium Term Financial Plan and Annual Budget. The Financial Strategy is to be amended or endorsed annually at the commencement of the budget setting process.

Payment of invoices

2.6.12 All payments made on behalf of the Council, with the exception of petty cash payments will be made under the direction of the S.151 Officer.

Insurance

2.6.13 The S.151 Officer will arrange all necessary insurances for the Council in accordance with agreed policy. A record of all properties and risks covered will be kept, and a review will take place at least annually to ensure that all the insurances remain adequate.

Income

2.6.14 The S.151 Officer will be responsible for ensuring that prompt and proper arrangements exist for the collection, custody, control, disposal and accounting of all cash and remittances due to the Council.

2.6.15 It will be the responsibility of Head of Services to promptly notify the S.151 Officer of the need to write off any debt, giving details of the steps taken to recover the debt and valid reasons for the write off. A "debt" may be classified as:

- (i) an individual amount for an individual debtor, or
- (ii) the cumulative amount of several related debts for an individual debtor, (for example all business rates arrears or all outstanding trade refuse payments).

2.6.16 The Heads of Service may authorise the write off of an individual debt or the cumulative total of related debts of up to £2,500

Banking and Cheques

2.6.17 The S.151 Officer will operate bank accounts to carry out the Council's banking transactions at the bank nominated by the Council, and will be responsible for the authorised

operation of all bank accounts, bank transfers and the issue of all cheques on behalf of the Council.

2.6.18 Accounts will only be opened when authorised by the personal signature of S.151 Officer or other authorised officer.

Salaries and wages

2.6.19 The S.151 Officer will make arrangements to pay all salaries and allowances properly payable by the Council to its employees and Members.

2.7 Heads of Service

2.7.1 Heads of Service have responsibilities in a number of areas of financial management and internal control. These responsibilities are set out in the table below.

Area	Responsibility
General	<p>Heads of Services will comply with the requirements of the S.151 Officer, to ensure that as far as possible arrangements are made to ensure internal financial checks and that different officers carry out the following functions:-</p> <p>(i) provide information regarding sums due to or from the Council and calculate, check, record and examine these.</p> <p>(ii) collect or disburse amounts due to or from the Council.</p> <p>(iii) in the case of payments, certify documents for payment.</p>
General	Heads of Services will submit to the Head of Strategic Finance as required

	all information which the latter considers necessary for costing and accounting purposes and will afford to the S.151 Officer access to all accounts, records and documents. The S.151 Officer will be responsible for supplying financial information to Head of Services in an agreed form and frequency.
Data protection and Freedom of Information	The Chief Executive, as the Senior Information Risk Owner will be nominated as Data Protection Officer and will be responsible for ensuring that the Council acts in accordance with the provisions of the Data Protection and Freedom of Information legislation.
Internal control	Heads of Services are responsible for managing risks and maintaining sound arrangements for planning, appraising, authorising and controlling operations in order to secure continuous improvement, economy, effectiveness and efficiency, and to achieve financial performance targets. Arrangements to test those internal controls will be made through the Internal Audit function.
Inventory	Heads of Services will maintain an inventory of all significant items of plant, vehicles, machinery, equipment, tools, furniture and other movable property under their control over the value of £100.
Inventory	Heads of Services will be responsible for ensuring that inventories are continuously updated, and that appropriate action is taken on the discovery of deficiencies and surpluses. Attractive and portable items such as computers and cameras should be marked with security markings as belonging to the Council.
Security	Heads of Services will be responsible for the safe keeping and authorised use

	of all assets under their control.
Stocks and Stores	Heads of Services will be responsible for the care and physical custody of the stocks and stores under their control, and for ensuring that such stocks and stores are not kept in excess of normal requirements.
Breaches in security	The appropriate Head of Service will immediately report breaches of security to the Head of Paid Service who will consider the audit and insurance implications, take appropriate action and refer sufficiently serious cases to the Police.
Salaries and wages	<p>In accordance with agreed procedures, each Head of Service will notify the S.151 Officer's authorised representative immediately in writing of all matters affecting the payment of salaries and emoluments, and in particular:-</p> <p>(i)appointments, resignations, dismissals, suspensions, secondments, retirements and redundancies;</p> <p>(ii)absences from duty for sickness or other reason apart from approved leave;</p> <p>(iii)changes in remuneration other than normal increments and pay awards;</p> <p>(iv)any information necessary to maintain records of service for pension, income tax, national insurance and the like.</p>
Salaries and wages	Each Head of Service will forward a clearance certificate to the Payroll Section within 2 working days of receiving formal notice that an

	<p>employee's employment will be terminating, to ensure any debts incurred by the employee have been repaid e.g. car loan/lease car, post entry training expenses, leave taken over entitlement etc.</p>
Land holdings	<p>The Head of Democratic and Legal Support Services will maintain a terrier of all land and properties and any other interests in land owned by the Council and will maintain an asset register of the Council's land and property holdings.</p> <p>The land and property terrier will contain the following details:</p> <ul style="list-style-type: none"> (i) purpose for which held (ii) location (iii) extent and plan reference (iv) purchase details, including date of acquisition (v) rents receivable/payable and rent review dates (vi) reference to easements in deeds (vii) other charges against the property such as repairing and insuring obligations. (viii) Sum insured if buildings insurance is to be arranged by the Council.
Land holdings	<p>The Head of Democratic and Legal Support Services will keep all title deeds securely and will record all deeds temporarily removed.</p>
Land holdings	<p>The Head of Democratic and Legal Support Services will register the</p>

	Council's interest in land at the earliest opportunity.
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3. FINANCIAL PLANNING

3.1 General

3.1.1 The Council will establish a strategic policy framework to incorporate the main issues facing the Council and to match policies with resources.

- The Corporate Strategic plan;
- The medium term financial plan;
- The annual revenue budget;
- The annual capital programme;
- Prudential Indicators (limits for external borrowing; other long term liabilities and related matters; and Treasury Management Strategy).

The annual budget may then be seen as the first year of a rolling four year programme contained in the Medium Term Financial Plan.

3.1.2 The Corporate Management Team will submit to the Executive annual proposals for schemes for capital and revenue developments, including an indication of the priority of the schemes. Proposals will be submitted to the appropriate Scrutiny Committee prior to consideration by the Executive.

3.1.3 Capital and revenue budgets will be considered jointly so that the future impact of current proposals can be assessed, including the extent to which current capital expenditure commits or frees future resources. Proposals will be submitted to the appropriate Scrutiny Committee prior to consideration by the Executive.

3.1.4 The proposals will distinguish between already approved policies and those where expenditure is foreseen but not yet approved.

3.1.5 The S.151 Officer will report to the Executive details of the level of resources required to service these proposals, in the context of the overall financial strategy of the Council, and the accomplishment of strategic objectives.

- 3.1.6 The Executive will consider the provisional programme and make a general determination of amendments to be made following detailed consideration of the estimates.

3.2 Preparation and Approval of Budget

- 3.2.1 Estimates of gross and net revenue and capital expenditure will be prepared annually in accordance with Council policy and will take suitable account of any options. Budgets will be prepared by the nominated budget holders under the direction of the S.151 Officer, in an agreed form and within the agreed timetable.
- 3.2.2 The Head of Strategic Finance will at all times monitor the preparation of the revenue and capital estimates and will in consultation with the S.151 Officer collate the resultant budgets for submission to and consideration by the Executive.
- 3.2.3 In addition, the S.151 Officer will submit a statement of the requirements of the precepting authorities and a recommended level of Council Tax for the year.
- 3.2.4 The Executive will submit its recommended budget proposals to the Council according to the agreed timetable and complying with any statutory requirements.

3.3 Authority to Incur Expenditure

- 3.3.1 For revenue budgets, provided that Procurement Regulations have been complied with and subject to any specific exclusions, the inclusion of any item in the approved revenue budget other than a contingency provision, will constitute authority to incur expenditure.
- 3.3.2 For capital budgets, authority to incur expenditure will follow various stages, from initial feasibility through to project implementation, which will ensure that all projects are considered in detail, including both capital and revenue implications. Funding for each stage will be specifically agreed by the Executive/Council in accordance with agreed

procedures and only when the Council, through its budget approval process, agrees the allocation of funds will the project be included in the current funded capital programme.

3.3.3 Provided the Constitution, including Financial Regulations and any Council instructions for the time being in force have been complied with, inclusion of any items in the approved funded capital expenditure programme shall be deemed to:

- (i) authorise the Head of Service concerned to spend the capital sums provided for projects included in the programme for the current financial year, provided that Procurement Regulations have been complied with;
- (ii) in the case of schemes for which provision has been made in the current financial year but which are completed in subsequent financial years, authorise the Head of Service concerned to commit the provision in subsequent financial years, provided the expenditure is contractually committed; and
- (iii) authorise the Head of Service concerned:
 - (a) to take steps to enable land required for the purpose of the programme to be acquired in due time, subject to the Council having approved the financing of the capital programme;
 - (b) to proceed with the preparation of plans and other preparatory work, the acceptance of tenders and the ordering of materials or equipment for which there is a long delivery period in connection with schemes, initial expenditure on which is included in the following financial year(s).

3.3.4 Where it appears that any capital project budget will be exceeded, it shall be the duty of the Head of Service concerned, after joint consultation with the Head of Paid

Service and the S.151 Officer, to inform the Executive at the earliest opportunity.

- 3.3.5 Any proposal involving the adoption of a new policy or the variation or extension of existing policy which may or does affect the Council's finances will be submitted initially to the Executive for consideration and subsequent approval by full Council. Proposals will be submitted to the appropriate Scrutiny Committee prior to consideration by the Executive. The proposal will include a comprehensive report justifying the project, outline any revenue and capital implications and include the comments of the S.151 Officer. The proposal will take into consideration any provisions for virement in accordance with paragraph 3.6.
- 3.3.6 Expenditure considered essential to meet the sudden needs of an emergency or disaster (referable to section 138 of the Local Government Act 1972) may be incurred on the joint approval of the Head of Paid Service and S.151 Officer in consultation with the appropriate Executive Member(s). It will be reported to the next meeting of the Executive.

3.4 Budgetary Control

- 3.4.1 Allocated budgets will be cash limited, with budgetary monitoring undertaken by each Executive Member under the overall guidance of the Executive, such responsibility being devolved on a day to day basis to nominated budget holders for their own areas of activity, provided that Procurement Regulations have been complied with. Heads of Services will be responsible for controlling and achieving income and expenditure within their area, and will take any permitted action necessary to avoid exceeding their budget allocation, alerting the Head of Paid Service and the S.151 Officer of any problems.
- 3.4.2 The S.151 Officer, in conjunction with the Head of Strategic Finance and Heads of Service will ensure as far as practicable that systems are available which will provide such financial information as is required to enable budget holders to satisfactorily monitor budgets.

- 3.4.3 The Head of Strategic Finance will ensure that the appropriate Executive Member(s) are provided with budgetary control information relevant to their areas of responsibility, on a monthly basis and in accordance with agreed policy, incorporating the comments of the nominated budget holder regarding any significant under or over spending.
- 3.4.4 The Head of Strategic Finance will report budgetary performance to the Executive on a quarterly basis.

3.5 Supplementary Budgets

- 3.5.1 Any proposal to vary annual budgets by incurring expenditure not provided for in the original estimates and which cannot be met by virement in accordance with Financial Regulation 3.6, will be referred in writing by the appropriate Head of Service to the S.151 Officer prior to its inclusion in any report to be considered by the Executive. Such a proposal will be indicated on the meeting agenda.
- 3.5.2 In exceptional circumstances the Executive may approve a request for a supplementary estimate:
- (a) Where this involves the use of an earmarked reserve for the purpose for which the earmarked reserve was created.
 - (b) Where the amount is not more than £50,000 to be taken from the general reserve and where the use of the general reserve does not take the balance on the reserve below the minimum level agreed in the reserves policy, or such other sums as the Council may determine when setting the annual budget.
 - (c) Where the supplementary budget is in respect of a capital scheme which is:

EITHER
to be fully funded by external grant or contribution and the revenue consequences of the scheme are no more than an additional £50,000 per annum:

OR

to be funded by use of capital receipts and the capital expenditure is not more than £50,000 provided that the aggregate sum of any supplementary together with prior supplementary estimates approved since the programme was last set by the Council does not exceed £200,000 or such other sums as the Council may determine when setting the annual budget.

- 3.5.3 All supplementary budgets granted constitute approval to incur expenditure.

3.6 Virements

- 3.6.1 Virements will be restricted to extensions of existing policies/ schemes and will not be used for new policies/schemes not previously considered by the Council. Overspend on a particular budget head may be met by virement of budgetary provision from an underspent budget head, subject to the following paragraphs in this section, thereby avoiding the need for supplementary budget approval.
- 3.6.2 Virements between revenue and capital budgets will not be permitted, due to the different funding sources for each type of expenditure.
- 3.6.3 Virements between revenue income and expenditure will not be permitted.
- 3.6.4 Virements of amounts up to Value A (£10,000) may be carried out by Heads of Service in consultation with the S.151 Officer.
- 3.6.5 Virements of Value B amounts (£10,000 to £50,000) may be carried out by the appropriate Director in consultation with the S.151 Officer and the appropriate Executive Member, and reported to the next Executive meeting.
- 3.6.6 Virement of Value C amounts (over £50,000) will be subject to prior approval by the Executive.

- 3.6.7 Any exceptions to the above rules must be approved by the Executive. Virement limits apply to capital and revenue.

3.7 Treatment of Year-end Balances

- 3.7.1 The S.151 Officer may having regards to the overall financial position of the Council at the end of the financial year, recommend to the Executive whether overspends by departments should be set-off against in the subsequent financial year and whether underspends can be made available for specific projects or carried forward to the subsequent financial year, or otherwise accounted for in line with the Medium Term Financial Plan.

3.8 Reserves

- 3.8.1 In the event of a department underspend the Executive may establish an earmarked reserve and approve appropriations thereto where the purpose of that reserve is to defer expenditure included in a budget (or supplementary budget) approved by the Council where the expenditure in subsequent years will be in respect of the purpose for which the original budget (or supplementary budget) was approved.
- 3.8.2 Proposals to appropriate more than £100,000 to a single reserve or more than £500,000 in aggregate in any year beyond sums set out in the Medium Term Financial Plan shall be subject to the prior approval of the Council.

4. RISK MANAGEMENT AND INTERNAL CONTROL

4.1 Risk Management

4.1.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant strategic and operational risks to the Council. Equally regulations are needed to ensure arrangements are in place to protect the assets and resources of the Council.

4.1.2 This should include a risk assessment of the Council's priorities, budget plans, programme options and service plans involving the proactive participation of Scrutiny, the Executive, the Corporate Management Team, Heads of Services and all officers associated with the planning and delivery of services. The Monitoring Officer will obtain Executive approval of the corporate risk management strategy and will promote and coordinate risk management activity throughout the Council.

4.2 Internal Control

4.2.1 Internal control refers to the systems of control devised by management to help ensure that the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.

4.3 Investment and Treasury Management

General

4.3.1 The Local Government Act 2003 requires the Council to "have regard to" the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable

4.3.2 All borrowing, lending and financing will be in accordance with the CIPFA Code of Practice on Treasury Management.

- 4.3.3 Should the S.151 Officer wish to depart in any material respect from the main principles of this publication, the reasons will be disclosed in a report to the Council for its approval.

Policy, strategy and reporting

- 4.3.4 A long-term treasury management policy statement will be adopted by the Council and thereafter its implementation and monitoring will be delegated to the S.151 Officer. This policy will be reviewed at least every three years.
- 4.3.5 At or before the start of the financial year the S.151 Officer will report to the Executive on the proposed treasury management strategy for the coming financial year.
- 4.3.6 The S.151 Officer is responsible for ensuring that up to date treasury management practice statements are in place providing written guidance and instruction on routine operational activities.
- 4.3.7 The S.151 Officer will report to the Executive on the activities of the treasury management operation. This will include an annual report on treasury management for presentation by 30 September of the succeeding financial year.

4.4 Security

Cash holding

- 4.4.1 Maximum limits of cash holdings will be agreed with the S.151 Officer and the Corporate Risk team and will not be exceeded without written permission.

4.5 Inventories

Form and control

4.5.1 Inventories will be in a form approved by the S.151 Officer.

Write offs

4.5.2 Unserviceable inventory items of little value and items past their useful life will be written off under the written authority of a Head of Service.

4.5.3 No item will be written off other than as a result of fair wear and tear except on the authority of:

- (i) the Head of Governance and Risk Management on the recommendations of the Head of Service if the current replacement value of the item is estimated not to exceed £10,000;
- (ii) the S.151 Officer in consultation with the appropriate Executive Member if the current replacement value of the item is estimated not to exceed £50,000;
- (iii) the full Executive if the current replacement value of the item is estimated at over £50,000.

4.5.4 Disposal of written off inventory items will be the responsibility of the relevant Head of Service in consultation with the Head of Governance and Risk Management. This will be by competitive tender, public auction, or such other manner which is most beneficial to the Council. Any disposal of a single inventory item in excess of Value A will be reported to the Executive.

Removal of property

4.5.5 The Council's property will not be removed or used other than in accordance with the ordinary course of the Council's business except in cases where specific direction or approval has been issued by the appropriate Head of Service

- 4.5.6 Loan items of clothing, equipment etc. will be signed for by the recipient and returned when leaving the Council's employment.

4.6 Stocks and Stores

Records

- 4.6.1 Stocks and stores records will be kept in a form to be agreed by the S.151 Officer.

Stocktaking

- 4.6.2 Stocks and stores will be subject to periodic test checks by officers other than the storekeepers and all stocks and stores will be checked at least annually, to include a review of the level and condition of stock.
- 4.6.3 A certificate of value will be produced on the last day of each financial year and stored locally. A copy will be forwarded to the S.151 Officer if requested.

4.7 Insurance

Claims

- 4.7.1 The S.151 Officer will be responsible for dealing with all claims against or on behalf of the Council.
- 4.7.2 The appropriate Head of Service will notify the S.151 Officer immediately in writing of any loss, liability of damage or any other event likely to lead to a claim, and will provide full supplementary information relating to the claim within timescales directed by the Risk Assurance Officer. Where necessary the appropriate Head of Service, having consulted with the S.151 Officer will inform the Police.

Cover

- 4.7.3 Heads of Service will immediately inform the S.151 Officer, in writing, of all new risks, properties or vehicles, and any material alterations to existing risks, properties or vehicles.

- 4.7.4 The appropriate Head of Service will consult the S.151 Officer in respect of the terms of any indemnity the Council is required to give.
- 4.7.5 Contractors will be required to have in place insurance to indemnify the Council against Employers' and Public/Products Liability risks with a minimum limit of indemnity of £5,000,000 in respect of any one incident or series of incidents occurring in connection with or arising out of any one event. A minimum limit of indemnity of £10,000,000 is required for building works at Council offices or other significant sites.
- 4.7.6 Contractors will be required to hold Professional Indemnity cover with a minimum limit of indemnity agreed in writing by the Risk Assurance Officer, where advice or professional services are provided.
- 4.7.7 Where a prime contractor proposes to engage sub contractors the prime contractor shall ensure to the satisfaction of the Council that the sub contractor has in place insurances of equivalent values to those set out at 4.7.5 and 4.7.6 above. In the absence of equivalent insurance cover the prime contractor must ensure to the satisfaction of the Council that the prime contractor's own insurances provide cover for such excess as is not covered by the sub contractors insurance. "

4.8 Gifts and hospitality

- 4.8.1 The officer Code of Conduct provides guidance on acceptance of gifts and hospitality and following that guidance will protect the reputation of both officers and the Council. Similar guidance in respect of Members is contained in the Members Code of Conduct.
- 4.8.2 The Council has approved the Anti-Fraud and Anti-Corruption Strategy, the Policy on Bribery and the Disclosure (Whistleblowing) Code.

4.9 Fraud and irregularity

- 4.9.1 The S.151 Officer is responsible for maintaining and promoting the Council's Anti-Fraud and Anti-Corruption Strategy and Disclosure (Whistleblowing) Code.
- 4.9.2 Any officer who suspects that an irregularity is being or has been perpetrated concerning the Council's affairs shall immediately inform their manager and/or the Head of Governance and Risk Management. Responsibility for progressing each case rests with the Head of Governance and Risk Management who will ensure compliance with the Council's Anti-Fraud & Anti-Corruption Strategy and Disclosure (Whistleblowing) Code.
- 4.9.3 Any Member who suspects that an irregularity is being or has been perpetrated concerning the Council's affairs shall immediately inform the Head of Paid Service and the S.151 Officer, who will investigate and report as necessary.
- 4.9.4 The Council's policy is that the Police or whichever external agency is appropriate to the alleged offence will normally be informed without delay of any suspicion of fraud and corruption. Any decision not to notify the Police or other agency will be made by the Head of Paid Service and will be documented on the case file.
- 4.9.5 Any Member or officer who suspects that an irregularity concerning the Council's affairs is being or has been perpetrated by the Head of Paid Service shall immediately inform the Monitoring Officer and the Head of the Shared Internal Audit Service.
- 4.9.6 The Council has a whistleblowing policy which aims to:
- (i) provide confidential avenues for employees and others to raise concerns and receive feedback on any action taken;
 - (ii) allow employees to take the matter further if they are dissatisfied with the Council's response;
 - (iii) reassure employees that they will be protected from reprisals or victimisation for whistleblowing in good faith.

4.10 Money Laundering

4.10.1 For the purposes of the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007, the section 151 is appointed as the Money Laundering Reporting officer.

4.10.2 They will be responsible for notifying the National Criminal Intelligence Service (NCIS) of any suspected cases of money laundering committed within the accounts of East Herts Council as soon as possible and fulfil other duties as defined by legislation or regulation related to the post. Simultaneously, the Executive Member for Finance & Property will be kept informed of any notifications to NCIS and of any issues arising from them.

4.10.3 Directors must operate efficient systems of financial control and are responsible for

- (a) ensuring that Executive members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Finance Officer.
- (b) ensuring that Executive members are advised of legal implications of all proposals and that the legal implications have been agreed with the Monitoring Officer.
- (c) the signing of contracts on behalf of the Council (except where the seal of the council is applied). Strategic Directors may, however, delegate authority to sign contracts below £100,000 to Heads of Service or an Officer to whom they have specifically delegated authority to sign contracts within their area of responsibility. In all cases before signing a contract the officer concerned must be satisfied that the necessary approval to award the contract has been obtained.
- (d) Consulting with the S.151 Officer and seeking his/her approval on any matter that could materially affect the authority's financial position before any commitments are incurred.

4.10.4 Any cash receipts in excess of 15,000 Euros or the sterling equivalent must be recorded and the details sent to the S.151 Officer weekly.

4.10.5 All unusual or suspicious payments (whatever the value or form of payment – cash, cheque, card, transfer, etc.) must be reported immediately to the S.151 Officer and the Head of Governance and Risk Management in accordance with the procedure on the Council's intranet.

4.11 Land Holdings

Acquisitions

4.11.1 Any acquisition of land or property or other interest in land by the Council will comply with relevant legislation and current guidelines reflecting best practice.

4.11.2 The Head of Paid Service and S.151 Officer in conjunction with the appropriate Executive Member will jointly exercise a delegation to deal with Value A and Value B (see paragraph 1.3) acquisitions and will advise the Local Member before the decision is taken.

4.11.3 Routine acquisition of any Value C (see paragraph 1.3) land or property will be authorised by a prior resolution of the Executive. The provisions for key decisions should be applied where appropriate.

4.11.4 For urgent acquisitions of Value C land or property, a meeting of the Executive will be convened, and the advice of the Local Member will be sought before any decision is taken.

4.11.5 The S.151 Officer may exercise a delegation up to Value C to deal with property management issues such as lease renewals and rent reviews.

Disposals

- 4.11.6 Any disposals of Council land or property or other interest in land will comply with relevant legislation and current guidelines reflecting best practice. In particular the Local Government Act 1972 s123 requires that disposals will be for the best consideration that can reasonably be obtained. Detailed guidance is given in Professional Guidance Note No. 2 (Disposals of land interests by Local Authorities) issued by the Valuation Liaison Group.
- 4.11.7 The Head of Paid Service and S.151 Officer in conjunction with the appropriate Executive Member may jointly exercise a delegation to deal with Value A and Value B disposals.
- 4.11.8 Routine disposal of any Value C Council land or property will require the prior approval of the Executive, who will consider a report by the S.151 Officer which will include the financial, legal and other consequences of the proposed disposal.
- 4.11.9 Terms shall not be finalised without the benefit of a current valuation from a qualified valuer with appropriate expertise. This is particularly important where negotiations are conducted with a single purchaser.
- 4.11.10 Where disposals are related to land where the proposed purchaser already has an existing interest, for example adjacent owner, lessor, tenant, sale by private treaty may be applicable.
- 4.11.11 Where an offer is accepted subject to contract and a higher offer is received before contracts are exchanged, the person who made the former offer shall be given the opportunity to increase it if it is proposed to accept the higher offer.
- 4.11.12 In exceptional circumstances, if urgent disposal of Value C land or property is necessary, a meeting of the Executive will be convened, and the advice of the Local Member will be sought before any decision is taken.

Further Requirements

- 4.11.13 This section (4.11.15 to 4.11.24) shall apply to purchases and sales of property and land and to leases for a fixed term of more than twenty five years.
- 4.11.14 All valuations and negotiations in respect of transactions shall be carried out by or under the supervision of a properly qualified Member of the Royal Institution of Chartered Surveyors or equivalent. In no circumstances shall Members of the Council conduct them.
- 4.11.15 This section will apply to all valuations of land carried out by a qualified and independent Chartered Surveyor not in the employ of the Council.
- 4.11.16 In respect of all transactions not subject to tender and where the estimated value (or the aggregated value of related transactions) exceeds £250,000 at least two officers of the Council or an officer of the Council and its duly appointed valuer / advisor or other agent shall be involved in all negotiations.
- 4.11.17 It shall be the duty of the Council's valuer whether employed or appointed to report on the progress of any transaction authorised by the Council or the Portfolio holder to the appropriate Committee or Group (normally Asset Management Group) at least at every other convened meeting of that Committee or Group.
- 4.11.18 All valuations prepared for the purpose of a transaction shall be accompanied by evidence of the values of comparable properties in the locality.
- 4.11.19 No property or land owned or leased by the Council shall be disposed of to a third party until it has been established that no other directorates of the Council have a need for the property or land.
- 4.11.20 Any appropriation between functions will reflect the open market value of the land as certified by the Council valuer.
- 4.11.21 No property or land owned or leased by the Council shall be disposed of until a detailed report has been presented

by the S.151 Officer and the Executive Member for Finance containing:

- a description of the property or land, its title, physical characteristics and development constraints.
- any information from the Council's records or those of statutory undertakers which would affect the property or land's value or development potential.
- an assessment of the development potential of the property or land.
- evidence that the property or land has been offered to all directorates and that the Council has no operational use for the property or land, and local members have been advised of the proposed disposal.
- recommendations on the following:
 - i) the title to be transferred
 - ii) the method of disposal
 - iii) whether negotiations should proceed with a special purchaser
 - iv) the estimated price the Council may receive

4.11.22 In arriving at the recommendation, other factors that officers need to take into consideration are:

- i) issues that need to be resolved before marketing of the property or land can proceed
- ii) whether legal and other costs should be recovered from the prospective purchaser and if so an estimate of their amount
- iii) whether the appointment of external advisors or agents is required

4.11.23 In the event that it is decided to dispose of property or land by way of a tender then so far as it is practicable the procedures laid down in Procurement Regulations shall apply.

4.11.24 The community right to bid, contained within the Localism Act 2011, provides an opportunity for local community groups to bid to buy buildings or land which are listed by the local authority, as assets of community value. This

may include privately-owned land and buildings as well as publicly-owned assets. Inclusion of land on the list effectively places a moratorium on the disposal of the listed asset for a defined period. This full moratorium period is set at six months. The list of assets of community value will include any assets within the local authority's area that meet the definition of an asset of community value, as defined in the Assets of Community Value (England) Regulations 2012.

4.12 Internal Audit

General

4.12.1 The statutory requirement for internal audit in local government is prescribed by the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006. The responsibility for maintaining an adequate and effective system of internal audit rests with the relevant body i.e.: the Council. Accordingly, a system of continuous internal audit, under the control and direction of the S.151 Officer will carry out an examination of the accounting, financial and other operations in so far as they have financial effects on the Council. Internal audit effort will be co-ordinated with that of the Council's external auditors.

4.12.2 Internal Auditors are responsible for reviewing and advising on the Council's internal control systems. These systems need to ensure compliance with all applicable statutes, regulations and best practice guidance. Internal controls should also ensure that the risks facing the Council are identified, assessed, appropriately mitigated and managed and that public funds are properly safeguarded and used economically, effectively and efficiently, in accordance with the statutory and other authorities that govern their use.

Rights of access

4.12.3 The S.151 Officer's authorised Internal Audit representative will have authority:

- (i) to enter any land, building, vehicle or plant owned or used by the Council;
- (ii) to have access at all times to any record, document, contract or correspondence relating to the affairs of the Council, including those stored by mechanical, electric or electronic means;
- (iii) to possess or take copies of any record, document or correspondence;
- (iv) to require such explanations as are necessary from any Council officer concerning any matter under examination;
- (v) to require any employee of the Council to produce cash, stores or any other Council property under their control.

Standards

4.12.4 The Internal Audit Service will comply with all legislative requirements and guidelines issued reflecting best audit practice. The results of internal audit work will be reported quarterly and at such other times as are necessary to the Audit Committee.

5. SYSTEMS AND PROCEDURES

5.1 Orders for Works, Goods and Services

To be read in conjunction with the Procurement Regulations.

General

- 5.1.1 It is Council policy that all orders must be placed through the Council's financial purchasing system. The only exceptions to this rule are for insurance claims work, credit card purchases and emergency planning.
- 5.1.2 Prior to placing any order the officer requiring an order to be raised shall ensure that the financial commitment to be incurred is able to be met by a budget approved for the purpose for which the order is to be placed and that the commitment otherwise complies with these Financial Regulations.
- 5.1.3 Prior to placing an order officers must ensure that there are no existing contracts already in place or that no supplier already set up on The Council's financial system can meet requirements.
- 5.1.4 In the event of a decision being taken to place an order with a supplier that is not already on The Council's financial system a new supplier form must be completed and sent to Procurement for sign off.
- 5.1.5 Once a supplier is live on the Council's financial system, a requisition can be raised which will create a purchase order number and commit the money to budget. The supplier will then receive an official Council purchase order together with the council's terms and conditions. Invoices without a purchase order will be returned to the supplier and request that the supplier obtains a purchase order from the purchaser.
- 5.1.6 Officers should not raise retrospective orders i.e. place orders with suppliers via email, telephone or fax, before the order has been authorised and committed to budget. This

avoids risk to the Council of unavailable budget and an expectation by the supplier for providing the goods/works/services. No orders should be placed with a supplier under their terms and conditions as this could place the council at risk. For exceptions to this rule see 5.3.2 Emergency Orders.

- 5.1.7 The Corporate Management Team will ensure that all officers have due regard to the Council's Procurement Strategy and the need to obtain best value (both in regard to current Council functions and also when considering procurement options for future service delivery).
- 5.1.8 Every officer and Member of the Council has a responsibility to declare any links or personal interests they may have with suppliers or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council, in accordance with appropriate codes of conduct.
- 5.1.9 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Council contracts.

5.2 Compliance with Environmental and other Policies

- 5.2.1 All orders placed will take account of the Council's Procurement Strategy, sustainability policies and commitments. These seek to minimise the adverse environmental impact of goods and services. Where appropriate, suppliers will be asked to highlight any environmentally significant features of their goods and services such as life expectancy, energy efficiency, source of timber and recyclability and end of life disposal.
- 5.2.2 All orders placed will take into account other Council policies where applicable, for example Diversity and Equal Opportunities.

5.3 Authorisation of Orders

5.3.1 All orders will be authorised by the appropriate Head of Service, nominated budget holder or other authorised senior officer. Heads of Services will ensure that separation of duty exists between the ordering of goods and the approval of that order by a more senior, or authorised officer. Each officer approving an order will only certify expenditure against budget heads for which they are responsible, or for which they have delegated authority and should ensure that the relevant expenditure has been properly ordered, authorised or incurred, is properly chargeable to the correct expenditure code and is within the relevant budget provision.

The Head of Governance and Risk Management will be notified of all officers so authorised, will receive and retain a list of specimen signatures and will be notified immediately of any changes.

Orders for Emergencies Only

5.3.2 In the event that The Council's financial purchasing system is not working and an urgent order is required, a manual order number will be provided by the Procurement Team, it will be at their discretion, from the information provided by the officer, if they feel that the requirement is urgent. For example, a stationery order would not be classed as urgent. Officers must ensure that, once the system is enabled, they raise a retrospective order, (an order raised after the receipt of the goods/services) using the manual order in the text as reference.

5.4. Goods Receipting

5.4.1 In Goods Receipting officers will satisfy themselves that:-

the works, goods or services to which the order relates have been carried out, received, examined and approved, are fit for the purpose and where appropriate comply with predetermined standards and quantities;

You must goods receipt the order on The Council's financial system to allow the invoice to be processed on time

5.5 Payment of Invoices

Method

- 5.5.1 Apart from petty cash, the method of payment will be by BACS, cheque or other instrument drawn on the Council's account.
- 5.5.2 The use of credit cards and purchasing cards will be in accordance with the rules issued from time to time by the S.151 Officer. Such cards shall not be used for personal use.
- 5.5.3 The S.151 Officer will be entitled to rely on (but may challenge) the certification of authorised officers and will be empowered to pay all accounts addressed to East Herts Council and so certified. Authorised officers should ensure that where appropriate, adequate supporting documentation is retained with the invoice in order to provide a satisfactory audit trail to justify the reason for the payment.
- 5.5.4 Payments will only be made on proper tax invoices (when applicable) which display the word "invoice" and the VAT registration number. Any payments made on proforma invoices must be followed up by the issue of a proper tax invoice, and must include East Herts official purchase order number generated by The Council's financial system. If an invoice does not clearly state the purchase order number the invoice must be returned to the supplier with the appropriate letter attached (available from Procurement).

Invoices must correspond to delivery notes/goods received notes where appropriate, are arithmetically correct and discounts, allowances, credits and tax are correct; and

The account has not previously been passed for payment; and appropriate entries have been made in inventories and stores records.

- 5.5.5 Photocopied or fax copies of invoices are not acceptable, except in extreme circumstances and then only if the copy has been annotated to show why an original is not available and certified by an authorised signatory.

- 5.5.6 Payments on the Council's financial system will be authorised in accordance with guidance issued by the S.151 Officer.
- 5.5.7 Any copy of an invoice produced prior to payment, for example a file copy, will be scored through and marked to clearly identify it as a copy.
- 5.5.8 To comply with VAT requirements, where it is necessary to amend an invoice, it must either be returned to the supplier, or a credit note/supplementary invoice should be requested prior to payment being made. The manual amendment including the use of correcting fluid etc. to amend invoices is forbidden.
- 5.5.9 In the case of payments in which an officer may have an interest (for example attendance on a training course, payment for accommodation etc.) the countersignature of the officer's line manager will be obtained.
- 5.5.10 Staff responsible for processing payments will ensure that appropriate attention is paid to the commitments system, especially where de-commitments are not carried out automatically.

5.6 Urgent Processing

- 5.6.1 Certified invoices due for payment but which require payment in advance of normal processing may in exceptional circumstances be processed through the urgent payment system with the approval of the Head of Strategic Finance.

5.7 Periodic Payments

- 5.7.1 Any order or contract entered into by a budget holder which entails periodic payments will be recorded in a periodic register. All amendments to such orders or contracts will be entered in the register, entered as a commitment into the Council's financial system and profiled in budget monitoring statements.

5.8 Petty Cash

Provision

- 5.8.1 Petty cash floats/imprest will only be raised following the approval of the Head of Strategic Finance who will arrange for all accounts to be recorded and reconciled. Officers will obtain a holding account code for each imprest/float from the Accountancy Section.
- 5.8.2 Under no circumstances shall petty cash be used , including temporarily, for personal purposes.
- 5.8.3 Under no circumstances shall petty cash be used to bypass the Procurement Regulations to purchase off-contract. e.g. purchasing stationery at a local supplier.

Operation

- 5.8.4 Use of petty cash should be supported by VAT receipts in respect of each purchase.
- 5.8.5 The holder of petty cash shall ensure a weekly reconciliation of cash and vouchers held to the amount advanced.

Security

- 5.8.6 An officer to whom an advance is made will:
- (i) be personally responsible for ensuring the proper use of and safe custody of the money advanced;
 - (ii) be liable to produce upon demand to the S.151 Officer's authorised representative cash or vouchers to the total of the advance together with a certificate of the state of the imprest account;

- (iii) on leaving the employment of the Council, be liable to account to the S.151 Officer for the amount advanced.

5.8.7 The Head of Strategic Finance will ensure that:

- (i) a record is maintained of petty cash advances made;
- (ii) the vouchers and receipts retained by officers in substantiation of payments are examined and reimbursed as often as may be necessary.

Annual statement of value

5.8.8 An annual statement of value of each imprest will be certified by the appropriate Head of Service or their authorised representative and submitted to the Head of Governance and Risk Management within seven days of the end of each financial year.

5.9 Income

5.9.1 Budget managers will notify the S.151 Officer of all sums due to the Council in respect of payment for goods and services or other transactions involving the receipt of money in a manner as prescribed by the S.151 Officer.

5.9.2 All sums due from sundry debtors will be raised promptly via the debtors' module of the Council's Financial System. Responsibility for the prompt and thorough recovery of debts rests with the appropriate budget officer. Whenever appropriate, payment in advance should be obtained as this improves the Council's cash flow and also avoids the time and cost of administering debts.

5.9.3 Where an error or anomaly is identified in the approval fees and charges schedule rectification may be agreed by the Director in consultation with the relevant Portfolio Holder in accordance with the Council's fees and charges policy.

Paying in

- 5.9.4 All money received by an officer on behalf of the Council will be paid into one of the Council's Cash Offices on the day of collection, or if instructed by the S.151 Officer, direct to the Council's bank account without delay.
- 5.9.5 No deduction or payments will be made from sums due to the Council.
- 5.9.6 Officers paying into a bank account must enter a reference to the debt or the origin of the cash or cheque on the paying in slip.

Official receipts

- 5.9.7 All official receipts, forms, tickets, vouchers and similar documents will be ordered, stored and issued in accordance with procedures approved by the S.151 Officer.
- 5.9.8 No receipt given by an officer for money received will be in a form other than an official receipt.

Cashing cheques

- 5.9.9 No personal cheques will be cashed out of money held on behalf of the Council.
- 5.9.10 No third party cheques will be accepted by cashiers for the payment of any debt.
- 5.9.11 No East Herts District Council cheques endorsed "Account Payee" will be accepted by cashiers in respect of any outstanding debt unless there are any extenuating circumstances which have been considered and approved by the S.151 Officer.

Transfer of remittances

- 5.9.12 Every transfer of money held on behalf of the Council from one member of staff to another will be evidenced by the signature of the receiving officer in a register or pro forma maintained for this purpose.

5.9.13 Any blank cheques received and those which are not “Account Payee Only” will be crossed with an official stamp immediately on receipt as part of the post opening procedure.

Financial Write-offs

5.9.14 The write off of an individual debt or the cumulative total of related debts of up to £2,500 may be written off by Heads of Service. The write off of an individual debt or the cumulative total of related debts of up to £5,000 may be written off by the S.151 Officer and such debts up to £10,000 may be written off by the S.151 Officer in conjunction with the Portfolio Holder for Resources and Internal Support. The write off of an individual debt or the cumulative total of related debts of more than £10,000 will require the authorisation of the Executive. In the case of bankruptcy or insolvency, debts which are significant to the budget will be reported in the budget monitoring process.

5.9.15 In all cases, due consideration will be given during the write off process to the ongoing provision of the service and any other Council services being provided to the debtor.

Credit Balances

5.9.16 Where advance payments result in credit balances on the Council’s accounts after the services have been provided, or credits on Council Tax accounts, all reasonable steps will be taken to refund the amount to the original debtor. In determining reasonable steps, due regard will be taken of the costs of such steps in relation to the amount of the refund.

5.9.17 Heads of Service may authorise the write-off of an individual credit or the total of related credits of up to £2,500.

5.9.18 The write-off of an individual credit or the cumulative total of related credits of up to £5,000 may be written off by the S.151 Officer.

5.9.19 The write-off of an individual credit or the cumulative total of related credits of over £5,000 may be written off by the

S.151 Officer, in consultation with the Executive Member for Resources and Internal Support.

5.10 Banking and Cheques

Order and custody of cheques

- 5.10.1 Cheques will only be ordered on the authority of the Head of Strategic Finance who will make proper arrangements for their safe custody.
- 5.10.2 Internal transfers of cheques will be recorded and a discharge of liability signature will be obtained.
- 5.10.3 Any necessary replacement cheques shall not be drawn until confirmation has been received in writing from the Council's bank that the original cheque has been "stopped."

Signatures

- 5.10.4 All cheques drawn on the bank accounts of the Council will bear the S.151 Officer's facsimile signature, or be signed by the S.151 Officer or other authorised officer. All facsimile signatures will be checked at the time of printing.
- 5.10.5 Any cheques for £5,000 and over will require the manuscript signature of the S.151 Officer or other authorised officer.

5.11 Smart Cards

- 5.11.1 Smart Cards shall be managed in accordance with procedures prescribed by the S.151 Officer.

5.12 Salaries and Wages

New appointments

- 5.12.1 Appointments of all employees will be made in accordance with the regulations of the Council and the approved establishment, grades and rates of pay, and within any statutory requirements.

5.12.2 Where temporary staff are to be engaged on a self employed basis, prior advice will be sought from the Human Resources/Legal/Payroll Sections as appropriate, in order to protect the Council from any employment liabilities (for example tax, national insurance) which may arise.

5.12.3 An application form and medical questionnaire must be completed by all external applicants.

5.12.4 Two written references must be obtained and relevant qualifications evidenced, prior to commencement of work. (One reference will be from the immediately preceding employer if within five years). This condition (5.12.4) applies to all permanent and fixed term appointments, and agency staff and consultants.

Approved forms

5.12.5 All timesheets, overtime approvals and other pay documents will be in a form as prescribed by the S.151 Officer.

Certification

5.12.6 All timesheets, overtime approvals or other pay documents will be signed by a Head of Service or other senior officer authorised to do so. The Head of Governance and Risk Management will be notified of all authorised officers, will receive and retain a list of specimen signatures, and will be notified of any changes.

5.13 Travelling, Subsistence and Flexible Working Hours

Approved forms

5.13.1 All claims for travelling and subsistence payments and adjustments to the staff flexible working hours scheme will be made only on forms approved by the S.151 Officer.

5.13.2 The mode of travel will maximise value for money for example by having regard to car sharing and discounted tickets for public transport.

Certification

- 5.13.3 All travelling and subsistence claims and flexible working hours adjustment sheets will be signed by the appropriate Head of Service or other senior officer authorised to do so. The Head of Governance and Risk Management will be notified of all officers so authorised, will receive and retain a list of specimen signatures, and will be notified immediately of any changes.
- 5.13.4 Certifying officers will normally be the claimant's line manager who will ensure to the best of their knowledge that:-
- (i) travelling and subsistence claims relate to journeys made and expenses properly and reasonably incurred whilst carrying out official duties, in accordance with current Human Resources policy and procedural guidance;
 - (ii) flexible working credits/debits are accurately recorded on adjustment sheets and are in accordance with current Council policy.

Payment of Travelling and Subsistence Claims

- 5.13.5 Certified claims will be forwarded to the Payroll Section within five working days following the end of the month to which the claim relates for payment through the payroll system.
- 5.13.6 Payments to Members will be made by the Payroll Section upon receipt of the prescribed form duly completed and submitted within five working days following the end of the month to which the claim relates.
- 5.13.7 All claims for mileage payments will have an appropriate VAT receipt attached.
- 5.13.8 Claims for payments which relate to claims which are more than 3 months old will not be accepted.

5.14 Taxation

5.14.1 Where a proposed transaction will occur a tax liability (other than VAT or tax collected through the payroll system) the relevant Director or Head of Service will consult with the S.151 Officer who will determine whether external advice is sought to mitigate that liability.

6. EXTERNAL ARRANGEMENTS

6.1 Introduction

6.1.1 The Council provides a distinctive leadership role for the community and can bring together the contributions of the various stakeholders. It can also act to promote or improve the Council's economic, social and environmental wellbeing.

6.2 Partnerships

6.2.1 The Executive is responsible for approving delegations, including frameworks for partnerships. The Executive is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs. There is a Partnership Protocol in place that requires the Council to maintain a partnership register and to undertake an annual review of the register.

6.2.2 The Executive can delegate functions – including those relating to partnerships – to officers. These are set out in the scheme of delegation that forms part of the Council's constitution. Where functions are delegated, the Executive remains accountable for them to the full Council.

6.2.3 Officers can represent the Council on partnerships and external bodies, in accordance with the scheme of delegation.

6.2.4 Council representatives on partnerships will promote and maintain the same high standards of financial administration that normally apply within the Council.

6.2.5 The S.151 Officer must ensure that the accounting arrangements adopted by partnerships and joint ventures are satisfactory. Consideration must be given to the overall corporate governance arrangements and legal issues when arranging contracts with external bodies, and all significant risks must be fully appraised before agreements are entered into.

6.2.6 Heads of Services are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

6.3 External Funding

6.3.1 The S.151 Officer is responsible for ensuring that all funding notified by external bodies is received and used for the intended purpose and properly recorded in the Council's accounts.

6.4 Work for Third Parties

6.4.1 The Executive is responsible for approving the contractual arrangements for any work for third parties or external bodies.

6.4.2 Heads of Services will ensure that:

- (i) all risks are identified, assessed, appropriately mitigated and managed and such work is intra vires;
- (ii) a register is maintained of all contracts entered into with third parties;
- (iii) appropriate insurance arrangements are made;
- (iv) the Council is not put at risk from any bad debts;
- (v) no contract is subsidised by the Council;
- (vi) wherever possible, payment is received in advance of the delivery of the service;
- (vii) the Service Unit has the appropriate expertise to undertake the contract;
- (viii) all contracts are properly documented;
- (ix) appropriate information is provided to the S.151 Officer for final accounts purposes.

6.5 Procurement by Third Parties on Behalf of the Council

- 6.5.1 The appropriate Director may appoint a third party to undertake procurement on behalf of the Council subject to the following requirements. Where the appropriate Director proposes to appoint a third party to undertake procurement on behalf of the Council, the third party shall so far as possible comply with the Council's Financial Regulations and the Council's Procurement Regulations and where compliance is not possible the provisions in the Regulations as to varying or waiving of the regulations shall apply. The use of third parties for procurement shall be permitted only where the appropriate Director is satisfied that the use of a third party offers better value for money for the Council. The Council remains accountable for the procurement and the related projects at all times.

LOCAL GOVERNMENT FINANCE ACT 1988

Section 114 Functions of responsible officer as regards reports

- (1) On and after the commencement day the person having responsibility for the administration of the financial affairs of a relevant authority under section 151 of the 1972 Act, section 73 of the 1985 Act or section 112 above shall have the duties mentioned in this section, without prejudice to any other functions; and in this section he is referred to as the chief finance officer of the authority.

- (2) The chief finance officer of a relevant authority shall make a report under this section if it appears to him that the authority, a committee or officer of the authority, or a joint committee on which the authority is represented –
 - (a) has made or is about to make a decision which involves or would involve the authority incurring expenditure which is unlawful,

 - (b) has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the authority,or
 - (c) is about to enter an item of account the entry of which is unlawful.

- (3) The chief finance officer of a relevant authority shall make a report under this section if it appears to him that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

- (3A) It shall be the duty of the chief finance officer of a relevant authority, in preparing a report in pursuance of subsection (2) above, to consult so far as practicable –
- (a) with the person who is for the time being designated as the head of the authority's paid service under section 4 of the Local Government and Housing Act 1989; and
 - (b) with the person who is for the time being responsible for performing the duties of the authority's monitoring officer under section 5 of that Act.
- (4) Where a chief finance officer of a relevant authority has made a report under this section he shall send a copy of it to –
- (a) the person who at the time the report is made has the duty to audit the authority's accounts, and
 - (b) each person who at that time is a Member of the authority.
- (5) Subject to subsection (6) below, the duties of a chief finance officer of a relevant authority under subsections (2) and (3) above shall be performed by him personally.
- (6) If the chief finance officer is unable to act owing to absence or illness his duties under subsections (2) and (3) above shall be performed –
- (a) by such member of his staff as is a member of one or more of the bodies mentioned in section 113(3) above and is for the time being nominated by the chief finance officer for the purposes of his section, or
 - (b) if no member of his staff is a member of one or more bodies, by such member of his staff as is for the time being nominated by the chief finance officer for the purposes of this section.

- (7) A relevant authority shall provide its chief finance officer with such staff, accommodation and other resources as are in his opinion sufficient to allow his duties under this section to be performed.
- (8) In this section –
- (a) references to a joint committee are to a committee on which two or more relevant authorities are represented, and
 - (b) references to a committee (joint or otherwise) include references to a subcommittee.

Note - For the purposes of paragraph 1 above, the Director of Finance and Support Services / S.151 Officer will be the nominated officer.