

FINANCIAL RULES AND SCHEME OF FINANCIAL DELEGATION

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1. STATUS OF FINANCIAL RULES

- 1.1 Financial rules, also referred to as Financial Regulations provide the framework for managing the Council's financial affairs. They apply to every councillor and officer of the Council and anyone acting on its behalf.
- 1.2 The rules identify the financial responsibilities of the full Council, the Cabinet, committees, the Head of Paid Service, the Monitoring Officer, the Chief Finance Officer and Corporate Management Team (CMT) should maintain a written record where decision making has been delegated to members of their staff, including seconded staff. Where decisions have been delegated or devolved to other responsible officers references to members of CMT in the rules should be read as referring to them.
- 1.3 All councillors and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.
- 1.4 The Chief Finance Officer is responsible for maintaining a continuous review of the financial rules and submitting any additions or changes necessary to the full Council for approval. The Chief Finance Officer is also responsible for reporting, where appropriate, breaches of the financial rules to Council.
- 1.5 The Council's detailed financial procedures, setting out how the rules will be implemented, are contained in the five financial rules which follow.
- 1.6 CMT is responsible for ensuring that all staff under its control are aware of the existence and content of the Council's financial rules and other internal regulatory documents and that it complies with them. They must also ensure that an adequate number of copies are available for reference within their Service Unit.
- 1.7 The Chief Finance Officer is responsible for issuing advice and guidance to underpin the financial rules that members, officers and others acting on behalf of the Council are required to follow.
- 1.8 In the event of conflict between these rules and other processes of the Council these rules shall be deemed definitive unless contrary to statute.

FINANCIAL RULE A – FINANCIAL MANAGEMENT

INTRODUCTION

- A.1** Financial management covers all financial accountabilities in relation to the running of the Council.

THE FULL COUNCIL

- A.2** The full Council is responsible for adopting and changing the Council's Constitution and for approving the Council's policy framework and budget. It is also responsible for approving and monitoring compliance with the Council's overall framework of accountability and control. The framework is set out in its Constitution.
- A.3** The full Council is responsible for approving procedures for recording and reporting decisions taken as part of its Constitution. This includes those key decisions delegated by the Council and decisions taken by the Council, the Cabinet, portfolio holders, committees and officers. These delegations and details of who has responsibility for which decisions are set out in Part 3 of the Constitution, and these rules. The full Council is responsible for the making or amendment of these rules.

OVERVIEW AND SCRUTINY PANEL

- A.4** The Overview and Scrutiny Panel is responsible for keeping under review and recommending changes as necessary to the Council's financial rules.

THE STATUTORY OFFICERS

HEAD OF PAID SERVICE AND CHIEF EXECUTIVE

- A.5** The functions of the Head of Paid Service are contained in Article 12 of the Constitution.

MONITORING OFFICER

- A.6** The functions of the Monitoring Officer are contained in Article 12 of the Constitution.

CHIEF FINANCE OFFICER

- A.7** The functions of the Chief Finance Officer are contained in Article 12 of the Constitution. The Chief Finance Officer has statutory duties in relation to the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. The statutory duties arise from:

- Section 151 of the Local Government Act 1972

- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounts and Audit Regulations 2003.

A.8 Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to the full Council or the Cabinet and external auditor if the Council or the Cabinet or an officer:

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

Section 114 of the 1988 Act also requires:

- the Chief Finance Officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under section 114 personally
- the Council to provide the Chief Finance Officer with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.

CORPORATE MANAGEMENT TEAM

A.9 CMT is responsible for ensuring that members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Finance Officer.

A.10 It is the responsibility of CMT to consult with the Chief Finance Officer¹ and seek approval on any matter liable to affect the Council's finances materially, before any commitments are incurred.

OTHER FINANCIAL ACCOUNTABILITIES

Virement

A.11 The Full Council is responsible for agreeing procedures for virement of expenditure between budget headings.

A.12 CMT is responsible for agreeing in-year virements within delegated limits (see Rule **A.25**), in consultation with the Chief Finance Officer.

TREATMENT OF YEAR-END BALANCES

A.13 The full Council is responsible for agreeing procedures for carrying forward under- and overspendings on budget headings.

¹ Amendment approved 26 July 2012

ACCOUNTING POLICIES

A.14 The Chief Finance Officer is responsible for selecting accounting policies and ensuring that they are applied consistently.

ACCOUNTING RECORDS AND RETURNS

A.15 The Chief Finance Officer is responsible for determining the accounting procedures and records for the Council.

THE ANNUAL STATEMENT OF ACCOUNTS

A.16 The Chief Finance Officer is responsible for ensuring that the annual statement of accounts is prepared in accordance with the *Code of Practice on Local Council Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC). Full Council is responsible for approving the statement of accounts.

FINANCIAL MANAGEMENT STANDARDS

A.17 All staff and members have a duty to abide by the highest standards of probity in dealing with financial issues.

Responsibilities of the Chief Finance Officer

A.18 To ensure the proper administration of the financial affairs of the Council.

A.19 To set the financial management standards and to monitor compliance with them.

A.20 To ensure proper professional practices are adhered to and to act as head of profession in relation to the standards, performance and development of finance staff in the Council.

A.21 To advise on the key strategic controls necessary to secure sound financial management.

A.22 To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.

Responsibilities of CMT

A.23 To promote the financial management standards set by the Chief Finance Officer in Service Units and to monitor adherence to the standards and practices, liaising as necessary with the Chief Finance Officer.

A.24 To promote sound financial practices in relation to the standards, performance and development of staff in their departments.

MANAGING EXPENDITURE

SCHEME OF VIREMENT

- A.25** This scheme is administered by the Chief Finance Officer within guidelines set by the full Council. Any variation from this scheme requires the approval of the full Council. The destination of all virement must be a project, scheme or budget that has previously been approved for funding.
- A.26** The overall budget is agreed by the Cabinet and approved by the full Council. CMT is authorised to incur expenditure in accordance with the estimates that make up the budget.
- A.27** For the purposes of this scheme, a budget head is an item in the approved Revenue Estimates booklet or other item as determined from time to time by the Chief Finance Officer. Virements shall only be made within and not between the following areas: -
- General Fund Revenue Account
 - Housing Revenue Account
 - Capital Programme

There must be sufficient budget provision remaining in the source of the virement to meet all expenditure for the rest of the year. The virement authorisation limit is subject to a maximum of 20% of the total budget head as well as the limiting amount as stated in the following paragraphs, whichever is the lower.

- A.28** CMT may not approve virements which support recurring expenditure from one-off sources of savings or additional income, or create future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. CMT must plan to fund such commitments from within its own budgets.

Responsibilities of the Chief Finance Officer

- A.29** To prepare jointly with any member of CMT a report to Cabinet where virements in excess of £50,000 are proposed or where virements in contravention of Rule **A.28** are proposed.
- A.30** To determine from time to time those budget heads from which virement may not be made. This will include: -
- Support service budgets within service budgets
 - Central and departmental recharges
 - Capital Financing charges

Responsibilities of CMT

- A.31** CMT may exercise virement on budgets under his or her control for amounts up to and including £50,000 on any one budget head during the year, following prior notification to the Chief Finance Officer on a form to be determined by the Chief Finance Officer, and subject to the conditions in rules **A.28 to A.36**.
- A.32** Following a joint report by the Chief Finance Officer and CMT, which must specify the proposed expenditure and the source of funding, and must explain the implications in the current and future financial years. Amounts greater than £50,000 and up to £200,000 require the approval of Cabinet. Virements of over £250,000 require the approval of full Council.
- A.33** The prior approval of the Chief Finance Officer is required for any virement, of whatever amount, where it is proposed to vire between budget heads managed by different budget holders.
- A.34** Virement that is likely to impact on the level of service activity of another budget holder should be implemented only after agreement with the relevant member of CMT.
- A.35** No virement relating to a financial year will be made after 31 March in that year.
- A.36** No virement will be made from budget heads determined under Rule **A.30** above.
- A.37** Where an approved budget is a lump-sum budget or contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that:
- (a) the amount is used in accordance with the purposes for which it has been established and is approved by the Chief Finance Officer.
 - (b) the appropriate Committee has approved the basis and the terms, including financial limits, on which it will be allocated. Individual allocations in excess of the financial limits should be reported to members.

VIREMENT AUTHORISATION LIMITS

Virement Type	Authorisation Level		
	CORPORATE MANAGEMENT TEAM	CABINET	COUNCIL
Within a Service	Up to £50,000 Or 20 %	£50,000 £250,000	to Over £250,000
Between Services	Up to £50,000 Or 20 %	£50,000 £250,000	to Over £250,000
Between	Up to £50,000	£50,000	to Over £250,000

Capital Projects Or 20 % £250,000

For the purpose of virement “Service” is defined as a Service Unit or cost centre as defined by the Chief Finance Officer within the Council’s Budget Book. Housing Revenue Account is defined as a Service Unit.

TREATMENT OF YEAR END BALANCES – SCHEME OF CARRY FORWARD

A.38 For the purposes of this scheme, a budget head is an item in the individual summaries of net requirements included in the approved Revenue Estimates.

Responsibilities of the Chief Finance Officer

A.39 To administer the scheme of carry-forward within the guidelines of financial regulations.

A.40 To report all overspendings and underspendings on service estimates carried forward to the Cabinet.

A.41 To determine from time to time those budget heads or elements of budget heads, underspendings which may not be carried forward. This will include central recharges and apportionments.

Responsibilities of CMT

A.42 Any overspending on budget heads in total under the control of CMT will be carried forward to the following year, and will constitute the first call on budget heads in the following year, except where the Chief Finance Officer is satisfied that the reason for the overspend was outside the control of the budget holder it was necessary to meet service objectives. The Chief Finance Officer will report the extent of overspendings carried forward to Cabinet.

A.43 Net underspendings on budget heads under the control of CMT may be carried forward, subject to:

- (a) the Council budget being underspent overall
- (b) prior notification to the Chief Finance Officer by 30 April in the year following the year in question
- (c) the approval of CMT where the underspending exceeds 10% of the individual net budget heading (excluding items determined under Rule **A.41** above) or £5,000, whichever is less
- (d) CMT may not approve the carrying forward of underspendings which support recurring expenditure in future years or create future commitments for more than one year
- (e) CMT may not approve the carrying forward of underspendings on items determined under Rule **A.41** above

A.44 Trading account surpluses shall be retained for the benefit of the Council and their application shall require the approval of Cabinet.

ACCOUNTING POLICIES

A.45 The Director of Finance is responsible for the preparation of the Council's Statement of Accounts, in accordance with proper practices as set out in the format required by the *Code of Practice on Local Council Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC), for each financial year ending 31 March.

Responsibilities of the Chief Finance Officer

A.46 To select suitable accounting policies and to ensure that they are applied consistently. The accounting policies are set out in the statement of accounts, which is prepared at 31 March each year, and covers such items as:

- (a) separate accounts for capital and revenue transactions
- (b) the basis on which debtors and creditors at year end are included in the accounts
- (c) details on substantial provisions and reserves
- (d) fixed assets
- (e) depreciation
- (f) capital charges
- (g) work in progress
- (h) stocks and stores
- (i) deferred charges
- (j) accounting for value added tax
- (k) Government grants
- (l) leasing
- (m) pensions.

Responsibilities of CMT

A.47 To adhere to the accounting policies and guidelines approved by the Chief Finance Officer.

ACCOUNTING RECORDS AND RETURNS

Responsibilities of the Chief Finance Officer

A.48 To determine the accounting procedures and records for the Council.

A.49 To arrange for the compilation of all accounts and accounting records under his or her direction.

A.50 To comply with the following principles when allocating accounting duties:

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

A.51 To make proper arrangements for the audit of the Council's accounts in accordance with the Accounts and Audit Regulations 2003.

A.52 To monitor the making of all claims for funds, including grants, and recommend any appropriate action to CMT.

A.53 To prepare and publish the audited accounts of the Council for each financial year, in accordance with the statutory timetable and with the requirement for the full Council to approve the statement of accounts within this timetable.

A.54 To administer the Council's arrangements for under-and overspendings to be carried forward to the following financial year.

A.55 To ensure the proper retention of financial documents in accordance with the requirements set out in the Council's document retention schedule.

Responsibilities of CMT

A.56 To consult and obtain the approval of the Chief Finance Officer before making any changes to accounting records and procedures.

A.57 To comply with the principles outlined in Rule **A.50** when allocating accounting duties.

A.58 To maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements.

A.59 To ensure that all claims for funds including grants are made by the due date.

A.60 To supply information required to enable the statement of accounts to be completed in accordance with guidelines issued by the Chief Finance Officer.

THE ANNUAL STATEMENT OF ACCOUNTS

Responsibilities of the Chief Finance Officer

A.61 To select suitable accounting policies and to apply them consistently.

A.62 To make judgements and estimates that are reasonable and prudent.

- A.63** To comply with the *Code of Practice on Local Authority Accounting in Great Britain: A Statement of Recommended Practice* (CIPFA/LASAAC).
- A.64** To sign and date the Statement of Accounts, stating that it presents fairly the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 20xx.
- A.65** To draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.

Responsibilities of CMT

- A.66** To comply with accounting guidance provided by the Chief Finance Officer and to supply the Chief Finance Officer with information when required.

FINANCIAL RULE B – FINANCIAL PLANNING

POLICY FRAMEWORK

THE FULL COUNCIL

- B.1** The full Council is responsible for approving or adopting the policy framework under Article 4 of the Constitution.

PREPARATION OF PLANS AND STRATEGIES

Responsibilities of the Chief Finance Officer

- B.2** To advise and supply the financial information that needs to be included in plans in accordance with statutory requirements and agreed timetables.
- B.3** To contribute to the development of corporate and service targets and objectives and performance information.
- B.4** To ensure that systems are in place to measure activity and collect accurate information for use as performance indicators.
- B.5** To ensure that performance information is monitored sufficiently frequently to allow, wherever possible, corrective action to be taken if targets are not likely to be met.

Responsibilities of CMT

- B.6** To contribute to the development of plans in line with statutory requirements.
- B.7** To contribute to the development of corporate and service targets and objectives and performance information.

BUDGETING

THE FULL COUNCIL

- B.8** The full Council is responsible for approving the budget as defined in Article 4 of the Constitution.

THE CABINET

- B.9** The Cabinet is responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by the Council.

FORMAT AND PREPARATION OF THE BUDGET

Responsibilities of the Chief Finance Officer

- B.10** To advise CMT on the format of the budget to be submitted to members and the full Council. The draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds.
- B.11** To ensure that CMT prepares a revenue budget on an annual basis and a general revenue plan on a rolling basis for consideration by Cabinet, before submission to the full Council.
- B.12** To issue instructions to CMT on the general content of the budget and the budget preparation timetable following approval by Cabinet.

Responsibilities of CMT

- B.13** To comply with accounting guidance provided by the Chief Finance Officer.
- B.14** To ensure that budget estimates reflecting agreed service plans are submitted to Cabinet and that these estimates are prepared in line with guidance issued by the Chief Finance Officer.

BUDGET MONITORING AND CONTROL

Responsibilities of the Chief Finance Officer

- B.15** To establish an appropriate framework of budgetary management and control that ensures that:
 - (a) budget management is exercised within annual cash limits unless the full Council agrees otherwise
 - (b) CMT should provide timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities
 - (c) all officers responsible for committing expenditure comply with relevant guidance, and the financial rules
 - (d) each cost centre has a single named manager, determined by CMT. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure
 - (e) significant variances from approved budgets are reported to budget managers regularly.
- B.16** To administer the authority's scheme of virement and scheme of carry forward.

- B.17** To submit reports to Cabinet, in consultation with CMT, where a budget holder is unable to balance expenditure and resources within existing approved budgets under his or her control.
- B.18** To prepare and submit reports on the authority's projected income and expenditure compared with the budget on a regular basis.

Responsibilities of CMT

- B.19** To maintain budgetary control within their Service Units, in adherence to the principles in Rule **B.15**, and to ensure that all income and expenditure are properly recorded and accounted for.
- B.20** To ensure that an accountable budget manager is identified for each item of income and expenditure under the control of the members of CMT (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.
- B.21** 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.
- B.22** To ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and that it is operating effectively.
- B.23** To prepare and submit to the appropriate committee(s) reports on the service's projected expenditure compared with its budget, in consultation with the Chief Finance Officer.
- B.24** To ensure prior approval by Cabinet for new proposals, of whatever amount, that:
- (a) create financial commitments in future years
 - (b) change existing policies, initiate new policies or cease existing policies
 - (c) materially extend or reduce the Council's services.
 - (d) reports on such proposals must contain full financial implications and be subject to consultation with the Chief Finance Officer.
- B.25** To ensure compliance with the schemes of virement and carry forward.
- B.26** To agree with the relevant member of CMT where it appears that a budget proposal, including a virement proposal, may impact materially on another service area or service activity.

BUDGETS AND MEDIUM TERM PLANNING

Responsibilities of the Chief Finance Officer

- B.27** To prepare and submit reports on budget prospects for Cabinet, including resource constraints set by the Government. Reports should take account of medium-term prospects, where appropriate.
- B.28** To determine the detailed form of revenue estimates and the methods for their preparation, consistent with the budget approved by the full Council.
- B.29** To prepare and submit reports to Cabinet on the aggregate spending plans of services and on the resources available to fund them, identifying, where appropriate, the implications for the level of council tax to be levied.
- B.30** To advise on the medium-term implications of spending decisions.
- B.31** To encourage the best use of resources and value for money by working with CMT 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.

Responsibilities of CMT

- B.32** To prepare estimates of income and expenditure, in consultation with the Chief Finance Officer, to be submitted to relevant Committees.
- B.33** To prepare budgets that are consistent with any relevant cash limits, with the Council's annual budget cycle and with guidelines issued by the Chief Finance Officer. The format should be prescribed by the Chief Finance Officer in accordance with these rules.
- B.34** To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.
- B.35** In consultation with the Chief Finance Officer and in accordance with the laid-down guidance and timetable, to prepare detailed draft revenue and capital budgets for consideration by the appropriate committee.
- B.36** When drawing up draft budget requirements, to have regard to:
 - (a) spending patterns and pressures revealed through the budget monitoring process
 - (b) legal requirements
 - (c) policy requirements as defined by the full Council in the approved policy framework
 - (d) initiatives already under way.

RESOURCE ALLOCATION

Responsibilities of the Chief Finance Officer

- B.37** To advise on methods available for the funding of resources, such as grants from central Government and borrowing requirements.
- B.38** To assist in the allocation of resources to budget managers.

Responsibilities of CMT

- B.39** To work within budget limits and to utilise resources allocated, and further allocate resources, in the most efficient, effective and economic way.
- B.40** To identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.

CAPITAL PROGRAMMES

THE FULL COUNCIL

- B.41** Full Council is responsible for approving the programme of capital expenditure.

THE CABINET

- B.42** The Cabinet is responsible for considering and keeping under review the Council's capital expenditure plans and making in-year adjustments as appropriate.

Responsibilities of the Chief Finance Officer

- B.43** To prepare capital estimates with CMT and report them to Cabinet for approval. Cabinet will make recommendations on the capital estimates and on any associated financing requirements to the full Council.
- B.44** To report to Cabinet on the annual and medium term capital resources available and the implications for the Council's revenue budget.
- B.45** To determine the definition of 'capital' having regard to Government rules and accounting requirements.
- B.46** To prepare and submit reports to Cabinet on the projected income, expenditure and resources compared with the approved estimates, and to make any adjustments to the rolling programme between financial years where there is no effect on total forecast expenditure or resources.
- B.47** To issue guidance concerning capital schemes and controls, for example, on project appraisal techniques.

B.48 To obtain authorisation from Cabinet for individual schemes where the estimated expenditure exceeds the capital programme provision by more than an amount specified from time to time by the Chief Finance Officer.

Responsibilities of CMT

B.49 To comply with guidance concerning capital schemes and controls issued by the Chief Finance Officer.

B.50 To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by CMT and that capital spending plans are in accordance with the Capital Investment Strategy and Asset Management Plan.

B.51 To prepare regular reports reviewing the capital programme schemes for which CMT members are responsible; and to prepare regularly returns of progress compared with timetable and estimated final costs of schemes for submission to the Chief Finance Officer.

B.52 To ensure that adequate records are maintained for all capital contracts.

B.53 To proceed with projects only when there is adequate provision in the capital programme and with the agreement of the Corporate Asset Management Group (or equivalent).

B.54 To prepare and submit reports, after consultation with the Chief Finance Officer, to the appropriate committee, of any variation in contract costs greater than the approved limits. The Corporate Asset Management Group (or equivalent) may agree cost increases of up to 10% of the scheme by virement from savings elsewhere within the capital programme.

B.55 To prepare and submit reports, after the consultation with and the agreement of the Chief Finance Officer, to the appropriate committee, where it is proposed to bid for or exercise additional borrowing approval not anticipated in the capital programme.

B.56 To ensure that accountability for each proposal and agreed capital scheme is accepted by a named person.

MAINTENANCE OF RESERVES

Responsibilities of the Chief Finance Officer

B.57 To advise the Council on prudent levels of reserves for the Council.

B.58 To ensure that reserves are maintained in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC) and agreed accounting policies.

B.59 To ensure, for each reserve established, that the purpose, usage and basis of transactions are clearly identified and are not varied without the approval of Cabinet.

Responsibilities of CMT

B.60 To authorise, subject to the approval of the Chief Finance Officer, expenditure that will be charged to the revenue account that will at the year end be funded from reserves within the conditions set for the use of that reserve.

FINANCIAL RULE C – RISK MANAGEMENT AND CONTROL OF RESOURCES

RISK MANAGEMENT

INTRODUCTION

C.1 All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure the continued financial and organisational well-being of the organisation. In essence it is, therefore, an integral part of good business practice. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending the action the organisation needs to take to control these.

Responsibilities of the Chief Finance Officer

- C.2** To prepare and promote the Council's risk management policy statement.
- C.3** To develop risk management controls in conjunction with CMT.
- C.4** To include all appropriate employees of the Council in a suitable fidelity guarantee insurance.
- C.5** To effect corporate insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with other officers, where necessary.

Responsibilities of CMT

- C.6** To notify the Chief Finance Officer immediately of any loss, liability or damage that may lead to a claim against the Council, together with any information or explanation required by the Chief Finance Officer or the Council's insurers.
- C.7** To take responsibility for risk management, having regard to advice from the Chief Finance Officer and other specialist officers (eg crime prevention, fire prevention, health and safety).
- C.8** To ensure that there are regular reviews of risk within their units.
- C.9** To notify the Chief Finance Officer promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.

- C.10** To consult the Chief Finance Officer and the Director of Central Services and Enforcement on the terms of any indemnity that the Council is requested to give.
- C.11** To ensure that employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

INTERNAL CONTROL

Responsibilities of the Chief Finance Officer

- C.12** To assist the Council to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and rules.

Responsibilities of CMT

- C.13** To 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 risks.
- C.14** To review existing controls in the light of changes affecting the Council and to establish and implement new ones in line with guidance from the Chief Finance Officer.
- C.15** To ensure staff have a clear understanding of the consequences of lack of control.

AUDIT REQUIREMENTS

INTERNAL AUDIT

Responsibilities of the Chief Finance Officer

- C.16** To ensure that internal audit comply with the Auditing Practices Board's guideline *Guidance for Internal Auditors*, as interpreted by CIPFA's *Code of Practice for Internal Audit in Local Government in the United Kingdom*.
- C.17** To ensure that internal audit staff have the authority to:
- (a) access Council premises at reasonable times
 - (b) access any and all assets, records, documents, correspondence and control systems
 - (c) receive any information and explanation considered necessary concerning any matter under consideration

- (d) require any employee of the Council to account for cash, stores or any other Council asset under his or her control
- (e) access records belonging to third parties, such as contractors, when required
- (f) directly access the head of paid service.

C.18 To approve the strategic and operational audit plans which take account of the characteristics and relative risks of the activities involved.

C.19 To ensure that effective procedures are in place to investigate promptly any fraud or irregularity.

Responsibilities of CMT

C.20 To ensure that internal auditors are given access at all reasonable times to any premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.

C.21 To ensure that auditors are provided with any information and explanations that they seek in the course of their work.

C.22 To consider and respond promptly to recommendations in audit reports.

C.23 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.

C.24 To notify the Chief Finance Officer immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources. Pending investigation and reporting, members of CMT should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

C.25 To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Chief Finance Officer prior to implementation.

EXTERNAL AUDIT

Responsibilities of the Chief Finance Officer

C.26 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work.

C.27 To ensure there is effective liaison between external and internal audit.

C.28 To work with the external auditor and advise the full Council, committees and CMT on their responsibilities in relation to external audit.

Responsibilities of CMT

- C.29** To ensure that external auditors are given access at all reasonable times to all premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.
- C.30** To ensure that all records and systems are up to date and available for inspection.

PREVENTING FRAUD AND CORRUPTION

INTRODUCTION

- C.31** The Council will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Council.
- C.32** The Council's expectation of propriety and accountability is that members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- C.33** The Council also expects that individuals and organisations (eg suppliers, contractors, service providers) with whom it comes into contact will act towards the Council with integrity and without thought or actions involving fraud and corruption.

Responsibilities of the Chief Finance Officer

- C.34** To develop and maintain an anti-fraud and anti-corruption policy.
- C.35** To maintain adequate and effective internal control arrangements.
- C.36** To ensure that all suspected irregularities are reported to internal audit, and where appropriate to the Head of Paid Service, and the Monitoring Officer; and, where financial impropriety is discovered, and where sufficient evidence exists to believe that a criminal offence may have been committed, to determine whether the police are called in to determine with the Crown Prosecution Service whether any prosecution will take place.

Responsibilities of the Monitoring Officer

- C.37** To ensure that whistle blowing procedures are in place and operate effectively.
- C.38** To maintain a corporate register of interests in which any relevant hospitality or gifts accepted by members and employees must be recorded.

Responsibilities of CMT

- C.39** To ensure that all suspected irregularities are reported to the Chief Finance Officer.

- C.40** To instigate the Council's disciplinary procedures where the outcome of an audit investigation indicates improper behavior.
- C.41** To ensure that where financial impropriety is discovered or suspected, the Chief Finance Officer is informed immediately.

ASSETS

Responsibilities of the Chief Finance Officer

- C.42** To ensure that an asset register is maintained in accordance with best practice and the Council's Asset Management Plan.
- C.43** To receive the information required for accounting, costing and financial records from each Service Manager.
- C.44** To ensure that assets are valued in accordance with the *Code of Practice on Local Council Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC)*.

Responsibilities of CMT

- C.45** The Corporate Director/Assistant Director² shall ensure that a property database in a form approved by the Chief Finance Officer for all properties, plant and machinery and moveable assets currently owned or used by the Council. Any use of property by a service or establishment should be supported by documentation identifying terms, responsibilities and duration of use, and be in accordance with the Council's Asset Management Plan.
- C.46** To 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 CMT in consultation with the Chief Finance Officer and Monitoring Officer³, has been established as appropriate.
- C.47** To ensure the proper security of all buildings and other assets under their control.
- C.48** Where land or buildings are surplus to requirements and subject to limits contained in the scheme of financial delegation, a recommendation for sale should be the subject of a report to Cabinet or CMT. The report and recommendations should clearly indicate the relevant aspects of the Asset Management Plan.
- C.49** To pass title deeds to the Monitoring Officer⁴ who is responsible for custody of all title deeds.

² Amendment approved 26 February 2024

³ Amendment approved 26 July 2012

⁴ Amendment approved 26 July 2012

- C.50** To ensure that no Council asset is subject to personal use by an employee without, exceptionally, the authority of CMT and the Chief Finance Officer.
- C.51** To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the Council.
- C.52** To ensure that the department maintains a register of moveable assets in accordance with arrangements defined by the Chief Finance Officer.
- C.53** To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.
- C.54** To consult the Chief Finance Officer in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- C.55** To ensure cash holdings on premises are kept to a minimum.
- C.56** To ensure that keys to safes and similar receptacles are carried on the person of those responsible at all times, and that the loss of any such keys is reported to the of the Chief Finance Officer as soon as possible.
- C.57** To record all disposal or part exchange of assets that should normally be by competitive tender or public auction, unless, following a joint report with the Chief Finance Officer, the appropriate Committee agrees otherwise.
- C.58** To arrange for the valuation of assets for accounting purposes to meet requirements specified by the Chief Finance Officer.
- C.59** To ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the Council in some way.

INVENTORIES

- C.60** To maintain inventories and record an adequate description of furniture, fittings, equipment, plant and machinery above a value notified from time to time by the Chief Finance Officer.
- C.61** To carry out an annual check of all items on the inventory in order to verify location, review condition and 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 Council.

- C.62** To make sure that property is only used in the course of the Council's business, unless, exceptionally, CMT and the Chief Finance Officer have given permission otherwise.

STOCKS AND STORES

- C.63** To make arrangements for the care and custody of stocks and stores in the service.
- C.64** To 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.
- C.65** To investigate and remove from the Council's records (ie write off) discrepancies as necessary, or to obtain the approval of the Chief Finance Officer if they are in excess of a limit advised from time to time by the Chief Finance Officer.
- C.66** To authorise the write off or disposal of redundant stocks and equipment. Procedures for disposal of such stocks and equipment should be by competitive quotations or auction, unless agreed otherwise by the Chief Finance Officer in a particular case.
- C.67** To seek the Chief Finance Officer's approval to the write-off of redundant stocks and equipment in excess of a sum advised from time to time by the Chief Finance Officer.

INTELLECTUAL PROPERTY

Responsibilities of the Chief Finance Officer

- C.68** To develop and disseminate good practice through the Council's intellectual property procedures.

Responsibilities of CMT

- C.69** To 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 DISPOSALS

Responsibilities of the Chief Finance Officer

- C.70** To issue guidelines representing best practice for disposal of assets.

C.71 To ensure appropriate accounting entries are made to remove the value of disposed assets from the Council's records and to include the sale proceeds if appropriate.

Responsibilities of CMT

C.72 To seek advice from purchasing advisors on the disposal of surplus or obsolete materials, stores or equipment.

C.73 To ensure that income received for the disposal of an asset is properly banked and coded.

C.74 To ensure that assets for disposal are identified and are disposed of at the most appropriate time, at the best price obtainable and in accordance with the Council's Asset Management Plan and Resources Plan. For items of significant value, disposal should be by competitive tender or public auction.

TREASURY MANAGEMENT

TREASURY MANAGEMENT AND BANKING

The key recommendations of CIPFA's Treasury Management in the Public Services (TMPs): Code of Practice (the Code) 2001 as described in section 4 of that Code will be adopted and will create and maintain, as the cornerstones for effective treasury management:

- a treasury management policy statement (TMPS), stating the policies and objectives of its treasury management activities
- suitable treasury management practices (TMP), 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.

The Council will receive reports on its treasury management policies, practices and activities including an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in the TMPs. Responsibility for the implementation and monitoring of treasury management policies and practices is delegated to the Chief Finance Officer, and for the execution and administration of treasury management decisions who will act in accordance with the policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

Responsibilities of the Chief Finance Officer

C.75 To report to Cabinet, which will recommend to the full Council, before the start of each financial year a proposed treasury management Policy for the coming financial year setting out the matters detailed in paragraph 15 of CIPFA's *Code of Practice for Treasury Management in Local Authorities*.

- C.76** To report to Cabinet in each financial year on the activities of the treasury management operation and on the exercise of his delegated treasury management powers. One such report will comprise an annual report on treasury management for presentation by 30 September of the succeeding financial year.
- C.77** To arrange the borrowing and investments of the Council in such a manner as to comply with the CIPFA *Code of Practice on Treasury Management* and the Council's treasury management policy statement and Policy.
- C.78** To operate bank accounts as are considered necessary – opening or closing any bank account shall require the approval of the Chief Finance Officer.

Responsibilities of CMT

- C.79** To follow the instructions on banking issued by the Chief Finance Officer.

INVESTMENTS AND BORROWING

Responsibilities of the Chief Finance Officer

- C.80** To ensure that all investments of money are made in the name of the Council or in the name of nominees approved by the full Council.
- C.81** To ensure that all securities that are the property of the Council or its nominees and the title deeds of all property in the Council's ownership are held in the custody of the appropriate member of CMT.
- C.82** To effect all borrowings in the name of the Council.
- C.83** To act as the Council's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the Council.

Responsibilities of CMT

- C.84** To ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the full Council, following consultation with the Chief Finance Officer.

TRUST FUNDS AND FUNDS HELD FOR THIRD PARTIES

Responsibilities of CMT

- C.85** To arrange for all trust funds to be held, wherever possible, in the name of the Council. All officers acting as trustees by virtue of their official position shall deposit securities, etc. relating to the trust with the Chief Finance Officer, unless the deed otherwise provides.
- C.86** To arrange, where funds are held on behalf of third parties, for their secure administration, approved by the Chief Finance Officer, and to maintain written records of all transactions.
- C.87** To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

IMPREST ACCOUNTS

Responsibilities of the Chief Finance Officer

- C.88** To provide employees of the Council with cash or bank imprest accounts to meet minor expenditure on behalf of the Council and to prescribe rules and procedures for operating these accounts. Minor items of expenditure should not exceed a prescribed amount notified from time to time by the Chief Finance Officer.
- C.89** To determine the petty cash limit and to maintain a record of all transactions and petty cash advances made, and periodically to review the arrangements for the safe custody and control of these advances.
- C.90** To reimburse imprest holders as often as necessary to restore the imprests, but normally not more than monthly.

Responsibilities of CMT

- C.91** To ensure that employees operating an imprest account:
- (a) obtain and retain vouchers to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained
 - (b) make adequate arrangements for the safe custody of the account
 - (c) produce upon demand by the Chief Finance Officer cash and all vouchers to the total value of the imprest amount
 - (d) record transactions promptly
 - (e) reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder

(f) provide the Chief Finance Officer with a certificate of the value of the account held at 31 March each year

(g) ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made

(h) on leaving the Council's employment or otherwise ceasing to be entitled to hold an imprest advance, an employee shall account to the Chief Finance Officer for the amount advanced to him or her.

STAFFING

Responsibilities of the Chief Finance Officer

C.92 To ensure that budget provision exists for the approved establishment.

C.93 To act as an advisor to CMT on areas such as National Insurance, PAYE and pension contributions, as appropriate.

C.94 To produce an annual staffing budget.

Responsibilities of CMT

C.95 To 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).

C.96 To ensure that checks and references are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy.

C.97 To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.

C.98 To ensure that the staffing budget is not exceeded without due authority and that it is managed to enable the agreed level of service to be provided.

C.99 To ensure that the Executive Director and the Chief Finance Officer are immediately informed if the staffing budget is likely to be materially over- or underspent.

FINANCIAL RULE D – FINANCIAL SYSTEMS AND PROCEDURES

GENERAL

Responsibilities of the Chief Finance Officer

- D.1** To make arrangements for the proper administration of the Council's financial affairs, including to:
- (a) issue advice, guidance and procedures for officers and others acting on the Council's behalf
 - (b) determine the accounting systems, form of accounts and supporting financial records
 - (c) establish arrangements for audit of the Council's financial affairs
- approve any new financial systems to be introduced
approve any changes to be made to existing financial systems.

Responsibilities of CMT

- D.2** To ensure that accounting records are properly maintained and held securely.
- D.3** To ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the Chief Finance Officer.
- D.4** To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.
- D.5** To incorporate appropriate controls to ensure that, where relevant:
- (a) all input is genuine, complete, accurate, timely and not previously processed
 - (b) all processing is carried out in an accurate, complete and timely manner
 - (c) output from the system is complete, accurate and timely.
- D.6** To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.
- D.7** To ensure there are documented and tested business continuity plans to allow information system processing to resume quickly in the event of an interruption.
- D.8** To ensure that systems are documented and staff trained in operations.

- D.9** To consult with the Chief Finance Officer before changing any existing system or introducing new systems.
- D.10** To establish a scheme of delegation identifying officers authorised to act upon any member of CMT's behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.
- D.11** To supply lists of authorised officers, with specimen signatures and delegated limits, to the Chief Finance Officer, together with any subsequent variations.
- D.12** To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building.
- D.13** To ensure that, where appropriate, computer systems are registered in accordance with data protection legislation and that staff are aware of their responsibilities under the legislation.
- D.14** To ensure that relevant standards and guidelines for computer systems issued by the appropriate officer are observed.
- D.15** To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.
- D.16** To comply with the copyright, designs and patents legislation and, in particular, to ensure that:
- (a) only software legally acquired and installed by the Council is used on its computers
 - (b) staff are aware of legislative provisions
 - (c) in developing systems, due regard is given to the issue of intellectual property rights.

INCOME AND EXPENDITURE

Responsibilities of the Chief Finance Officer

- D.17** To agree arrangements for the collection of all income due to the authority and to approve the procedures, systems and documentation for its collection.
- D.18** To order and supply to departments all receipt forms, books or tickets and similar items and to satisfy himself regarding the arrangements for their control.
- D.19** To approve all debts to be written-off.
- D.20** To ensure that appropriate accounting adjustments are made following write-off action.

Responsibilities of CMT

- D.21** To establish a charging policy for the supply of goods or services, except in respect of those charges delegated to committees, including the appropriate charging of VAT, and to review it regularly, in line with corporate policies.
- D.22** To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- D.23** To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.
- D.24** To issue official receipts or to maintain other documentation for income collection.
- D.25** To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.
- D.26** To hold securely receipts, tickets and other records of income for the appropriate period as specified in the document retention schedule.
- D.27** To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling.
- D.28** To ensure that income is paid fully and promptly into the appropriate Council bank account in the form in which it is received. Appropriate details should be recorded on to paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a regular basis by a person who is not involved in the collection or banking process.
- D.29** To ensure income is not used to cash personal cheques or other payments.
- D.30** To supply the Chief Finance Officer with details relating to work done, goods supplied, services rendered or other amounts due, to enable the Chief Finance Officer to record correctly the sums due to the Council and to ensure accounts are sent out promptly. To do this, CMT should use established performance management systems to monitor recovery of income and flag up areas of concern to the Chief Finance Officer.
- D.31** To recommend to the Chief Finance Officer all debts to be written off and to keep a record of all sums written off. Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.
- D.32** To notify the Chief Finance Officer of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Chief Finance Officer and not later than 30 April.

PROCUREMENT OF WORK, GOODS AND SERVICES

GENERAL

- D.33** Every officer and member of the Council has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council, in accordance with, and as defined in, the Codes of Conduct and the Gifts and Hospitality Procedure Rules.
- D.34** Official orders must be in a form approved by the Chief Finance Officer.
- D.35** Each order must conform to the Council's Procurement Procedure Rules and Procurement Code of Practice.
- D.36** Apart from petty cash the normal method of payment from the Council shall be by electronic means, cheque or other instrument or approved method, drawn on the Council's bank account by the Chief Finance Officer. The use of direct debit shall require the prior agreement of the Chief Finance Officer.
- D.37** Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Council contracts.

Responsibilities of the Chief Finance Officer

- D.38** To ensure that all the Council's financial systems and procedures are sound and properly administered.
- D.39** To approve any changes to existing financial systems and to approve any new systems before they are introduced.
- D.40** To approve the form of official orders and associated terms and conditions.
- D.41** To make payments from the Council's funds on certification that the expenditure has been duly incurred in accordance with financial rules.
- D.42** To make any payment, whether or not provision exists within the estimates, where :
- in his/her opinion it reduces or mitigates the risk or likelihood of a loss, or greater cost, falling to the council at a later date, for example in a sudden emergency such as a flood or fire or
 - the payment is required to meet statutory provision statute, or
 - is made under a court order.
- D.43** To make payments to contractors on certification which must include details of the value of work, retention money, amounts previously certified and amounts now certified.

Responsibilities of CMT

- D.44** To ensure that official orders are used for goods and services in accordance with the Council's Code of Procurement.
- D.45** To ensure that orders are only used for goods and services provided to the service unit. Individuals must not use official orders to obtain goods or services for their private use.
- D.46** To ensure that only those staff authorised to sign or otherwise transmit orders and to maintain an up-to-date list of such authorised staff, including specimen signatures or other unique identifier, showing in each case the limits of their authority. The authoriser of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that procurement is in accordance with the Council's Code of Procurement.
- D.47** To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. This check should, where possible, be carried out by a different officer from the person who authorised the order. Appropriate entries should then be made in inventories or stores records.
- D.48** To ensure that payment is not made unless checked, coded and certified for payment, confirming:
- (a) receipt of goods or services
 - (b) that the invoice has not previously been paid

- (c) that expenditure has been properly incurred and is within budget provision
- (d) that prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices
- (e) correct accounting treatment of tax
- (f) that the invoice is correctly coded
- (g) that discounts have been taken where available

D.49 To ensure that two authorised members of staff are involved in the ordering, receiving and payment process. If possible, a different officer from the person who signed or otherwise transmitted the order, and in every case, a different officer from the person checking a written or electronically received invoice, should authorise the invoice.

D.50 To ensure that the service units maintain and review periodically a list of staff approved to authorise invoices. Names of authorising officers together with specimen signatures or other unique identifiers and details of the limits of their authority shall be forwarded to the Chief Finance Officer.

D.51 To ensure that all payments are made only on receipt of a formal invoice.

D.52 To encourage suppliers of goods and services to receive payment electronically. It is essential, however, that payments made by direct debit have the prior approval of the Chief Finance Officer.

D.53 To ensure that employees are aware of the national code of conduct for local government employees.

D.54 To ensure that loans, leasing or rental arrangements are not entered into without prior agreement and written approval of the Chief Finance Officer because of the potential impact on the Council's borrowing powers, to protect the Council against entering into unapproved credit arrangements.

D.55 To notify the Chief Finance Officer of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Chief Finance Officer and, in any case, not later than 30 April.

- D.56** With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the Chief Finance Officer the systems and procedures to be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of subcontractors' tax status.
- D.57** To notify the Chief Finance Officer immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- D.58** To ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the document retention schedule.

PAYMENTS TO EMPLOYEES AND MEMBERS

Responsibilities of the Chief Finance Officer

- D.59** To arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date.
- D.60** To record and make arrangements for the accurate and timely payment of tax, National Insurance, pension and other deductions.
- D.61** To make arrangement for payment of all travel and subsistence or financial loss allowances.
- D.62** To make arrangements for paying members travel or other allowances upon receiving the prescribed form, duly completed and authorised.
- D.63** To provide advice and encouragement to secure payment of salaries and wages by the most economical means.

Responsibilities of CMT

- D.64** To ensure appointments are made in accordance with the rules of the Council and approved establishments, grades and scale of pay and that adequate budget provision is available.
- D.65** To notify the Chief Finance Officer of all appointments, terminations or variations which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Chief Finance Officer.

- D.66** To ensure that adequate and effective systems and procedures are operated, so that:
- payments are only authorised to bona fide employees
 - payments are only made where there is a valid entitlement
 - conditions and contracts of employment are correctly applied
 - employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- D.67** To send an up-to-date list of the names of officers authorised to sign records to the Executive Director and the Chief Finance Officer, together with specimen signatures.
- D.68** To ensure that payroll transactions are processed only through the payroll system. CMT should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. The Inland Revenue applies a tight definition of employee status, and advice should be sought from the Chief Finance Officer.
- D.69** To certify travel and subsistence claims and other allowances. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the Council, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications and the Chief Finance Officer informed where appropriate.
- D.70** To ensure that the Chief Finance Officer is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.
- D.71** To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.

Responsibilities of Members

- D.72** To submit claims for members' travel and subsistence allowances on a monthly basis and, in any event, within one month of the year end.

TAXATION

Responsibilities of the Chief Finance Officer

- D.73** To advise Chief Officers and Directors, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Council.
- D.74** To complete all Inland Revenue returns regarding PAYE.
- D.75** To complete a monthly return of VAT inputs and outputs to HM Customs and Excise.
- D.76** To provide details to the Inland Revenue of the construction industry tax deduction scheme.
- D.77** To maintain up-to-date publications for issuing as information for Council employees on taxation issues.

Responsibilities of CMT

- D.78** To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Customs and Excise rules.
- D.79** To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- D.80** To ensure that all persons employed by the Council are added to the Council's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.
- D.81** To follow the guidance on taxation issued by the Chief Finance Officer in the Council's accounting manual and VAT manual.

FINANCIAL RULE E – EXTERNAL ARRANGEMENTS

PARTNERSHIPS

- E.1** A partner is defined as either:
- (a) an organisation (private or public) undertaking, part funding or participating as a beneficiary in a project or
 - (b) a body whose nature or status give it a right or obligation to support the
 - (c) project.

Responsibilities of the Chief Finance Officer

- E.2** To advise on effective controls that will ensure that resources are not wasted.
- E.3** To advise on the key elements of funding a project. They include:
- (a) a scheme appraisal for financial viability in both the current and future years
 - (b) risk appraisal and management
 - (c) resourcing, including taxation issues
 - (d) audit, security and control requirements
 - (e) carry-forward arrangements.
- E.4** To approve all partnership arrangements, where there is a financial liability and to ensure that the accounting arrangements are satisfactory.

Responsibilities of CMT

- E.5** To maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the Chief Finance Officer.
- E.6** To ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared for the CMT and Chief Finance Officer.
- E.7** To ensure that such agreements and arrangements do not impact adversely upon the services provided by the Council.
- E.8** To ensure that all agreements and arrangements are properly documented.

- E.9** To provide appropriate information to the Chief Finance Officer to enable a note to be entered into the Council's Statement of Accounts concerning material items.

EXTERNAL FUNDING

Responsibilities of the Chief Finance Officer

- E.10** To ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts.
- E.11** To ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.
- E.12** To ensure that audit requirements are met.

Responsibilities of CMT

- E.13** To ensure that all claims for funds are made by the due date.
- E.14** To ensure that the project progresses in accordance with the agreed project plan and that all expenditure is properly incurred and recorded.

WORK FOR THIRD PARTIES

Responsibilities of the Chief Finance Officer

- E.15** To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

Responsibilities of CMT

- E.16** To ensure that the approval of the Chief Finance Officer, and if appropriate members, is obtained before any negotiations are concluded to work for third parties.
- E.17** To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Chief Finance Officer.
- E.18** To ensure that appropriate insurance arrangements are made.
- E.19** To ensure that the Council is not put at risk from any bad debts.
- E.20** To ensure that no contract is subsidised by the Council.
- E.21** To ensure that, wherever possible, payment is received in advance of the delivery of the service.

- E.22** To ensure that the service/unit has the appropriate expertise to undertake the contract.
- E.23** To ensure that contracts do not impact adversely upon services provided for the Council.
- E.24** To ensure that all contracts are properly documented.
- E.25** To provide appropriate information to the Chief Finance Officer to enable a note to be entered into the statement of accounts.

SCHEME OF FINANCIAL DELEGATION

F.1 This scheme summarises and supplements delegations contained in financial rules, to which reference should be made and which are authoritative.

GENERAL

Power F.2 To delegate or devolve decisions to other responsible officers.	By CMT	Financial Rule Status – para. 1.2
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FINANCIAL MANAGEMENT

Power F.3 To incur expenditure in accordance with the estimates that make up the budget.	By CMT	Financial Rule A.26 (see also B.20)
VIREMENT F.4 To approve virements as per schedule at A37.	CMT	A.12, A.25 to A.37
BUDGET CARRY FORWARD F.5 To carry forward net underspending on budget heads up to 10% of budget or £5,000 whichever is the lesser.	CMT in consultation with the CFO	A38 to A44

FINANCIAL PLANNING

Power CAPITAL PROGRAMMES F.6 To meet cost increases of up to 15% by virement from savings elsewhere within their capital programme.	By CMT	Financial Rule B.54
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Power RESERVES F.7 To authorise expenditure to be met from reserves.	By CMT. In consultation with the CFO	Financial Rule B.60
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RISK MANAGEMENT AND CONTROL OF RESOURCES

Power	By	Financial Rule
STOCKS AND STORES F.8 To write off discrepancies up to prescribed limits.	CMT. In consultation with the CFO.	C.65
F.9 To write off or dispose of redundant stocks and equipment up to prescribed limits.	CMT. In consultation with the CFO.	C.66 and C.67
TREASURY MANAGEMENT AND BANKING F.11 To arrange the borrowing and investments of the Council.	Chief Finance Officer.	C.77
F.12 To open and operate bank accounts as necessary.	Chief Finance Officer.	C.78

FINANCIAL SYSTEMS AND PROCEDURES

Power	By	Financial Rule
F.13 To make arrangements for the proper administration of the Council's financial affairs.	Chief Finance Officer.	D.1
F.14 To authorise officers to act on their behalf in respect of payments, income collection and orders.	CMT	D.10
Power F.15 To approve all debts to be written off.	Chief Finance Officer	D.19
F.16 To establish a charging policy for goods and services.	CMT	D.21
F.16 To recommend all debts to be written off.	CMT	D.32
F.17 To make any payments required by statute, a court, or to mitigate future costs where no budget provision exists.	Chief Finance Officer	D.43
F.18 To certify travel and subsistence claims and other allowances.	CMT	D.74
F.19 To set an employee's	CMT	Within band for post as

starting salary.		evaluated.
F.20 To set the car user status of a post.	CMT	In consultation with Director of Policy & Performance
F.21 To grant special paid leave of up to 5 days.	CMT	In accordance with national agreement;
F.22 To award honoraria to employees.	CMT	
F.23 To accept tenders.	CMT	In accordance with standing orders relating to contracts.
F.24 To approve car purchase or other loan applications.	Chief Finance Officer	
F.25 To settle any action to which the Council is a party.	Monitoring Officer	In consultation with Chief Finance Officer.