

PART 7.3

FINANCIAL REGULATIONS

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1 INTRODUCTION

1.1 Purpose of Financial Regulations

- 1.1.1 The purpose of Financial Regulations is to provide a framework of control, responsibility and accountability for the proper administration of the council's financial affairs, to enable Members and officers to carry out their statutory duties. To conduct its business efficiently, a local authority needs to ensure that it has sound financial management policies in place and that they are strictly adhered to. Part of this process is the establishment of Financial Regulations that set out the financial policies of the authority. A modern council should also be committed to innovation, within the regulatory framework, providing that the necessary risk assessment and approval safeguards are in place.
- 1.1.2 Sound financial management and control is the responsibility of all Members and officers and must be embedded in the culture of the authority. This requires effective training and support to enable Members and officers to achieve necessary financial management standards.

1.2 Reviewing and Updating Financial Regulations

- 1.2.1 Financial Regulations need to be kept under review to ensure compliance with current legislation and keep pace with best practice developments. In particular, governance and performance frameworks are regularly updated and must be reflected in Financial Regulations. Changes to the Constitution of the council may also need to be reflected in Financial Regulations.
- 1.2.2 The Executive Director Finance & Resources is responsible for maintaining a continuous review of Financial Regulations to ensure consistency with best practice and legislation and may make changes as appropriate.
- 1.2.3 The external auditor reviews the council's internal controls for evidence that these are effective, including Annual Governance Statements, Financial Regulations, schemes of delegation, policies, procedures and manuals. The external auditor will be focusing on the impact of financial arrangements and the importance of having sound and strategic financial management to ensure that resources are available to support the council's priorities and improve services. The council's auditor also gives an opinion on arrangements for securing value for money in the annual Financial Statements.

1.3 Format of the Financial Regulations

- 1.3.1 These regulations are in the format recommended by the Chartered Institute of Public Finance & Accountancy (CIPFA), and the Standard Financial Procedures set out in the appendices state why each procedure is important and include the responsibilities of the Chief Finance Officer and other officers.
- 1.3.2 The Financial Regulations provide clarity about the financial accountabilities of individuals including:

- the Council
- its Committees and Sub-Committees
- individual Members;
- the Chief Executive;
- the Monitoring Officer (in this council this role is held by the Executive Lead for Strategy, Governance and Law);
- the Chief Finance Officer (the Executive Director Finance & Resources); and
- Chief Officers

1.4 Status of Financial Regulations

- 1.4.1 These Regulations form part of the council's Constitution. Beyond the scope of Financial Regulations, there are links with other internal regulatory documents within the Constitution, such as contract standing orders, schemes of delegation and codes of conduct for officers and Members.
- 1.4.2 Financial Regulations are deemed to be part of the council's Procedure Rules in so far as they relate to the conduct of business in meetings of the Council, Committees, Sub-Committees and Scrutiny Committee/ Panels.
- 1.4.3 These Financial Regulations are subject to the Accounts and Audit Regulations 2011 issued by Government under s27 of the Audit Commission Act 1998. The Accounts and Audit Regulations establish statutory provisions for accounting arrangements, audit arrangements and financial control within the council.
- 1.4.4 Financial Regulations endorse the Chartered Institute of Public Finance and Accountancy's "The Role of the Chief Financial Officer in Local Government" issued in 2010.
- 1.4.5 Both private and public sector enterprises need control frameworks to ensure their business objectives are met. Councils, however, by virtue of their major role as custodians and spenders of public money, must be seen to be carrying out these duties to the highest levels of integrity, probity, fairness and economy. Financial Regulations are an essential tool to ensuring compliance with both this duty of care and the financial objectives of the council, and set the appropriate standards of financial management and control expected by Council Tax payers and local business rate payers. These Regulations must be followed by all officers to enable the council's external auditor to give assurance to these parties that the council can demonstrate compliance with the high levels of stewardship expected.

1.5 Application of Financial Regulations

- 1.5.1 Financial Regulations apply to every Member and officer of the council and anyone acting on behalf of the council. Failure by an officer of the council to comply with these Financial Regulations may result in formal disciplinary action being taken against the officer concerned.

- 1.5.2 It is the responsibility of Chief Officers to ensure that all financial processes and controls operated by their service comply with these regulations and to liaise with the Executive Director Finance & Resources on the adequacies of those controls. All Members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised and provides good value for money.
- 1.5.3 Financial Regulations have an important role in establishing a sound system of corporate governance for the council and also in supporting the Council's Counter Fraud Strategy. Chief Officers have individual and collective responsibility to ensure that the fundamental principles as established by the Cadbury and Nolan Reports on "the financial aspects of corporate governance", namely openness, integrity, and accountability, are established through compliance with Financial Regulations.
- 1.5.4 Where local management schemes (LMS) have been approved, for example in schools, these shall have effect subject to the overall authority of these Financial Regulations and the council's Standing Orders. The Director of Finance may approve changes to any more-detailed financial regulations within approved local management schemes, again subject to their compliance with these Financial Regulations.
- 1.5.5 The Executive Director Finance & Resources is also responsible for reporting, where appropriate, breaches of the Financial Regulations to Members. Chief Officers are responsible for ensuring that all staff in their services are aware of the existence and content of these Regulations and other internal regulatory documents and that they comply with them. They must also ensure that staff know where to access the Regulations or provide access to a paper copy if relevant staff do not have intranet access.

1.6 Standard Financial Procedures

- 1.6.1 The Executive Director Finance & Resources is responsible for issuing advice and guidance to underpin the Financial Regulations that Members, officers and others acting on behalf of the council are required to follow. Details of how the Regulations will be implemented operationally, are contained in the appendices to the Financial Regulations and are referred to as "Standard Financial Procedures". These establish sound practices and assist Chief Officers in their responsibility for the operation of their financial processes. These Standard Financial Procedures have the same authority as Financial Regulations.
- 1.6.2 The Executive Director Finance & Resources may vary Standard Financial Procedures after consultation with the Chief Executive and Chief Officers in accordance with the needs of individual services. Provided the Executive Director Finance & Resources is satisfied that all necessary controls are met, he/she may agree to variations

proposed by Chief Officers. Agreed variations must be properly recorded, in a form agreed by the Executive Director Finance & Resources.

1.7 Definitions

- 1.7.1 Financial Regulations incorporate Financial Standing Orders and Standard Financial Procedures.
- 1.7.2 In Financial Regulations the following terms/roles have the following meanings:
- (i) ‘Finance Director’, ‘Executive Director Finance & Resources’ and ‘Chief Finance Officer’ all have the same meaning for the purposes of Financial Regulations;
 - (ii) ‘The S151 Officer’ is also the Chief Finance Officer. ‘The Deputy S151 Officer’ is the Head of Financial Services;
 - (iii) ‘Executive Directors’ include the Executive Director Finance & Resources, the Executive Director Health & Adult Social Care,, Executive Director Families, Children and Learning, Executive Director Economy, Environment and Culture, Executive Director Neighbourhoods, Communities and Housing, and the Executive Lead for Strategy, Governance and Law;
 - (iv) ‘Chief Officer’ means any member of the Executive Leadership Team
 - (v) ‘Executive Leadership Team’ means the Team comprising the Chief Executive and the Executive Directors of Finance & Resources; Health & Adult Social Care; Families, Children & Learning; Neighbourhoods, Communities & Housing; Economy, Environment & Culture, and the Executive Lead for Strategy, Governance and Law or any of their successors including any person appointed to undertake the functions of the Chief Officer by whatever name called unless the context suggests otherwise.
 - (vi) ‘Budget Holders’ and ‘Budget Managers’ have the same meaning and include any officer of the council given delegated responsibility by a Chief Officer for managing an approved budget.

2 FINANCIAL MANAGEMENT

Financial management covers all financial accountabilities in relation to the running of the council, including the policy framework and the council's budgets.

2.1 The Full Council

- 2.1.1 The Full Council is responsible for adopting the council's Constitution and Members' code of conduct, and for approving the policy framework and budget within which, committees and services operate. It is also responsible for approving and monitoring compliance with the council's overall framework of accountability and control. The framework is set out in its Constitution.
- 2.1.2 The Full Council is responsible for approving procedures for recording and reporting decisions taken. This includes those decisions delegated by, and decisions taken by, the Council and its committees. These delegations and details of who has responsibility for which decisions are set out in the Constitution.

2.2 The Committees

- 2.2.1 The Policy, Resources & Growth Committee is responsible for proposing the policy framework and budget to the Full Council. That Committee together with the other committees are responsible for discharging council functions in accordance with the Constitution, the policy framework and budget. Decisions can be delegated to a committee, joint committee, sub-committee or an officer.

2.3 Audit and Standards Committee

- 2.3.1 This committee is established by the Full Council and is responsible for promoting and maintaining high standards of conduct amongst councillors. It also advises the council on the adoption and revision of the Members' Code of Conduct, and for monitoring the operation of the code.
- 2.3.2 It also oversees the Council's arrangements for the discharge of its functions in connection with finance, risk management and audit. It also approves the annual financial statements. It makes recommendations to the Council, Officers or other relevant bodies within the Council.

2.4 The Statutory Officers

2.4.1 Chief Executive

The Chief Executive is the Head of Paid Service and has overall corporate management and operational responsibility (including overall management responsibility for all officers). He/she must report to and provide information and advice to all parties in the decision making process. The Chief Executive is also responsible, together with the Monitoring Officer, for the system of record keeping for all the council's decisions.

2.4.2 Monitoring Officer

The role is held in this council by the Executive Lead for Strategy, Governance and Law. This officer is responsible for discharging the Monitoring Officer functions under s5 of the Local Government and Housing Act 1989 and the Local Government Act 2000. He/she is also responsible for compliance with access to meetings and documents under the Local Government Acts 1972 and 2000 and all subsequent related legislation. The Monitoring Officer is responsible for maintaining an up-to-date Constitution and to ensure that the Council's decision making processes are robust.

Other responsibilities of the Monitoring Officer are set out in the Officer Scheme of Delegations.

2.4.3 Chief Finance Officer

This role is held in this council by the Executive Director Finance & Resources. He/she has statutory duties in relation to the financial administration and stewardship of the council. This statutory responsibility cannot be overridden. The statutory duties are principally contained in:

- s151 of the Local Government Act 1972;
- The Local Government Finance Act 1988;
- The Local Government and Housing Act 1989;
- The Accounts and Audit Regulations 2011; and
- The Local Government Act 2003.

2.4.3.1 CIPFA's "Role of the Chief Financial Officer in Local Government (2010)" sets out five key principles that are critical for the achievement of a finance director's statutory responsibilities:

- contributing to and integral to corporate management and leadership;
- maintaining strong financial management and planning to support strategic objectives;
- supporting and advising democratically elected representatives, developing an effective Audit Committee and putting in place effective financial controls and governance;
- leading and managing an effective and responsive financial service;
- ensuring a professionally qualified CFO is appointed.

2.4.3.2 S114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to the Full Council and external auditor if the authority or one of its officers:

- 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 authority's accounts.

2.4.3.3 S114 of the 1988 Act also requires:

- the Chief Finance Officer to nominate a properly qualified member of staff to deputise should he/she be unable to perform the duties under section 114 personally. In this council, the Head of Financial Services performs the statutory and Head of Profession functions in the absence of the Director of Finance.
- 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 s114.

2.4.3.4 The Chief Finance Officer is also responsible for advising Committees or the Full Council where a decision is not in accordance with the budget framework.

2.4.4 Chief Officers

Chief Officers are responsible for:

- Ensuring that Members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Executive Director Finance & Resources.
- Sending all draft reports to the Executive Director Finance & Resources in time for the financial implications to be fully considered and inserted before the reports are considered by the Executive Leadership Team or Members. All reports to Members should include the comments of the Executive Director Finance & Resources (referred to as 'Financial Implications'). Failure to ensure that the Executive Director Finance & Resources has sufficient time to consider the financial implications may result in the withdrawal of the report at his/her discretion.
- Entering into and signing contracts on behalf of the council in accordance with the Council's Corporate Procurement Strategy, procurement Codes of Practice (COPs) and Contract Standing Orders.
- The operation of sound financial procedures within their service and ensuring that adequate controls are in place.
- Ensuring that all staff authorised to act on their behalf are aware of the need to comply with Financial Regulations and Standard Financial Procedures.
- Ensuring that financial systems that are developed locally within services are managed in accordance with principles of reconciliation, sound controls, security and other guidelines issued by the Executive Director Finance & Resources. Such systems shall be made available to the head of the Internal Audit service.

2.4.5 Changes of Roles & Responsibilities

In the event of any change in the job title of any officer or any Committee or Sub-Committee, or the transfer of any responsibilities of any officer, the Executive Director Finance & Resources may make

consequential amendments to Financial Regulations and Standard Financial Procedures to take account of the change and/or transfer.

2.5 Other Financial Accountabilities

2.5.1 Virement (Budget Transfer)

- 2.5.1.1 Chief Officers are responsible for agreeing in-year virements for their services but must not take decisions or transfer resources contrary to current council policy as represented by the approved budget.
- 2.5.1.2 The procedure for virements is set out in Standard Financial Procedures (paragraph A.2.1).

2.5.2 Treatment of Year-end Balances

- 2.5.2.1 The procedure is set out in Standard Financial Procedures (paragraph A.2.2).

2.5.3 Accounting Policies

- 2.5.3.1 The Executive Director Finance & Resources is responsible for implementing accounting policies which accord with the Code of Practice on Local Authority Accounting and ensuring that they are applied consistently.

2.5.4 Accounting Records and Returns

- 2.5.4.1 The Executive Director Finance & Resources is responsible for determining the accounting procedures and records for the authority, in accordance with statutory requirements and best practice. He/she will also maintain a register of partnerships and other entities in which the council has an interest so that Group Accounts can be published in compliance with local government accounting requirements.

2.5.5 The Annual Statement of Accounts

- (i) The Executive Director Finance & Resources is responsible for ensuring that the annual statement of accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom developed by CIPFA. The Audit & Standards Committee is responsible for approving the annual statement of accounts.
- (ii) In accordance with the Accounts and Audit Regulations 2011, the Director of Finance must:
 - (a) before Audit & Standards Committee approve the annual statement of accounts, and no later than 30th June immediately following the end of the financial year, sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the body at the end of the year to which it relates and of the council's income and expenditure for that year; and

- (b) after the Audit & Standards Committee have considered the statement of accounts, but before they approve it, re-certify its presentation.

3 FINANCIAL PLANNING & BUDGET SETTING

3.1 Financial Planning Framework

3.1.1 The Full Council is responsible for approving the policy framework (including all relevant statutory plans and strategies) and budget, which will be proposed by the Policy, Resources & Growth Committee. In terms of financial planning, the key elements are:

- the Corporate Plan,
- the Revenue Budget,
- the Capital Programme, and
- the Medium Term Financial Strategy (MTFS).

3.1.2 The Full Council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework. Decisions of that nature should be referred to the Full Council.

3.1.3 The Policy, Resources & Growth Committee 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.

3.2 Budget Format

3.2.1 The general format of the budget will be approved by the Full Council and proposed by the Policy, Resources & Growth Committee on the advice of the Executive Director Finance & Resources. The draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds. It must also take into account the robustness of estimates and recommend appropriate levels of balances and reserves.

3.3 Revenue Budget Preparation

3.3.1 The Executive Director Finance & Resources is responsible for ensuring that a revenue budget is prepared on an annual basis and reported to the Policy, Resources & Growth Committee and then Full Council in accordance with statutory requirements. The Full Council may amend the budget before approving it.

3.3.2 A medium term financial strategy (MTFS) taking account of revenue resources over three years will also be prepared. The MTFS, which complements the Corporate Plan, will be updated periodically to give constant medium-term estimates and will be reported at least annually to the Policy, Resources & Growth Committee and then Full Council for noting.

3.3.3 It is the responsibility of Chief Officers to ensure that budget estimates reflecting agreed service plans are submitted to the Policy, Resources & Growth Committee and that these estimates are prepared in line with guidance issued by the Committee and the Executive Director Finance

& Resources. This applies at all levels regardless of how budgets are presented and/or aggregated. At each level, Chief Officers are responsible for ensuring that budget estimates are prepared in line with guidance issued by the Policy, Resources & Growth Committee and the Executive Director Finance & Resources.

3.4 Budget Monitoring and Control

- 3.4.1 The Executive Director Finance & Resources is responsible for ensuring that systems are in place to provide appropriate financial information to enable all revenue and capital budgets to be monitored effectively. He/she must report to the Policy, Resources & Growth Committee on the overall position on a regular basis in accordance with the Targeted Budget Management (TBM) framework.
- 3.4.2 It is the responsibility of Chief Officers to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Executive Director Finance & Resources. They should report on variances against the budgets allocated to their services under Targeted Budget Management. They should also take any action necessary to avoid exceeding their budget allocation and alert the Executive Director Finance & Resources to any problems. Financial and performance data should be linked wherever possible in accordance with good practice.

3.5 Preparation of the Capital Programme

- 3.5.1 The Executive Director Finance & Resources is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the Policy, Resources & Growth Committee before submission to the Full Council.

3.6 Resource Allocation

- 3.6.1 The Executive Director Finance & Resources is responsible for developing and maintaining a financial resources allocation process that ensures due consideration of the Full Council's policies and priorities.

3.7 Budget Setting Guidelines

- 3.7.1 Guidelines on budget preparation are issued to Chief Officers by the Executive Director Finance & Resources taking into account the current policy framework determined by the Council and any subsequent policy framework proposed by the Policy, Resources & Growth Committee. The guidelines will take account of:

- legal requirements;
- the medium term planning prospects;
- the Corporate Plan;
- council priorities;
- available capital and revenue resources;
- value for money;
- spending and commissioning pressures;
- government guidelines;

- other internal policy documents;
- cross-cutting issues, and;
- the adequacy of the general and earmarked reserves.

3.8 Maintenance of Reserves

3.8.1 It is the responsibility of the Executive Director Finance & Resources to advise the Policy, Resources & Growth Committee and the Full Council on prudent levels of reserves for the authority to ensure the council has a sound financial standing. This is pursuant to Sections 31A and 42A of the Local Government Finance Act 1992 which require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. Section 25 of the Local Government Act 2003 also requires the Chief Finance (section 151) Officer of a local authority to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides.

4 RISK MANAGEMENT AND CONTROL OF RESOURCES

4.1 Introduction

- 4.1.1 Risk management is the planned and systematic approach to the identification, evaluation and control of risks. Its objectives are to enable effective use of resources, secure the assets of the organisation and to ensure the continued financial and organisational well-being of the organisation. The Executive Director Finance & Resources is required to develop and promote risk (and opportunity) management across the council and provide advice to managers on the most appropriate tools to use.

4.2 Risk Management and Insurance

- 4.2.1 The Policy, Resources & Growth Committee is responsible for approving the authority's risk management framework and strategy and for reviewing the effectiveness of risk management. The Audit & Standards Committee also has a role in reviewing risk management arrangements (see para. 1.1).
- 4.2.2 The Executive Director Finance & Resources is responsible for ensuring that proper insurance arrangements exist where appropriate.

4.3 Internal Control

- 4.3.1 Internal control refers to the systems of control devised by management to help ensure the authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the authority's assets and interests are safeguarded.
- 4.3.2 The Executive Director Finance & Resources is responsible for advising on effective systems of internal control and will need to provide an Annual Governance Statement that accompanies the statement of accounts. Arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice.
- 4.3.3 It is the responsibility of Chief Officers to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

4.4 Audit Requirements

- 4.4.1 The Accounts and Audit Regulations 2011 require every local authority to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.
- 4.4.2 The Audit Commission is responsible for appointing external auditors to each local authority. The basic duties of the external auditor are governed by the Audit Commission Act 1998.

4.4.3 The authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue & Customs who have statutory rights of access.

4.5 Preventing Fraud and Corruption

4.5.1 The Executive Director Finance & Resources is responsible for the development and maintenance of a counter fraud strategy and effective arrangements to acknowledge, prevent and enforce. The strategy is approved by the Audit & Standards Committee who monitor this together with the effectiveness of counter fraud arrangements.

4.6 Assets

4.6.1 Chief Officers should ensure that records and assets are properly maintained and securely held. They should also ensure that contingency (disaster recovery) plans for the security of assets, including records and information assets, and continuity of service in the event of disaster or system failure are in place.

4.7 Treasury Management

4.7.1 The authority has adopted CIPFA's code of practice for treasury management in local authorities.

4.7.2 The Policy, Resources & Growth Committee is responsible for approving the treasury management policy statement setting out the matters detailed in "Treasury Management in the Public Services: Code of Practice for Treasury Management in Local Authorities". Full Council is responsible for approving the Annual Investment Strategy in accordance with regulations and guidance issued under the Local Government Act 2003.

4.7.3 All money in the hands of the council is controlled by the officer designated for the purposes of s151 of the Local Government Act 1972, referred to in the code as the Chief Finance Officer (Executive Director Finance & Resources), who shall make appropriate banking arrangements.

4.7.4 All Committee decisions on borrowing, investment or financing shall be delegated to the Executive Director Finance & Resources, and such officers as he/she may nominate, who shall be required to act in accordance with the Code of Practice referred to in the council's Treasury Management Policy Statement and Annual Investment Strategy.

4.8 Trust Funds, Funds Held for Third Parties and Other Voluntary Funds

4.8.1 All trust funds, funds held for third parties and other voluntary (unofficial) funds must be approved by the Executive Director Finance & Resources. A voluntary (unofficial) fund is defined as any fund, other than an official fund for the council, which is controlled wholly or in part by an officer by reason of his or her employment by the council.

- 4.8.2 Chief Officers are responsible for ensuring that they are operated in line with appropriate legislation and/or Charity Commission guidance if appropriate.
- 4.8.3 Chief Officers shall ensure that all such funds are audited by suitably qualified auditors and are submitted within six months of the end of the accounting period to the council and any other parties (i.e. clients, sponsors, charitable bodies) with an interest in the fund.
- 4.8.4 The Executive Director Finance & Resources reserves the right to inspect all documentation relating to unofficial funds and seek such explanations as are necessary to ensure they are being appropriately managed. From time to time the Executive Director Finance & Resources may issue specific guidance on such funds that must be complied with.

4.9 Staffing

- 4.9.1 The Chief Executive is responsible for providing overall management to staff. He/she is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.
- 4.9.2 Chief Officers are responsible for controlling total staff numbers by:
 - advising Policy, Resources and Growth Committee on the budget necessary in any given year to cover estimated staffing levels required to deliver approved levels of service and having regard to statutory provision;
 - adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within the budget framework and virement rules in order to meet changing operational needs;
 - complying with any vacancy management procedure, recruitment procedure, interim and agency worker appointment procedure, establishment control or other staffing related corporate procedures agreed by the Chief Executive and the Executive Director Finance & Resources as appropriate;
 - the proper use of appointment policy and procedures which must be compliant with current employment and equality legislation.

5 SYSTEMS AND PROCEDURES

5.1 Introduction

- 5.1.1 Sound systems and procedures are essential to an effective framework of accountability and control. This applies to all systems and processes, however, certain IT systems carry more importance. In particular, the corporate Financial Information System, Payroll and HR systems are prime records often subject to both internal and external audit review. Compliance with procedures and controls in relation to these systems is therefore essential to underpin the overall framework of accountability and control.

5.2 General

- 5.2.1 The Executive Director Finance & Resources is responsible for the operation of the authority's financial systems, the form of accounts and the supporting financial records. Any changes made by Chief Officers to the existing financial systems or the establishment of new systems must be approved by the Executive Director Finance & Resources. However, Chief Officers are responsible for the proper operation of financial processes in their own services.
- 5.2.2 Any changes to agreed procedures required or identified by Chief Officers to meet their own specific service needs must be agreed with the Executive Director Finance & Resources.
- 5.2.3 Chief Officers must ensure that their staff receive relevant financial training that has been approved by the Executive Director Finance & Resources. Where access to financial systems is through the use of unique user names and passwords, officers must not allow others to use their access codes or otherwise make use of their rights.
- 5.2.4 Chief Officers must ensure that, where appropriate, ICT and other systems are registered in accordance with data protection legislation. Chief Officers must ensure that staff are aware of their responsibilities under Data Protection and Freedom of Information legislation.

5.3 Income and Expenditure

- 5.3.1 It is the responsibility of Chief Officers to ensure that staff are appropriately authorised to act on their behalf, or the relevant Committee and in accordance with the Scheme of Delegation to Officers, in respect of payments, income collection and the placing of orders. Authorised signatories and the limits of financial responsibility must be in accordance with relevant systems, procedures and the Scheme of Authorisation issued by the Executive Director Finance & Resources. In no circumstance can an officer be given an unlimited limit, as this is not allowed under the council's insurance arrangements.
- 5.3.2 The Policy, Resources & Growth Committee is responsible for approving procedures for writing off debts as part of the overall framework of accountability and control.

5.4 Payments to Employees and Members

- 5.4.1 The Head of Human Resources & Organisational Development is responsible for all payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to Members. The scheme for Members allowances is the responsibility of the Executive Lead for Strategy, Governance and Law.

5.5 Imprest and Petty Cash Accounts

- 5.5.1 The Executive Director Finance & Resources in consultation with Chief Officers may make imprest/petty cash advances to officers for the purposes of paying minor items of expenditure and any other items as may be approved.

- 5.5.2 The Executive Director Finance & Resources reserves the right to withdraw petty cash/imprest facilities from officers if it is deemed that they are being used inappropriately or the expenditure limit is exceeded or a deficit balance is accrued.
- 5.5.3 The accounts should be kept on the imprest system and officers should maintain a record of their receipts and payments in a form and manner prescribed by the Executive Director Finance & Resources.

5.6 Payment Cards (including credit, debit, procurement and purchasing cards)

- 5.6.1 The Executive Director Finance & Resources may make available to nominated officers Credit Card and/or Purchasing Card facilities. The Executive Director Finance & Resources will determine the application and approval process and set out the terms and conditions on which the cards are to be issued. The Executive Director Finance & Resources may also make payment cards and associated banking facilities available to clients where money is lawfully held in trust or where the money is held on their behalf by the authority.
- 5.6.2 Chief Officers are responsible for ensuring that they or any staff in their services issued with Credit or Purchasing Cards comply with the terms and conditions of use and remain within any financial or credit limits imposed. The Executive Director Finance & Resources reserves the right to withdraw the use of any Credit or Purchase Card if it is deemed that they are being used inappropriately or the financial or credit limit is exceeded.
- 5.6.3 Chief Officers are responsible for maintaining, retaining, presenting and/or completing any documentation, forms or electronic records in accordance with the requirements specified by the Executive Director Finance & Resources.

5.7 Cash Collection Facilities

- 5.7.1 The Executive Director Finance & Resources shall approve the form of all cash collection facilities and associated procedures. This includes safes, automated cash collection machines and other cash collection facilities. Chief Officers shall ensure that all relevant procedures issued by the Executive Director Finance & Resources are complied with including the requirements of the corporate banking contract and security carrier contracts.

5.8 VAT & Taxation

- 5.8.1 The Executive Director Finance & Resources is responsible for advising Chief Officers, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the authority.
- 5.8.2 The Executive Director Finance & Resources is responsible for maintaining the authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate. The Head of Human Resources & Organisational Development will be required to maintain income tax, national

insurance, expenses and pension records in accordance with guidelines set by the Executive Director Finance & Resources.

5.9 Trading Accounts

5.9.1 It is the responsibility of the Executive Director Finance & Resources to advise on the establishment and operation of trading accounts.

5.10 Financial Information Systems

5.10.1 It is essential that all of the council's ICT systems are developed in a planned and co-ordinated way so that they interface correctly with corporate financial ICT systems in order to deliver high quality management information to support the council's requirements and strategies.

5.10.2 Chief Officers will need to liaise with the Executive Director Finance & Resources on any proposals either to purchase ICT systems or undertake significant equipment or software procurement, or to undertake a significant upgrade or extension of existing systems.

5.11 Control of Contracts

5.11.1 It is essential that all Chief Officers follow Contract Standing Orders as well as Financial Regulations. The achievement of value for money when procuring goods and services is a key task to ensure that public money is well spent.

5.12 Banking Arrangements

5.12.1 The Executive Director Finance & Resources is responsible for ensuring that the council operates cost effective and sound banking systems to ensure its financial transactions are documented with the utmost accuracy, evidenced by reconciliations, with the avoidance of fraud and corruption. The Policy, Resources & Growth Committee shall approve all banking contract terms and conditions.

5.13 Financial Authorisation Limits

5.13.1 Financial authorisation limits need to be set in the interests of good governance and financial management. The Executive Director Finance & Resources will determine the Scheme of Authorisation and will authorise any exceptions. Chief Officers are responsible for ensuring staff authorised to act on their behalf do not exceed approved financial authorisation limits, particularly where manual processes are in operation.

6 EXTERNAL ARRANGEMENTS

6.1 Introduction

6.1.1 The council provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders.

6.2 Partnerships

6.2.1 The Policy, Resources & Growth Committee is responsible for approving delegations, including frameworks for partnerships, and is

the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.

6.2.2 The main reasons for entering into a partnership are:

- where required, to act as the statutory accountable body;
- the desire to find new ways to share risk;
- the ability to access new resources;
- to provide new and better ways of delivering services;
- to forge new relationships.

6.2.3 A partner is defined as either:

- an organisation (independent, private or public) undertaking, part funding or participating as a beneficiary in a project or services in relation to a statutory function or functions of the council or in support of council priorities,
- or
- a body whose nature or status gives it a right or obligation to support the project or services.

6.2.4 Partners participate in projects or services by:

- acting as commissioner, deliverer or sponsor of projects or services, solely or in concert with others;
- acting as funder or part funder of projects or services;
- being the beneficiary group of the activity undertaken in a project or services.

6.2.5 Partners have common responsibilities:

- to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation;
- to act in good faith at all times and in the best interests of the partnership's aims and objectives;
- be open about any conflict of interests that might arise;
- to encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors;
- to hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature;
- to act wherever possible as ambassadors for the project.

6.2.6 The Policy, Resources & Growth Committee can delegate functions – including those relating to partnerships – to officers. These are set out in the Scheme of Delegation to Officers that forms part of the authority's Constitution. Where functions are delegated, the Policy, Resources & Growth Committee retains accountability.

6.2.7 The Executive Director Finance & Resources must ensure that the accounting arrangements to be adopted relating to partnerships and

joint ventures are satisfactory. He/she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies, particularly where the authority is the designated lead partner or accountable body. He or she must ensure that the risks have been fully appraised before agreements are entered into with external bodies. He/she will also maintain a register of partnerships and other entities in which the council has a ‘controlling’ interest so that Group Accounts can be published in compliance with local government accounting requirements.

- 6.2.8 Chief Officers 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 Executive Director Finance & Resources is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the council’s accounts.

6.4 Work for Third Parties

- 6.4.1 The Policy, Resources & Growth Committee, or other relevant Committee, is responsible for approving the contractual arrangements for any work for third parties or external bodies although this may be delegated to officers in accordance with the council’s scheme of delegation.

SCHEDULE OF OFFICER RESPONSIBILITIES

Monitoring Officer

Financial Regulations including Standard Financial Procedures refer to the Monitoring Officer. The Executive Lead for Strategy, Governance & Law holds this role.

Chief Finance Officer

The role of Chief Finance Officer is undertaken by the Executive Director Finance & Resources. He/she is also responsible for strategic risk management.

Deputy Chief Finance Officer (Deputy S151 Officer)

This role is currently held by the Head of Financial Services. This role deputises for the Chief Finance Officer in relation to the statutory requirements of Section 151 of the Local Government Act 1972. The Deputy CFO role does not include authority awarded to the Executive Director Finance & Resources under the Scheme of Delegation to Officers.

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