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**5I: Financial Procedure Rules**

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**WEST OXFORDSHIRE DISTRICT COUNCIL**  
**Financial Rules**

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These financial rules relate to each of the Local Authorities forming the GO Shared Services, being Cotswold District Council, Cheltenham Borough Council, Forest of Dean District Council and West Oxfordshire District Council. This Shared Service provides shared financial, payroll, procurement and human resources services across the partnering authorities. Each council's governance structure is laid down in their constitutions.

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## **1.0 Introduction**

**1.0** Financial Rules, together with Contract Procedure Rules and other forms of  
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guidance on procedure and conduct, provide the framework for managing the council's financial affairs, ensuring high integrity and accountability. They apply to every Member and Officer of the council and anyone acting on behalf of the council.

1.1 To conduct its business efficiently the council needs to ensure that there are sound financial management policies in place and that these are strictly adhered to. Part of this process is the establishment of Financial Rules that set out the financial policies of the councils forming the GO Shared Services.

1.2 These Financial Rules are made pursuant of the Local Government Act 1972, Section 151 the Accounts and Audit Regulations 2003 (as amended) and all other enabling powers.

1.3 The Financial Rules provide clarity over the accountabilities of individuals, ensures that the council uses best practice when dealing with financial matters and that council resources are used wisely.

1.4 For the purpose of these Financial Rules, the description "Council" shall refer to the Full Council, made up of elected members, and the term "council" shall relate to the local authority.

1.5 The financial limits approved as part of these Financial Rules are summarised in Appendix A1 – Schedule of Financial Limits.

## **2.0 Status of Financial Rules**

1.1 These Financial Rules relate to each of the Local Authorities forming the GO Shared Services, being Cotswold District Council, Cheltenham Borough Council, Forest of Dean District Council and West Oxfordshire District Council. This service provides shared financial, payroll, procurement and human resources services across the partnering authorities.

1.2 The Financial Rules shall be complied with by all Officers and Members from each of the above Local Authorities. If job titles and roles differ between the councils, the responsibilities defined in the Rules shall be adopted by the most appropriate level of employee within each council's structure, agreed locally.

1.3 The Financial Rules shall apply to all Officers within the GO Shared Services, irrespective of the client council. Full access to financial systems and records shall be given to delegated Officers within the Shared Services in order to facilitate transactional processing and other finance related work, as required.

**1.4** The Financial Rules identify the financial responsibilities of Council, Executive and Executive Members, other Members, the Head of Paid Service (Chief Executive), the Monitoring Officer, the Section 151 Officer, other Directors and Heads of Service and all other employees and agents of the council.

**1.5** Directors and Heads of Service are responsible for ensuring that all staff in their departments are aware of their responsibilities according to the Financial Rules and other internal regulatory documents and comply with them.

**1.6** Executive Members and Senior Officers should maintain a written record where these responsibilities have been delegated to members of staff, including seconded staff.

**1.7** Where responsibilities have been delegated or devolved to other responsible Officers, references to the Members or Senior Officers in the rules should be read as referring to them.

**1.8** All Members and Employees 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 value for money. Nothing included in or omitted from these Financial Rules shall detract from this responsibility.

**1.9** The Section 151 Officer is responsible for maintaining a continuous review of the Financial Rules and advising the Executive of any non-material additions or changes necessary.

**1.10** The Rules will be formally reviewed every 5 years under the control of the Section 151 Officer, in consultation with the Head of GO Shared Services, GO Shared Services Heads of Finance and all those who deal with financial matters within and on behalf of the council. The revised Rules will be reported to each council for approval. In the meantime, if material changes make a review of the Rules necessary, this should be the subject of a report by the Section 151 Officer at each council.

**1.11** Should an instance of non-compliance with these rules be discovered the Section 151 Officer may, after consultation with the Chief Executive, make a report to the Leader, Full Council and/or Executive, as appropriate. Non-compliance with financial rules may also lead to disciplinary action being taken.

## **FINANCIAL RULES**

### **A: FINANCIAL MANAGEMENT**

#### **A1 Introduction**

**A1.1** Financial management covers all financial accountabilities in relation to the running of the council, including the policy framework and budget.

**A1.2** Key processes and controls must be in place to ensure good financial management and help the council conduct affairs in an efficient, effective and economic manner.

**A1.3** Monitoring systems must be in place to review compliance with financial standards and to ensure compliance with legal and corporate requirements for accountability.

#### **A2 Emergencies**

**A2.1** Nothing in these Financial Rules or the Contract Rules shall prevent the Executive, the Executive Board or a Director from incurring expenditure essential to meet any immediate needs created by an emergency, or which is referable to Section 138 of the Local Government Act 1972. This should be done in accordance with the council's constitution. Any such action shall be reported as soon as possible to Executive, detailing the nature of the emergency, the action taken, the financial implications and any other consequences.

#### **A3 Full Council**

**A3.1** The Full Council for each authority is responsible for:

- Adopting the council's Constitution and Members' Code of Conduct and for approving the policy framework and budget within which the Executive operates.
- Approving and monitoring compliance with the council's overall framework of accountability and control. The framework is set out in the council's written Constitution.
- Approving procedures for recording and reporting decisions taken. This includes decisions taken by the Council, the Executive, Committees and Officers. These delegations and details of who has responsibility for which decisions are set out in the council's Constitution.

**A3.2** The Full Council (together with the Section 151 Officer) has a statutory responsibility to ensure:

- The setting of the annual budget, including the allocation of financial resources to different services and projects, proposed reserves, the Council tax base and the setting of the Council tax.
- The preparation of the annual Statement of Accounts, in accordance with the Accounts and Audit Regulations 2011, before 30<sup>th</sup> June following the year end to which they relate. The Section 151 Officer shall sign and date the draft Statements before 30<sup>th</sup> June of each year and the final audited Statements before 30<sup>th</sup> September each year)
- The publishing of the Statement of Accounts, and the external auditor's Certificate, Opinion or Report by 30<sup>th</sup> September each year following the year end to which they relate. The Council has given delegated authority for the Statement to be approved by Audit Committee or other approved Committee as per the council's constitution, and signed by the person presiding at the Committee meeting at which the approval is given.
- The Statement of Accounts are made available for public inspection for 20 days prior to the date set by the external auditor, on or after which the electors rights under Section 15 (2) and 16 (1) of the Audit Commission Act 1988 can be exercised in accordance with the Accounts and Audit Regulations 2003. Also to ensure publish of the Annual Audit and Inspection letter received from the external auditor.
- That public notice is given by advertisement of the conclusion of the audit and that the Statement of Accounts and the external auditor's report are available for inspection.

#### **A4 Executive**

**A4.1** The Executive is responsible for discharging executive functions in accordance with the policy framework and budget and for monitoring compliance with the agreed policy and related executive decisions.

**A4.2** Executive decisions can be delegated to a Committee of the Executive, an individual Executive Member, an Officer, a Joint Committee.

**A4.3** The constitution contains a requirement to ensure that an individual Executive Member consults with relevant officers before taking a decision within his or her delegated authority. In doing so, the individual member must take account of legal and financial liabilities and risk management issues that may arise from the decision.

**A4.4** No member shall ask an employee to incur expenditure for which there is no appropriate provision in the budget, unless in consultation as part of an emergency as detailed in paragraph A2.1.

**A4.5** A record shall be kept of the decision making process.

#### **A5 Overview and Scrutiny Committee(s)**

**A5.1** The council has Overview and Scrutiny Committee(s), responsible for the scrutiny of Executive decisions before or after they have been implemented and for holding the Executive to account. These Committee(s) are also responsible for making recommendations on future policy options and reviewing the general policy and service delivery of the council.

**A5.2** Overview and Scrutiny Committee(s) do not have authority over any financial activity, other than to support the work of the Committee itself, but can make reports to Executive and the council concerning any matter.

#### **A6 Audit Committee**

**A6.1** The council has an Audit Committee, responsible for ensuring effective internal control and independent assurance mechanisms across all areas of the council.

**A6.2** The Audit Committee is responsible for Internal Audit, External Audit provision, risk management, the signed approval of the Annual Statement of Accounts and the Corporate Governance Framework. This Committee does not have authority over any financial activity, other than to support the work of the Committee itself, but can make reports to other Committees and the council concerning any matter.

#### **A7 Standards Committee**

**A7.1** The council has a Standards Committee, established by Full Council, responsible for promoting and maintaining high standards of conduct amongst Members of the council and co-opted Members on its Committees and Sub-Committees. In particular, it is responsible for advising the council on the adoption of the Members' Code of Conduct, and for monitoring the operation of the code.

**A7.2** The Standards Committee does not have authority over any financial activity, other than to support the work of the Committee itself, but can make reports to other Committees and the council concerning any matter.

## **A8 Other Committees**

### **A8.1 Planning and Licensing Committees-**

Planning regulation and licensing are quasi-judicial functions and are exercised through Planning and Licensing Committees within the council, under powers delegated by Full Council. The terms and references of these committees are set out in the Constitution.

### **A8.2 Joint Committees-**

The council can set up Joint Committees with other organisations to oversee the management of activities or facilities. The financial activity of Joint Committees is governed by their terms of reference. The council's procedural and Financial Rules apply to Joint Committees unless there has been specific agreement in line with the constitution to operate under other rules.

## **A9 Head of Paid Service (Chief Executive)**

**A9.1** The Head of Paid Service (Chief Executive) is responsible for the corporate and strategic management of the council and fulfils the statutory role of Head of Paid Service. He or she must report to and provide information for Full Council, Executive, Overview and Scrutiny Committee, Audit Committee and any other Committees as required. He or she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation.

**A9.2** The Head of Paid Service (Chief Executive) is also responsible, together with the Monitoring Officer and/or other delegated Officer, for the system of record keeping in relation to all Full Council's decisions.

## **A10. Monitoring Officer**

**A10.1** The Monitoring Officer is a statutory role within the council, and is the lead Solicitor for the Authority. This role cannot be the Head of Paid Service or the Section 151 Officer. The Monitoring Officer's role is defined in the Constitution, including responsibility for:

- Advising, as appropriate, the Council on amendments to the constitution or making such amendments as necessary to take account of decisions of the Council, a Committee, the Executive or Leader and changes of law or fact. He or she shall notify Members, the Head of Paid Service and other Officers as he/she considers appropriate.
- Contributing to the promotion and maintenance of high standards of conduct through the provision of support to the Standards Committee.
- Receiving and acting on reports made by ethical standards officers and

decisions of the First-Tier Tribunal.

- Conducting investigations into matters referred by an Initial Assessment Sub-Committee or an Appeals Sub-Committee of the Standards Committee, or arranging for such investigations to be made, and making reports or recommendations in respect of them to the Standards Committee.
- After consultation with the Head of Paid Service and the Section 151 Officer, reporting to Council (or Executive in relation to an Executive function), if he or she considers that any proposal, decision or omission has given rise to maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

### **All Section 151 Officer**

**A11.1** Section 151 of the Local Government Act 1972 requires that every local authority in England and Wales should make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs. This Officer must be a member of a specific accounting body.

**A11.2** The Section 151 Officer is therefore a statutory role of the council, with statutory duties in relation to the financial administration and stewardship of the council. He or she (or his/her designated deputy) shall have the right and duty to advise the Council, Executive, Committees and Senior Management Team on priorities in relation to resources and capital expenditure. This statutory responsibility cannot be overridden.

**A11.3** The Section 151 Officer is responsible for:

- The proper administration of the council's financial affairs.
- Determining the council's accounting records, including the form of accounts and supporting accounting records and its accounting control systems, in compliance with the Accounts and Audit regulations 2003.
- Providing financial information and advising on the corporate financial position to the authority as required.
- Ensuring that the Annual Statements of Accounts are prepared in accordance with CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom.
- Signing the Annual Statement of Accounts and certifying that it presents a true and fair view of the financial position of the council at the financial year end.

- Preparing the Medium Term Financial Strategy and the Annual Revenue Budgets and Capital Programmes, within the Policy Framework.
- Reporting to Full Council (under the requirement of Section 25 of the Local Government Act 2003), when it is considering its budget, council tax and housing rents (if applicable) for the new financial year. This 'Section 25' report to include the robustness of estimates and adequacy of reserves.
- Advising the council on the level of reserves needed for meeting estimated future expenditure, in accordance with the statutory requirement for billing authorities to maintain financial reserves (under Sections 32 and 43 of the Local Government Finance Act 1992).
- Treasury Management.
- Advising the Executive or Full Council about whether a decision is likely to be considered contrary to or not wholly in accordance with the approved budget.
- Providing regular reports to the Executive on the council's finances and financial performance.
- Monitoring compliance with the Financial Rules and Contract Procedure Rules and reporting, where appropriate, breaches of these rules to the Executive and/or full Council.
- Formally reviewing the Financial and Contract Procedure Rules every 5 years and reporting the revised Rules to the council for approval.
- Maintaining a continuous review of the Financial and Contract Procedure Rules and making any non-material changes to the Rules, as considered necessary, or as part of the formal 5 year review.
- Advising the Executive of any material additions or changes necessary to the Financial Rules.
- Issuing advice and guidance to underpin these rules for Members, employees and agents of the council to follow.

**A11.4** Section 114 of the Local Government Finance Act 1988 requires:

- The Section 151 Officer to nominate a properly qualified member of his or her staff to deputise should he or she be unable to perform the Section 151 Officer duties personally.

- The council to provide the Section 151 Officer with sufficient staff, accommodation and other resources, including legal advice where necessary, in order to carry out the Section 151 Officer duties.

## **A12 Directors and Heads of Service**

**A12.1** Directors and Heads of Service are responsible for the delivery of their own service(s) and for the day to day management of their service(s) budgets. Spending and income generation should be in accordance with service budgets and performance monitored against budget.

**A12.2** Each Director or Head of Service is responsible for:

- Complying with the Financial and Contract Rules and other internal regulatory documents and ensuring that all employees within his or her service(s) are aware of the existence and content of these Rules.
- Advising Executive Members of the financial implications of all proposals and ensuring that the financial implications have been agreed by the Section 151 Officer.
- Consulting with the Section 151 Officer or delegated Deputy and seeking approval on any matter liable to affect the Council's finances materially (defined as in excess of £10,000), before any commitments are incurred.
- Ensuring that all systems and controls within his or her service(s) are operated to prevent, minimise and detect any opportunity for fraud, theft or other irregularity. He or she should ensure the accountability and control of employees and the security, custody and control of all other resources within the service(s).

## **A13 Employees**

**A13.1** All employees and/or agents acting on behalf of the council are responsible for:

- Complying with the Financial and Contract Procedure Rules and any other internal regulatory documents of the council.
- Keeping accurate and comprehensive records to support transactions they undertake on the council's behalf. These records must be in accordance with the accounting systems and policies established by the Section 151 Officer.
- Avoiding conflicts of interest and ensuring compliance with the employees code of conduct.

## **A14 Internal Audit**

**A14.1** The Accounts and Audit Regulations 2011 (England) requires that the council must undertake an adequate and effective internal audit of its accounting records and its system of internal control, in accordance with the proper practices in relation to internal control.

**A14.2** The Section 151 Officer is responsible for ensuring that arrangements are put in place to ensure financial stewardship, probity and compliance with laws and regulations within the council.

**A14.3** The Head of Internal Audit is responsible for providing a written report to those charged with governance, which includes an opinion on the adequacy and effectiveness of the council's control environment under the CIPFA Code of Practice for Internal Audit in Local Government 2006.

**A14.4** The council's Internal Audit function is responsible for reviewing and reporting on corporate and departmental internal control arrangements, both financial and operational, as appropriate. This function can be provided by a suitably qualified external body (for example a shared Internal Audit Service).

**A14.5** Internal Audit shall provide positive assurance when financial controls are effective and recommendations for improvement where they are not. They shall advise all levels of management on the operation of financial and operational controls to help prevent things going wrong.

**A14.6** Internal Audit are responsible for the investigation and reporting of all suspected irregularities, at the request of the Section 151 Officer, Monitoring Officer, the Chief Executive or a Director.

## **A15 External Audit**

**A15.1** The council's External Auditor is responsible for considering whether the council has proper arrangements in place for:

- Securing financial resilience; reviewing the council's financial governance, financial planning and financial control processes.
- Challenging how it secures economy, efficiency and effectiveness; looking at how the council is prioritising resources and improving efficiency and productivity.

## **B: FINANCIAL PLANNING, BUDGET PREPARATION AND BUDGET MONITORING**

### **B1 Introduction**

**B1.1** Full Council is responsible for agreeing the council's policy framework and budget, which will be proposed by the Executive. In terms of financial planning, the key elements are the corporate plan, the annual revenue budget, the capital programme and the Medium Term Financial Strategy.

**B1.2** The policy framework comprises a number of statutory plans and strategies that are listed in the council's Constitution.

**B1.3** The budget is the financial expression of the council's plans and policies. It reflects Council, Executive and Committee priorities and gives authority to Budget Holders to incur expenditure or collect income. It should take due account of the risks and opportunities facing the council.

**B1.4** The revenue budget must be constructed to ensure that resource allocation properly reflects the service plans and priorities of the council. Budgets are needed so that the council can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for the council to budget for a deficit.

**B1.5** Medium term financial planning covering a minimum period of 4 years, which incorporates both revenue and capital plans, involves a planning cycle in which Members, the Chief Executive, Directors and Budget Holders plan for significant events and changes to spending and income. This allows for measured and appropriate action to be taken each year when setting detailed budgets and avoids the need for urgent or undesirable action.

### **B2 Full Council**

**B2.1** Full Council is responsible for the approval and adoption of its annual Budget in February of each year prior to the start of the next financial year.

**B2.2** This includes:

- The allocation of financial resources to services and projects.
- The control of capital expenditure.
- The approval of the Medium Term Financial Strategy.
- The control of the council's borrowing requirement.
- Setting the rate of Council Tax.
- Setting the Council Tax base (unless delegated under the constitution)

**B2.3** Full Council is responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the Policy Framework, unless otherwise delegated under the constitution.

**B2.4** Full Council is responsible for setting the level at which the Executive, Executive Members and Officers may reallocate budget funds from one service to another (see virement rules, Section C).

### **B3 Executive**

**B3.1** The general format of the annual budget will be approved by Executive, on the advice of the Section 151 Officer, in the autumn of each year prior to the start of the next financial year.

**B3.2** The Executive is responsible for:

- Co-ordinating the development of the Budget and Policy Framework and submitting budget proposals to Full Council in February prior to the start of the next financial year.
- Taking in-year decisions on resources and priorities in order to deliver the budget and Policy Framework within the financial limits set by the council.
- Monitoring financial performance against the budget.

### **B4 Section 151 Officer**

**B4.1** The Section 151 Officer is responsible for ensuring that a revenue budget is prepared on an annual basis and a Medium Term Financial Strategy is prepared on a minimum 4 year basis for consideration by the Executive, before submission to Full Council in February prior to the start of the next financial year.

**B4.2** The Section 151 Officer is responsible for:

- Determining the format and the timetable for the budget, to be agreed by Executive in the autumn prior to the start of the next financial year.
- Supplying the financial information that needs to be included in policies, strategies and performance plans in accordance with statutory requirements and agreed timetables.
- Providing guidance to Officers on budget preparation.

- Advising Full Council on Executive budget proposals in accordance with his or her responsibilities under Section 151 of the Local Government Act 1972. This advice to be presented to Full Council at its budget setting meeting in February, as part of his or her S25 Report.
- Ensuring that expenditure is committed only against an approved budget and that all Officers responsible for committing expenditure comply with the Financial Rules and other relevant guidance.
- Establishing a framework of budgetary management and control, ensuring that financial performance information is monitored sufficiently frequently to allow corrective action to be taken if targets are not likely to be met.
- The preparation of Budget Monitoring reports, to be reported to Executive, reflecting significant variations to income and expenditure budgets (in excess of £10,000) and the overall financial position, on a minimum quarterly basis.
- Ensuring that appropriate and timely information is provided on receipts and payments, in order to allow budgets to be monitored effectively.
- Ensuring that systems are in place to measure activity and collect accurate financial information for use in local financial performance indicators.
- Complying with all legal requirements and CIPFA's Code of Practice on Local Authority Accounting and CIPFA's Service Reporting Code of Practice for Local Authorities.

## **B5 Directors and Heads of Service**

**B5.1** Directors and Heads of Service should manage their budgets responsibly and prudently and not create future commitments without approved budget.

**B5.2** Directors and Heads of Service are responsible for:

- Contributing to the development of the Policy Framework, budgets and performance plans within their areas of responsibility. Budget estimates should be prepared in line with guidance issued by the Section 151 Officer and have regard to known spending patterns, legal requirements and agreed corporate and/or service plans.
- Contributing to the development of corporate and service targets, objectives and performance information in their areas of responsibility.
- Developing their services' performance plans in line with statutory requirements and corporate guidance.

- Achieving the targets, objectives and levels of performance as set out in the corporate plans (including achievement of budgetary targets within their areas of responsibility).
- Complying with the accounting guidance provided by the Section 151 Officer and ensuring that income and expenditure is properly recorded and accounted for in their service areas. Income and expenditure should not be miscoded as a means of applying unauthorised virement.
- Monitoring income and expenditure within their approved budgets and reporting to the Section 151 Officer and Executive Member significant variations to budget (in excess of £10,000). He or she should also take the necessary action required to improve the financial position.

**B5.3** Directors and Heads of Service are able to delegate budget responsibilities to Service Managers within their given area of responsibility. Any such scheme of delegation should be documented and the Budget Holder made aware of their levels of authority and the contents of the Financial Rules. Adequate training and support should be provided to Budget Holders to enable them to carry out their financial responsibilities and internal controls should be established to ensure that budgets are properly monitored.

## **B6 Budget Holders and Other Employees**

**B6.1** Each delegated budget holder and employee shall be responsible for the sound financial management and budgetary control of their delegated area. This will include the monitoring and control of all financial and finance related systems and the monitoring and control of access to computerised financial records. Significant variations to budgets should be reported to their Director or Head of Service.

## **B7 Preparation of Capital Programme**

**B7.1** Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the authority, such as land, buildings, and major items of plant and equipment or vehicles. Capital assets shape the way services are delivered for the long-term and create financial commitments for the future in the form of financing costs and revenue running costs. Capital expenditure may include loans and grants which are used by others for capital purposes.

**B7.2** The Section 151 Officer is responsible for defining whether expenditure is classed as capital or revenue expenditure, having regard to Government regulations and accounting requirements.

**B7.3** The council can set a “de minimis” level for treating capital expenditure as revenue, to avoid unnecessary work in identifying potential capital spend. The current “de minimis” level is set at £10,000. Expenditure falling within the definition of capital expenditure will be charged to revenue if it is for £10,000 or less.

**B7.4** The Section 151 Officer is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by Executive, before submission to Full Council for approval as part of the annual Budget setting process.

**B7.5** Each Director or Head of Service will prepare a business case for each new item to be included in the capital programme, including details of the scheme, the capital budget requirement, a project plan, associated revenue expenditure and any other details requested by the Section 151 Officer.

**B7.6** No capital scheme shall commence which will increase the revenue expenditure of the council until such revenue provision has been approved.

**B7.7** The Government places strict controls on the financing capacity of the authority. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

**B7.8** New capital schemes in year should be approved as follows:

- Amounts not exceeding £100,000 – by Executive
- Amounts in excess of £100,000 – by Full Council.

This approval is subject to the availability of the approved budget.

**B7.9** As part of the capital programme, an asset management plan shall be maintained by a designated Director or Head of Service and a capital strategy shall be maintained by the Section 151 Officer. The plan and strategy shall be reported to Executive every three years.

**B7.10** Once a capital project has been approved, a Director, or delegated employee, will be accountable for the delivery of the scheme and must comply with the council’s Contract Procedure Rules, Financial Rules and any other internal regulatory documents.

## **B8 Resource Allocation**

**B8.1** Where there is a mismatch between available resources and required resources, service needs should be prioritised and resources fairly allocated.

**B8.2** The Section 151 Officer is responsible for:

- Developing and maintaining a resource allocation process that ensures due consideration of the council's policy framework.
- Advising on methods available for accessing additional resources and assessing their financial implications.
- Assisting in the allocation of resources to budget holders.

**B9 Increases in Estimates**

**B9.1** Other than by virement or supplementary estimate, expenditure estimates may not be increased as a result of increased income, unless the service is designated as a trading service by the Section 151 Officer, in consultation with the relevant Director and Executive Member. In these circumstances expenditure estimates approved by the Council may be increased as a result of increased income, in line with the virement rules set out in the Financial Rules.

**B10 Carry Forward of Budget**

**B10.1** Carry forward of planned underspend of revenue budgets into the following financial year will only be allowed with the agreement of the Section 151 Officer, in order to meet the needs of approved service delivery. All applications shall be submitted to the Section 151 Officer in accordance with the agreed year end timetable.

**B10.2** Section 151 Officer approval is subject to evidence that the underspend is as a result of timing, has been committed for the **same purpose** as originally intended, and will be spent in the new financial year. The Section 151 Officer will report agreed carry forwards to the Executive each year.

**B10.3** All other carry forward requests, including budget under spends that have been carried forward in previous financial years, will be subject to Full Council approval at the Financial Outturn meeting held after the year end (unless otherwise delegated under the constitution).

**B11 Maintenance of Reserves**

**B11.1** Full Council must set the level of general reserves it wishes to maintain before it can decide the level of the Council Tax. Reserves are maintained as a matter of prudence. They enable the council to provide for unexpected events and thereby protect it from overspending should such events occur.

**B11.2** The Section 151 Officer has a statutory obligation under the Local Government Act 2003 to report on the adequacy of the council's reserves to Executive and Full Council, at the time the Council considers its budget for the coming year.

**B11.3** Reserves can be maintained for three main purposes:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing (This forms part of general reserves).
- A contingency to cushion the impact of unexpected events or emergencies (This also forms part of general reserves).
- A means of building up funds to meet known or predicted requirements (Earmarked reserves).

**B11.4** The Section 151 Officer has delegated authority to approve in year transfers to and from earmarked reserves to support the activities of the council.

**B11.5** The transfer to and from general reserves shall be the responsibility of Full Council. As part of the annual budget approval process, Full Council may delegate the amount by which such funds may be utilised and approved by Executive in meeting unforeseen expenditure.

## **C: SCHEME OF VIREMENT**

### **C1 Introduction**

**C1.1** The scheme of virement is intended to enable the Executive, Directors and Heads of Service and Budget Holders to manage budgets with a degree of flexibility within the overall Policy Framework determined by the council, and therefore to optimise the use of available resources.

**C1.2** Virement is the switching of resources between approved budgets at a service or cost centre level. This transfer of budgetary provision may be used if additional expenditure is required on an existing budget, providing that an equal expenditure saving or additional income can be made on another budget, subject to the Virement Rules.

### **C2 Full Council**

**C2.1** Full Council is responsible for agreeing procedures for virement of expenditure between budget headings. The virement scheme is administered by the Section 151 Officer within the guidelines set by Full Council. Any variation from this scheme requires the approval of Full Council.

**C2.2** Virement in excess of £100,000 are deemed to change the Budget and Policy Framework and require the approval of Full Council.

### **C3 Budget Variations within a Service**

**C3.1** Action to correct actual or projected variations in budgeted income or expenditure within an approved cost centre / service is delegated to the relevant Service Manager or Budget Holder, in consultation with GO Shared Services. These variations should not have a financial impact on the approved net budget on the cost centre / service.

### **C4 Virement Rules / Limits**

**C4.1** The prior approval of the relevant Executive Member and the Section 151 Officer is required for any virement, of whatever amount, where it is proposed to vire as a result of a fortuitous increase in income to a cost centre not designated as Trading. The rules below cover the delegated virement limits.

**C4.2** The following rules apply to virement between services:

C4.2.1 Revenue budgets:

Amounts up to £10,000 –

Approval by relevant Director(s) or Head of Service(s). The Section 151 Officer should be informed of this virement.

Amounts over £10,000 but not exceeding £25,000 –

Approval by relevant Director(s) or Head of Service(s) and the Section 151 Officer. Relevant Executive Member(s) to be informed of this virement.

Amounts over £25,000 but not exceeding £50,000 –

Approval by Executive Member(s) in consultation with Section 151 Officer.

Amounts over £50,000 but not in excess of £100,000 –

Approval of Executive.

Amounts in excess of £100,000 –

Approval of Full Council, or as delegated in the constitution.

C4.2.2 Capital Schemes:

Amounts up to £50,000 –

Approval of relevant Director(s) or Head of Service(s), with the agreement of the Section 151 Officer. Executive Member(s) to be informed.

Amounts over £50,000 but not exceeding £100,000 –

Approval by Executive

Amounts in excess of £100,000 –

Approval of Full Council, or as delegated in the constitution.

**C4.3** Virement that is likely to have a financial impact on the level of service activity falling under the responsibility of another Director should only be implemented with the approval of each Director or Executive Member concerned.

**C4.4** Virement must not be aggregated or disaggregated in order to avoid the Virement Rules.

**C4.5** No virement relating to a specific financial year will be made after 31st March in that year.

**C4.6** 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:

- the amount is used in accordance with the purposes for which it has been established.
- the Executive or Full Council 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 the Executive or Full Council as required.

**C4.7** The virement must not contravene any statutory requirement.

**C4.8** All virement must be properly documented and approved. A record of all virement should be maintained by the Section 151 Officer and reported to the appropriate Executive Member.

## **D: RISK MANAGEMENT AND INSURANCE**

### **D1 Introduction**

**D1.1** Risk is the chance of something going wrong which may result in loss, damage, injury, failure to achieve objectives or missed opportunity caused by an unwanted, uncertain or lack of action or event. It includes corporate and strategic risks. All organisations, whether they are in the private or public sectors, face risks to credibility, people, property and continued operations.

**D1.2** Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the organisation's opportunities and assets and to ensure its continued financial and organisational well-being. Risk management is, therefore, an integral part of good business practice.

**D1.3** It is essential that robust systems are developed and maintained for identifying and evaluating all significant opportunities and risks to the council as an integral part of management. This should include the active participation of all those associated with the planning and delivery of services.

**D1.4** The Council's Risk Management Policy and Strategy sets out criteria for risk assessment and guidance on how it should be managed.

### **D2 Executive**

**D2.1** The Executive is responsible for:

- Approving the council's annual risk management strategy
- Implementing the council's Risk Management Policy and Strategy.
- Promoting a culture of risk management awareness throughout the council
- Ensuring that adequate insurance cover exists where appropriate.

### **D3 Audit Committee**

**D3.1** The Audit Committee is responsible for:

- Reviewing the effectiveness of risk management processes.
- Ensuring that risk management procedures are satisfactorily carried out.
- Ongoing monitoring and review of the risk management strategy.

#### **D4 Section 151 Officer**

**D4.1** The Section 151 Officer is responsible for:

- Preparing the Risk Management Policy & Strategy for Executive.
- Promoting the culture of Risk Management throughout the council.
- Advising the Executive on appropriate insurance cover for known insurance risks and assets owned and/or used in connection with the council's activities.
- The negotiation, and where appropriate, settlement, of insurance claims, in consultation with the Monitoring Officer and other Employees as appropriate.
- Ensuring that all appropriate Employees are included in a suitable fidelity guarantee insurance.
- Reviewing annually, or at any such other period considered necessary, all insurances, in consultation with Directors and other Employees as appropriate.

#### **D5 Directors and Heads of Service:**

**D5.1** Directors and Heads of Service are responsible for risk management and the regular review of risk and opportunity within their services, having regard to advice from the Section 151 Officer and other specialist Officers (e.g. Health & Safety Advisor).

**D5.2** Directors and Heads of Service are responsible for:

- Actively managing opportunities and risk in their area of responsibility.
- Providing prompt notification to the Section 151 Officer for all new risks, properties, services or vehicles which require to be insured and of any alterations affecting existing insurances. This should include any areas of responsibility undertaken in respect of an external organisation, whether or not linked to the council's activities.
- Providing notification to the Section 151 Officer in writing of any loss, liability or damage or any event likely to lead to a claim. Further notification should be given to the Section 151 Officer immediately on receipt of any insurance claim.

- Consulting with the Section 151 Officer and the Monitoring Officer concerning the terms of any indemnity which the council is requested to give.
- Ensuring that all employees:-
  - are aware of their responsibilities for risk management and insurance.
  - receive adequate support and training to carry out their responsibilities.
  - comply with the council's standards of financial management.
  - are personally protected from risk.

## **D6 Budget Holders and Other Employees**

**D6.1** Budget Holders and other Employees are responsible for:

- Identifying opportunities and risks in their service areas.
- Assessing the likelihood of their occurrence and evaluating the possible impact. This involves arranging them in order of priority, recording the risks and judging the potential financial cost, lost time, inconvenience or upheaval, disruption to service, bad publicity or loss of service quality.
- Taking steps to minimise potential losses. Effective action will represent a judgement between the likely risk and the cost or effort required to safeguard against it.
- Notifying the Section 151 Officer promptly of all new risks, properties or vehicles which require insurance and of any alterations affecting existing insurance.
- Notifying the Section 151 Officer immediately of any loss, liability or damage which may lead to a claim against the council, together with any information or explanation required by the Section 151 Officer or the council's insurers.
- Recording any incident which may result in a loss.
- Consulting the Section 151 Officer and the Monitoring Officer on the terms of any indemnities which the council is required to give.
- Ensuring that the council's employees, or anyone covered by the council's insurance, do not admit liability or make any offer to pay compensation which may prejudice the assessment of liability in respect of an insurance claim.

## **E: INTERNAL CONTROLS AND AUDIT**

### **E1 Introduction**

**E1.1** Internal control refers to the systems of control devised by management to help ensure the council's objectives are achieved in a manner which promotes economical, efficient and effective use of resources and that the council's assets and interests are safeguarded.

**E1.2** The council faces a wide range of financial, administrative and commercial risks, both from internal and external factors. Internal controls are necessary to help manage these risks and to monitor progress towards its strategic objectives.

### **E2 Internal Audit**

**E2.1** The Accounts and Audit Regulations 2011 require that the council must undertake an adequate and effective internal audit of its accounting records and of its system of internal control, in accordance with proper practices in relation to internal control.

**E2.2** The internal audit function should operate in accordance with the CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom, the Chartered Institute of Internal Auditors (UK and Ireland) Standards for the Professional Practice of Internal Auditing, and with any other statutory obligations and regulations.

**E2.3** Internal Audit shall provide an independent, objective, assurance and consulting activity for the review of the council's system of internal control.

**E2.4** The Head of Internal Audit is responsible for providing a written report to those charged with governance, which includes an opinion on the adequacy and effectiveness of the council's control environment under the CIPFA Code of Practice for Internal Audit in Local Government 2006.

**E2.5** The Head of Internal Audit has the right to meet the Chair of the Audit Committee in private.

**E2.6** Internal Audit shall have direct access to the Head of Paid Service, the Section 151 Officer, the Monitoring Officer, all levels of Management and Elected Members.

**E2.7** Internal Audit shall have full and complete access to all information, records, facilities and personnel relevant to the performance of an audit review.

### **E3 External Audit and Inspection**

**E3.1** The Audit Commission is responsible for appointing external auditors to each local authority in England and Wales. The basic duties of the external auditors are defined in the Audit Commission Act 1998 and the Local Government Act 1999.

**E3.2** The external auditor's main objectives are to review and report on the financial aspects of the council's corporate governance arrangements, the financial statements and the arrangements to manage its performance.

**E3.3** External Audit is responsible for considering whether the council has proper arrangements in place for:

- Securing financial resilience; reviewing the council's financial governance, financial planning and financial control processes.
- Challenging how it secures economy, efficiency and effectiveness; looking at how the council is prioritising resources and improving efficiency and productivity.

**E3.4** The council may, from time to time, be subject to audit, inspection or investigation by other external bodies, such as HMRC, all of whom have statutory rights of access.

### **E4 Audit Committee**

**E4.1** The Audit Committee provides a broad base audit role across all areas of the council, while promoting and ensuring effective governance, internal control and assurance mechanisms.

Audit Committee is responsible for:

- Reviewing internal and external reports and assessments in respect of corporate governance.
- Considering the Head of Internal Audit's annual report and opinion and annual internal audit plan and the level of assurance it gives over the council's corporate governance arrangements.
- Monitoring the operational Internal Audit plan and the audit planning process; ensuring that internal audit work is planned with due regard to risk, materiality and supports the council's corporate aims and priorities.
- Consulting with the Audit Commission on the appointment of the council's external auditor.

- Consideration and review of the external audit annual Report to those charged with governance (ISA 260) and all associated reports and other documents.
- Reviewing all matters relating to external audit, including audit and inspection planning, action points and reports
- Monitoring and review of actions required arising out of external and internal audit recommendations.
- Ensuring effective liaison between external and internal audit and any other inspection agency.
- Reviewing and signing approval of the audited annual statement of accounts and annual governance statement, including the statement of the system of internal financial control by 30<sup>th</sup> September of each year following the financial year end.

## **E5 Section 151 Officer**

### **E.5.1** The Section 151 Officer is responsible for:

- Advising and assisting the council to put in place a control environment which provides reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.
- Ensuring that an adequate and effective Internal Audit Service is maintained, with the authority to access all assets, records, documents, correspondence and control systems of the council, and such records belonging to third parties, such as contractors, when required.
- Ensuring that effective procedures are in place to investigate promptly any suspected fraud or irregularity.
- Ensuring that all External Auditors and Inspectors are given access at all reasonable times to premises, personnel, documents and assets which they consider necessary for the purposes of their work.
- Working with the appointed External Auditors and Inspectors and advising the Audit Committee, Executive, Directors and Heads of Service on their responsibilities in relation to external audit and inspection.
- Ensuring there is effective communication between External and Internal Audit.

## **E6 Directors and Heads of Service**

**E6.1** Each Director and Head of Service is responsible for:

- Establishing sound arrangements for planning, appraising, authorising and controlling their operations, in accordance with the Code of Corporate Governance and the Annual Governance Statement.
- Achieving continuous improvement, economy, efficiency and effectiveness within services.
- Implementing processes to check that established controls are being complied with and to evaluate their effectiveness.
- Reviewing existing controls and establishing new controls where necessary, in order to reflect changes within the council. They shall consult with Internal Audit on any proposed new systems, before implementation.
- Ensuring that Internal Auditors are given access to all records and assets of the authority, in accordance with their authority as set out above.
- Ensuring that all External Auditors and Inspectors are given access at all reasonable times to premises, personnel, documents and assets which they consider necessary for the purposes of their work.
- Considering and responding promptly to recommendations in audit reports. Implementing agreed actions arising from audit recommendations in a timely and efficient fashion.
- Notifying the Section 151 Officer and the Head of Internal Audit immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources.
- Ensuring that, as far as possible, the same officer is not responsible for receiving or paying money and rendering accounts or issuing receipts for the same.

## **E7 Preventing Fraud and Corruption**

**E7.1** The council has an Anti-Fraud and Corruption Policy / Strategy and maintains a culture which will not tolerate fraud or corruption. The council's expectation of propriety and accountability is that Members and all Officers at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

**E7.2** The council also expects that individuals and organisations (e.g. service providers, contractors and suppliers) that it comes in contact with, will act towards the council with integrity and without thoughts or actions involving fraud and corruption.

**E7.3** The Section 151 Officer is responsible for the development and maintenance of an Anti-Fraud, Corruption and Whistle-blowing Policy.

**E7.4** The Monitoring Officer is responsible for ensuring that all legislation, including the Public Interest Disclosure Act 1988, the Bribery Act 2010 and the Fraud Act 2006, is adhered to.

**E7.5** Each Director and Head of Service is responsible for ensuring that the systems operated within his or her control seek to prevent or minimise the opportunity for fraud, corruption or irregularity to arise. And that all staff are aware of and comply with the council's anti-fraud and whistle blowing policies.

**E7.6** Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property of the council, or any suspected irregularity in the exercise of the functions of the council, the Director or Head of Service has a duty to immediately notify the Section 151 Officer and the Monitoring Officer, who shall take such steps as they consider necessary by way of investigation and report.

**E7.7** All Members and Employees must be aware of the maintenance of the Register of Interests, which should be updated annually or more frequently if other changes occur. Any offer of hospitality or gifts must be recorded, whether accepted or refused.

## **E8 Ex-Gratia / Maladministration Payments**

**E8.1** A payment is sometimes made to compensate someone for loss or damage incurred through no fault of the council. Most usually, this is to an employee who has suffered loss or damage in the course of their duties but can be to a member of the public for a minor loss within the influence of the council (such as thefts from secured lockers at Leisure Centres) This is funded through the council's insurance arrangements.

**E8.2** Compensation payments under the local complaints procedure up to £5,000 shall only be made following an investigation by the Section 151 Officer and a Director or Head of Service and/or the Monitoring Officer, and with the approval of at least two of those employees.

**E8.3** Compensation payments in excess of £5,000 shall only be made following a report from one of the three employees named in Financial Rule E8.2, above and with the following approval:-

- Amounts £5,001 to £50,000 – by Executive Member
- Amounts £50,001 to £100,000 – by Executive
- Amounts in excess of £100,000 – by Council

## **F: ASSETS**

### **F1 Introduction**

**F1.1** The council holds assets in the form of property, vehicles, equipment, furniture, cash and other items worth many millions of pounds. It is important that assets should be safeguarded and used efficiently in the delivery of services. Assets should be used to achieve the approved policies and objectives of the council with the minimum of waste, inefficiency or loss.

**F1.2** This involves ensuring that appropriate assets are acquired, in line with the Council's Procurement Strategy; that they are recorded and kept securely and are disposed of effectively and economically when no longer required.

### **F2 Full Council**

**F2.1** Full Council is responsible for deciding the extent of the Property Portfolio and for agreeing acquisitions and disposals. Approval is delegated to Executive for acquisitions not exceeding £500,000 (for Social Housing) and not exceeding £250,000 (for other land or property), unless otherwise delegated in the constitution.

**F2.2** Assets no longer required should be disposed off in accordance with the law and the rules and policies of the council, so as to maximise benefits.

### **F3 Executive**

**F3.1** The Executive is responsible for approving terms for land / property acquisitions, as above 2.1

### **F4 Chief Executive (or other delegated Officer)**

**F4.1** The Chief Executive (or other delegated officer) is responsible for:

- Determining applications for the assignment of leases and granting sub-leases and under-leases and other applications for consent required by leases, as delegated in the constitution.
- Signing contracts for the sale or purchase of land, for which the disposal/acquisition has been agreed by the Executive or Full Council.

## **F5 Director or Head of Property Services (or other delegated Officer) F5.1 The**

Director or Head of Property Services is responsible for:

- Maintaining a terrier / asset register of all properties and assets owned by the council, in a form approved by the Section 151 Officer. This shall record the purpose for which the property is held, its location, its extent and plan reference, purchase details, particulars of nature of interests and rents payable and particulars of tenancies granted.
- Advising Members, the Section 151 Officer, Executive, Council and other Officers on property-related issues.
- Processing all authorised acquisitions and disposals of land and property.
- The maintenance of council-owned property including open-spaces. Such maintenance work to be carried out within the terms of contracts for responsive maintenance to Council properties.
- in the case of non-housing capital building contracts, consulting with the relevant Executive Member and the Section 151 Officer, where the contingency sum in the contract is likely to be exceeded. Financial Rules in respect of budget approval and /or virement are to be followed.

**F5.2** The Director or Head of Property Services (or other delegated Officer) has authority to sell surplus equipment on receipt of bids where appropriate, with the following notifications:-

- Estimated residual value not in excess of £5,000 – in consultation with the Section 151 Officer
- Estimated residual value £5,001 to £10,000 – in consultation with Section 151 Officer. Executive Member to be informed.
- Estimated residual value in excess of £10,000 – in consultation with the Section 151 Officer. Executive to be informed.

## **F6 Monitoring Officer (or other appropriate Officer as delegated in the Constitution)**

**F6.1** The Monitoring Officer (or other delegated Officer), in consultation with the relevant Executive Members and relevant Ward Member(s) and the relevant Director, has authority, in the case of the resale of former Council houses, to give the Council's consent in all cases under Section 157(1) of the Housing Act 1985 where consent is obligatory and in other cases approved by the Executive; and authority to approve applications for the sale of former Council houses in Areas of Outstanding Natural Beauty.

**F6.2** The Monitoring Officer (or other delegated Officer), in consultation with the relevant Ward Member(s) and a 48 hour period being allowed for any response to such consultation, has authority to approve all transactions relating to the council's properties (except residual housing land) within their existing classifications; including:

- New leases granted by the Council
  - Determination of applications for the Council's consent as landlord, required under leasehold covenants, including assignments, sub-letting and alterations/improvements
  - Rent reviews
  - Lease terminations (including surrenders);
  - Lease renewals
  - Institution of proceedings for breach of any leasehold covenant (including recovery of rent arrears and forfeiture) and enforcement of any resultant Court Order or Warrants for Possession (in consultation with the Head of Property Services)
- 
- Licences regulating the use or occupation of council property.

**F6.2.1** Such approval (where appropriate) is to be on terms recommended by the District Valuer, or an independent Valuer.

**F6.3** The Monitoring Officer (or other delegated Officer), in consultation with the relevant Executive Member and the relevant Ward Member(s), has authority to agree the sale of Council-owned land on terms recommended by the District Valuer, or an independent Valuer, where the following conditions are fulfilled:

- The sale price of the land and easements does not exceed £50,000 and easements up to £25,000 per annum
- The terms of the sale are not unusual or contentious.
- The Executive Member and the Ward Member(s) have no objection to the sale.

**F6.4** The Monitoring Officer (or other delegated Officer) has similar delegated authority in relation to land purchases and easements, as set above.

**F6.5** The Monitoring Officer (or other delegated Officer), in consultation with the appropriate Director and Head of Property Services, has authority to approve the granting of way leaves, licences and other rights of use in respect of Council property.

**F6.6** The Monitoring Officer (or other delegated Officer) has the authority to instigate any investigations he/she considers necessary in particular cases regarding the lease of Council-owned commercial premises.

**F6.7** The Monitoring Officer (or other delegated Officer) shall have custody of all title deeds under secure arrangements agreed with the Chief Executive.

## **F7 Section 151 Officer**

**F7.1** The Section 151 Officer is responsible for:

- Ensuring that an asset register is maintained in accordance with good practice for all fixed assets with a value in excess of £10,000. The purpose of an asset register is to provide the Council with information about fixed assets so that they are safeguarded, used efficiently and effectively and are adequately maintained.
- Ensuring that assets are valued in accordance with CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom.
- Maintaining a property database for all land, properties, plant and machinery, and moveable assets currently owned and used by the Council.
- Managing the risk implications of the Property Portfolio, particularly in terms of insurance cover.
- Co-ordinating the security of the council's administrative and operational offices.

## **F8 Directors, Heads of Service and Budget Holders**

**F8.1** Directors, Heads of Service and Budget Holders are responsible for:

- Ensuring that records and assets are properly maintained.
- Drawing up contingency plans for the security of assets and continuity of service in the event of disaster or system failure.
- Ensuring that lessees and other prospective occupiers of council land or property are not allowed to take possession or enter the land until a lease or agreement has been established. The lease or agreement should be in a form approved by the Head of Property Services, in consultation with the Section 151 Officer and the Monitoring Officer, where appropriate.
- Ensuring the proper security and safe custody of all buildings, vehicles, equipment, furniture, stock, stores, money and other property belonging to the council.

- Where land or buildings are surplus to requirements, preparing a report containing a recommendation for the disposal of the land, in consultation with the Head of Property Services and the Section 151 Officer.
- Maintaining an inventory of moveable assets (all furniture, fittings and equipment, plant and machinery) above the value of £500, held within his or her areas of responsibility. The Director or Head of Information Community Technology shall maintain a separate register of all ICT equipment, on behalf of the council, as per financial rule F9.2.
- Passing title deeds of council property to the Monitoring Officer who is responsible for the custody of all title deeds on behalf of the council.
- Ensuring that council assets are not taken, borrowed or used by a Member or Employee for their personal use without proper authority.
- Ensuring, in accordance with arrangements agreed by the Section 151 Officer that all assets are correctly identified and insured.
- Notifying the Section 151 Officer and the Director or Head of Property Services of any proposals to acquire or dispose of council property.
- Arranging for the valuation of assets for accounting purposes to meet requirements specified by the Section 151 Officer.
- Ensuring that all Employees under their management are aware that they have a personal responsibility with regard to safeguarding the council's assets and information, including the requirements of the Data Protection Acts and software copyright legislation. This should include confidentiality of information, whether held in manual or computerised records.

## **F9 Information and Communication Technology (ICT)**

**F9.1** All ICT equipment, irrespective of its individual value, shall be procured by, or with the prior approval of the Director or Head of Service responsible for ICT Services (or his or her delegated Officer), particularly where the equipment has a strategic value or requires network access.

**F9.2** This Director or delegated Officer shall maintain a register of all ICT equipment above the value of £250 owned by the council, including its location and serial number.

**F9.3** Certain equipment to be determined by the Director or Head of Service responsible for Information Communication Technology, such as cameras, blackberries, etc shall be procured by him or her and recorded in the ICT inventory.

**F9.4** The Council's internal IT policy and guidance should be followed, and in particular, no unofficial or unlicensed software shall be used on the council's computer equipment, under any circumstances.

**F9.5** Computer games supplied as part of licensed software shall not be played in council time.

## **F10 Stocks and Stores**

**F10.1** Disposable items such as stationery, goods for sale or materials may be held in store. They should be properly controlled and accounted for to ensure they are used only for council purposes.

**F10.2** Stocks shall not be in excess of normal requirements except in special circumstances, with the approval of the Director or Head of Service, who shall keep a written record and justification of such circumstances.

**F10.3** Each Director or Head of Service shall be responsible for the care and custody of the stocks and stores within his or her service(s).

**F10.4** Directors or Heads of Service shall arrange for periodical test examinations of stocks and ensure that all stocks are checked at least once a year, where appropriate, as determined by the Section 151 Officer. This is to be under the supervision of persons without direct responsibility for the custody of the stocks or stores being checked.

**F10.5** The Section 151 Officer shall be entitled to receive from each Director or Head of Service such information as he or she requires in relation to stocks or stores, for the accounting, costing and financial records at the financial year end.

**F10.6** Budget holders are responsible for investigating discrepancies and pursuing them to a satisfactory conclusion. Where this is not possible or the amount is over £250, this should be reported to the Section 151 Officer and Head of Internal Audit.

**F10.7** Adjustments in respect of stock deficiencies and surpluses shall be subject to the approval of the Section 151 Officer, or in the case of major items, the Executive.

**F10.8** Private individuals or companies shall not be permitted to purchase items previously acquired by the council unless they:

- Are sold through a retail outlet incidental to the provision of a specific service (e.g. Leisure centre or Museum shop), or
- Are obsolete or surplus to requirements and are sold as a means of disposal, in accordance with the council's disposal policies.

**F10.9** Individual Members and Employees of the council must not use the auspices of the council to purchase works, goods or services for their personal use.

## **F11 Write-offs**

**F11.1** Limit of the council to write off and/or dispose of obsolete stock, per individual item:

- Estimated residual value up to £250 - Directors or Heads of Service.
- Estimated residual value over £250 - Section 151 Officer.

**F11.2** At any one time up to £5,000 may be written out of stock records with the Section 151 Officer approval. If the accumulated amount to be written out exceeds £10,000 during the financial year, a report must be made to Executive. Individual amounts in excess of £5,000 shall be approved by Executive.

## **F12 Petty Cash and Cash Floats**

**F12.1** Maximum limits for cash holdings shall be agreed with the Section 151 Officer and shall not be exceeded without his or her express permission.

**F12.2** The Section 151 Officer may provide petty cash advance accounts or cash floats for such Employees as may need them for the purpose of defraying petty cash or other expenses. Petty cash accounts shall be maintained in the imprest system and shall be controlled by the Employee designated by the Director concerned.

**F12.3** Payments from any such account shall be limited to minor individual items of expenditure up to a maximum of £50. The Section 151 Officer has discretion to allow larger payments in exceptional circumstances.

**F12.4** All payments shall normally be supported by a receipted voucher and proper VAT receipts where appropriate. However, the Section 151 Officer has discretion to allow payments to be obtained without obtaining receipts in exceptional circumstances.

**F12.5** Payments in reimbursement of travelling or subsistence expenses shall not be paid out of petty cash accounts.

**F12.6** An employee responsible for a petty cash or cash float shall, if so requested, give the Section 151 Officer a certificate as to the state of such a float.

**F12.7** Change floats are not to be used for any other purpose than for providing change, with the exception of cash advances in special circumstances, subject to the approval of the Section 151 Officer. Such approval should be recorded.

**F12.8** When an Employee responsible for such an account leaves the employment of the council, or ceases to be entitled to hold an advance, his or her Director or Head of Service shall ensure that he or she accounts to him for the amount advanced.

### **F13 Intellectual Property**

**F13.1** Intellectual Property is a generic term that includes inventions and writing. If these are created by an Employee during the course of employment, as a general rule they belong to the Employer. There is a variety of legislation covering different types of intellectual property.

**F13.2** Certain activities undertaken by the council may give rise to items which are patentable e.g. the development of software. These are collectively known as Intellectual Property.

**F13.3** The Monitoring Officer, in conjunction with Section 151 Officer shall determine a policy and procedure guidance relating to intellectual property of the Council.

**F13.4** Directors and Heads of Service are responsible for implementing the council's intellectual property procedures and for putting controls in place to ensure that Officers do not carry out private work in the council's time.

**F13.5** Officers should be made aware of the Employer's rights with regard to intellectual property.

## **G: TREASURY MANAGEMENT**

### **G1 Introduction**

**G1.1** Many millions of pounds pass through the council's books each year and must be carefully managed in a way which balances risk with return, but with the overriding consideration being the security of the council's funds.

**G1.2** The general policy objective is that the council should invest prudently the surplus funds held on behalf of the community, giving priority to security and liquidity of the funds.

**G1.3** The council has adopted CIPFA's Code of Practice for Treasury Management in Local Authorities. All of the council's borrowings and investments are carried out in accordance with this code.

### **G2 Full Council**

**G2.1** Full Council is responsible for approving the Treasury Management Policy / Strategy Statement, proposed by the Executive, setting out the matters detailed in CIPFA's Code of Practice for Treasury Management in Local Authorities.

### **G3 Executive or other appropriate committee**

**G3.1** The Executive is responsible for:

- Proposing the Treasury Management Policy Statement to the Council, in accordance with advice from the Section 151 Officer.
- Decisions relating to Treasury Management within the Policy Statement.
- Deciding an annual Treasury Management Strategy Statement and Annual Investment Strategy.
- Implementing and monitoring performance against the Treasury Management Policy Statement.
- Delegating responsibility for borrowing, investment and financing to the Section 151 Officer.

### **G4 Section 151 Officer**

**G4.1** The Section 151 Officer is responsible for:

- Controlling all money in the hands of the council.

- Acting in accordance with the CIPFA's Code of Practice for Treasury Management in Local Authorities.
- Reporting to the Executive a proposed Treasury Management Strategy for the coming financial year at or before the start of the financial year.
- Implementing and monitoring the council's Treasury Management Statement.
- Reporting to the Full Council twice in each financial year on treasury management activity and prudential indicators and the exercise of his or her delegated treasury management authority. One such report will comprise an annual report on treasury management outturn, for presentation by 30th September of the succeeding financial year.
- Ensuring that all investment and borrowing is made in the name of the council.
- Ensuring that all securities that are the property of the council and the title deeds of all property in the council's ownership are held securely.
- Acting as the council's registrar of stocks, bonds and mortgages and maintaining records of all borrowing and investment of money by the council.
- Arranging for all trust funds to be held, where 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 Section 151 Officer unless the deed otherwise provides.
- Where funds are held on behalf of third parties, arranging for their secure administration, approved by the Section 151 Officer, and maintaining written records of transactions.
- Ensuring that all trust funds are operated within any relevant legislation and the specific requirements of each trust.

## **G5 Banking Arrangements**

### **G5.1 The Section 151 Officer is responsible for:**

- Operating bank accounts as he/she considers necessary. No bank accounts may be opened in the council's name, or closed, without the prior approval of the Section 151 Officer.

- Instructing the council's bankers to prohibit an overdrawn position on the aggregate bank accounts of the council beyond the level set out in the facilities agreement between the council and its bankers.
- Ensuring that an up to date list of all authorised bank signatories on the council's bank accounts is maintained and made available to the council's bankers.

Designated Officers from within GO Shared Services are permitted to act as authorised bank signatories for each of the councils being served by the Shared Services.

- Ensuring that an up to date list of Officers holding Business Charge Cards or Government Procurement cards on behalf of the council is maintained, showing individual approved credit limits.
- Advising on secure arrangements for banking and cash handling.
- Authorising the provision of change floats at the request of the Directors or Heads of Service (see Petty Cash Financial Rules).
- Ensuring that designated Officers within GO Shared Services are given access to the bank account details of each of the councils being served by the Shared Service, to facilitate transactional processing and other finance related work, as required.

#### G5.2 Directors and Heads of Service are responsible for:

- Ensuring that banking and cash handling is carried out in accordance with Financial Rules.
- Ensuring that Officers are properly trained and aware of their responsibilities.
- Ensuring that Officers are personally protected against risk.
- Ensuring 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 Council, following consultation with the Section 151 Officer.

#### G5.3 Budget Holders are responsible for:

- Ensuring that all Officers are aware of the controls required over banking and cash handling and follow instructions thereon.
- Ensuring that cash held on the premises is kept to a minimum, held securely, and is always within the limits agreed with the council's insurers.

Cash in excess of these limits should be banked before the end of the day. Cash should not be held at an Officer's home as this may negate the Council's insurance cover.

- Holding change floats issued to the service by the Section 151 Officer and accounting for them when required to do so.
- Ensuring that keys to safes and other receptacles used for holding cash are kept secure by the person of those responsible at all times. Loss of keys must be reported to the Section 151 Officer as soon as possible.
- Ensuring that, where money passes from one Officer to another, there are procedures in place to evidence the transfer, the amount and the certification of the Officers involved.
- Ensuring that Council money is not kept with or confused with unofficial funds, e.g. tea, lottery or pools funds.
- Ensuring that payments are not made from cash received.
- Implementing documented procedures for recording, receipting and banking money. Banking should be carried out as frequently as is necessary to keep the amount of money within insurance limits. Each deposit to the bank should be accompanied by a properly completed bank paying-in slip showing:
  - the name and title of the Officer making the banking.
  - the total deposited, analysed in denominations of cash and cheques.
  - the name of the cheque payees and a debtors reference, where this is available, on the reverse of the slip (also on the reverse of the cheque where payment is by cheque).

N.B. Cheques received to a value in excess of £10,000 must be banked at the earliest opportunity but in any event within 3 days of receipt.

- Reconciling income records to the Council's financial information system, checking that all money received has reached the correct budget head. Discrepancies should be investigated and corrected immediately.

## **G6 BACS Payments and Cheques**

**G6.1** The payment of all monies from the council, with the exception of sums payable from advance accounts or business credit cards, shall be by BACS or other instrument drawn on the council's bank account by the section 151 Officer, including cheques when payment by BACS is not possible or appropriate.

**G6.2** All BACS transmissions, irrespective of value, will be supported by an authorisation form signed by the Officer responsible for producing the payment, plus either the Section 151 Officer or another authorised bank signatory.

**G6.3** All individual cheques drawn for an amount in excess of £25,000 shall be countersigned by another authorised Employee, who shall be an authorised bank signatory to the bank account.

**G6.4** All cheque stocks shall be ordered only on the authority of the Section 151 Officer, who shall make proper arrangements for their safe custody.

**G6.5** All cheques drawn on the council's main bank accounts shall bear the facsimile signature of the Section 151 Officer or other employee authorised to do so.

**G6.6** All manually prepared cheques for an amount in excess of £5,000 shall be countersigned by another authorised employee, who shall be an authorised bank signatory to the bank account.

## **H: FINANCIAL SYSTEMS AND ACCOUNTING PROCEDURES**

### **H1 Introduction**

**H1.1** Sound systems and procedures are essential to an effective framework of accountability and control. They are needed to ensure that accounting records can be relied upon to present a true and fair view of the council's financial activity and that management information is appropriate, accurate and timely.

**H1.2** The council must operate within legal requirements and adopt best practice guidance. The council will follow the CIPFA Code of Practice on Local Authority Accounting and the Service Reporting Code of Practice for Local Authorities.

### **H2 Section 151 Officer**

**H2.1** The Section 151 Officer has a statutory and professional responsibility for ensuring that the council's financial systems are sound and for making arrangements for the proper administration of the council's financial affairs, including:-

- Selecting suitable accounting policies that comply with legislation and best practice guidance, and ensuring that they are applied consistently.
- Determining the accounting systems and procedures, form of accounts and supporting financial records.
- Ensuring that delegated Officers within the GO Shared Services are given access to the financial records of each of the councils being served by the Shared Service, to facilitate transactional processing and other finance related work, as required.
- Issuing advice, guidance and procedures for Officers and others acting on the council's behalf.
- Establishing arrangements for the audit of the council's financial affairs.
- Approving any new financial system to be introduced and any changes to be made to existing financial systems.
- Producing timetables for accounting tasks such as the production of budgets and final accounts and the collection or submission of other financial information for processing (e.g. Accounts Payable deadlines).
- Ensuring that all suspense and holding accounts are controlled and reconciled on a monthly basis.

- Ensuring that all bank accounts are controlled and reconciled to the main accounting system regularly (at least monthly) to confirm that all transactions have been processed into the Council's accounts.

**H2.2** The Section 151 Officer has a statutory responsibility for ensuring that the annual Statement of Accounts is prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting and the Service Reporting Code of Practice for Local Authorities.

### **H3 Directors, Heads of Service and Budget Holders**

**H3.1** Each Director or Head of Service shall ensure that all financial and computerised systems for which he or she is responsible are adequately controlled and comply with the requirements laid down by the Section 151 Officer. Any proposed changes to these systems / procedures or any new systems / procedures must be also approved by the Section 151 Officer.

**H3.2** Directors, Heads of Service and Budget Holders are responsible for:-

- The proper operation of financial processes in their areas of responsibility and ensuring that all Officers under their management are aware of, and properly operate, the financial systems relevant to their area of work.
- Establishing and maintaining sound financial processes within their areas of management.
- Documenting systems and ensuring that Officers are properly trained in their use.
- Ensuring that financial transactions are recorded in a timely and accurate manner, and are processed into the main accounting system using correct accounting codes. Transactions should not be processed to incorrect accounting codes as a way of avoiding virement rules.
- Using only their own accounting codes unless they have the express written permission of another Budget Holder to use theirs.
- Properly recording the nature and value of income, expenditure and assets and referring to original documentation where possible.
- Ensuring that income and expenditure are accounted for separately and are not set off against each other.
- Accounting for revenue and capital income and expenditure separately.

- Maintaining a complete audit trail allowing financial transactions to be traced from the accounting records to the original documentation and vice versa.
- Ensuring that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements under Data Protection legislation, approved by the Section 151 Officer.
- Implementing organisational structures that provide adequate segregation of duties to minimise the risk of fraud, error or other malpractice. In particular, ensuring that Employees charged with the duty of examining and checking the amounts of cash transactions (or cash equivalents) shall not themselves be engaged in any of these transactions.
- Establishing an effective scheme of delegation, identifying Officers authorised to act on their behalf in respect of financial transactions, determining the limits of their authority and ensuring that the scheme operates effectively.
- Supplying a written record of authorised Officers within his or her area of responsibility, with specimen signatures and delegated limits, to the Section 151 Officer, and ensuring they are maintained up-to-date. Directors shall still remain responsible for the activities of delegated functions.
- Implementing and documenting effective contingency arrangements in a disaster recovery plan, including back-up procedures, to allow systems to resume operation quickly in the event of an interruption in service. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off-site, or in an alternative location within the building.
- Ensuring that computer and other systems are registered in accordance with Data Protection legislation and that staff are aware of their responsibilities under this and the Freedom of Information legislation.
- Carrying out accounting tasks to meet the standards and timescales set by the Section 151 Officer or his delegated Deputy.

#### **H4 Employees**

**H4.1** Each nominated employee shall ensure that all financial and finance related systems are reconciled to the council's main financial management system quarterly, unless more frequent reconciliation is required by the Section 151 Officer.

**H4.2** Any amendments to a prime record should be made in ink and initialled by the Employee making it. Correcting fluid, or any other means of obliteration, shall not be used to amend prime financial records.

## **H5 Orders for Work, Goods and Services**

**H5.1** Requisitions and official orders shall, in addition to any requirement under the Contracts Procedure Rules, be in a form approved by the Section 151 Officer and are to be authorised only by Employees designated for that purpose.

**H5.2** Requisitions and official orders shall be issued for all works, supplies or services to be supplied to the council, except for supplies of public utility services, periodical payments such as rent or business rates, for petty cash purchases or such other exceptions as the Section 151 Officer may approve.

**H5.3** Requisitions or official orders shall clearly indicate the nature and quantity of the work or services required and any relevant contract or agreed prices.

**H5.4** Each requisition and order shall conform to the guidelines contained in the council's Contract Procedure Rules.

**H5.5** Prior to placing an order Employees shall ensure that provision has been made in the budget for the cost of the works, goods or services to be supplied. Where applicable, these should comply with European Community Directories and prescribed procedures.

**H5.6** All goods and services shall only be ordered by an authorised Officer, in accordance with written delegations and procedures.

**H5.7** All orders for goods and services must be approved by budget holders before being issued to the supplier. The approval limits will normally be assigned in accordance with the following levels of authority:-

- Authorised Budget Holder –Up to £10,000, subject to individual approved limit
- Manager up to £50,000, subject to individual approved limit
- Manager, Director or Head of Service up to £100,000, subject to individual approved limit
- Director up to £250,000
- Section 151 Officer, Deputy Section 151 Officer, Chief Executive or Head of Paid Service £unlimited

Each Director or Head of Service will agree the appropriate approval limit for individual Officers within their service with the Section 151 Officer or Deputy Section 151 Officer, based on their level of responsibility and/or their budget amounts.

**H5.8** All ICT equipment, irrespective of its individual value, shall only be procured by, or with the prior approval of the Director responsible for ICT Services (or his or her delegated Officer), particularly where the equipment has a strategic value or requires network access.

**H5.9** All goods and services received shall be checked, to ensure that they are in accordance with the order, are for the correct quantity and quality standards and that any work has been completed satisfactorily. Proper entries shall be made in inventories or stores records, where appropriate.

**H5.10** All orders should be checked to ensure prices, calculations, trade discounts, other allowances and credits are correct

**H5.11** All expenditure, including VAT shall be accurately recorded against the correct allocated budget and any exceptions corrected.

**H5.12** All appropriate evidence of the transaction and payment documents shall be retained and stored for the defined period, in accordance with the council's document retention schedule.

## **H6 Payment of Accounts**

**H6.1** The payment of all monies from the council, with the exception of sums payable from advance accounts or business credit cards (if applicable), shall be by BACS or other instrument drawn on the council's bank account by the section 151 Officer, including cheques when payment by BACS is not possible or appropriate.

**H6.2** Payment will only be made if the budget holder is satisfied that the requirements of Financial Rules H5.9 and H5.10 have been met. All payments should be made to the correct organisation /individual, for the correct amount.

**H6.3** VAT invoices must not be altered. If the amount of the invoice is incorrect, either a replacement or a credit note shall be requested

**H6.4** Purchase invoices received into a department shall be passed without delay to the GO Shared Service, Financial Services, to be examined as considered necessary. For this purpose, Financial Services are entitled to make such enquiries and to receive such information and explanation as they may require.

**H6.5** Payment will not be made on the basis of a statement or a reminder account.

**H6.6** Payments shall be made within 30 days of receipt by the council or within any mutually agreed terms, in order to avoid the possibility of penalty interest becoming payable.

**H6.7** Any penalty interest becoming payable under the Late Payment of Commercial Debts (Interest) Act 1998 shall be charged back to the appropriate budget head unless, in the view of the Section 151 Officer, unreasonable delays were occasioned by another Employee.

**H6.8** A Director must consult with the Section 151 Officer before entering into any mutual payment terms with a supplier. All such agreements must be made in writing.

**H6.9** Prepayment for goods and services should be avoided where possible, in order to minimise risk to the council. If a prepayment is unavoidable then it should be approved by the GO Shared Services.

## **H7 Payments to Employees and Members**

**H7.1** The interpretation and application of pay scales, conditions of service and other related matters shall be the responsibility of the Head of Paid Service (Chief Executive), with whom Directors shall confer, as necessary, in connection with their application to employees in their areas of responsibility.

**H7.2** The Section 151 Officer is responsible for ensuring that budget provision exists for all existing and new employees and for making all payments of salaries and wages to all staff and Members, in accordance with agreed terms and conditions and timescales.

**H7.3** The Section 151 Officer is responsible for the maintenance of proper national insurance, income tax and other statutory pay records and for the accurate and timely payment of pension contributions and other deductions to third parties.

**H7.4** The GO Shared Services Head of Human Resources, in consultation with the Section 151 Officer, shall approve and control the arrangements for payments of salaries and wages to all staff, including the process for payments for overtime and for payment of allowances to Members.

**H7.5** Directors and/or Managers must notify the GO Shared Services, as early as possible of all appointments, dismissals, resignations, absences from duty, transfers and proposed changes of employees, together with such other information as is necessary to maintain adequate personnel records for the council.

**H7.6** No new appointments or changes to arrangements for existing employees are permitted without adequate budget provision. All appointments shall be made in accordance with the council's rules and approved establishments, grades and scales of pay.

**H7.7** Directors and/or budget holders are responsible for the monitoring of spending against approved employee-related budgets, ensuring that the manpower budget is not exceeded without appropriate authority and that it is managed to enable the agreed level of service to be provided.

**H7.8** All Employees and Members shall notify the GO Shared Services, Human Resources Service of any discrepancy between what they expected to be paid and what they have received, including payments made in error. In the event of an overpayment the recipient will normally be asked to refund the council over the same time period for which the error was made. If the council makes an underpayment it will be corrected as soon as is reasonably practical, each case being agreed individually. Failure to report an overpayment may result in disciplinary action.

## **H8 Travel and Subsistence Claims**

**H8.1** Claims for payment of allowances, travelling and subsistence following the process approved by the GO Shared Services Head of Human Resources, in consultation with the Section 151 Officer.

**H8.2** Claims shall normally be submitted monthly and always by the end of April following the financial year end. Employees are responsible for ensuring that journeys made and expenses claimed have been properly incurred and supporting VAT receipts are obtained. All claims to be authorised by an employee's line manager.

**H8.3** The council reserves the right not to pay any travel and/or expense claims that are not submitted in a timely manner, without good reason. Line Managers are responsible for approving or not approving all claims. In the case of any queries, line Managers should consult with their Director or Head of Service.

## **H9 Value Added Taxation**

**H9.1** The Section 151 Officer is responsible for advising Directors and Heads of Service and Members, in the light of guidance by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the council. Written advice shall be made available to all relevant Employees.

**H9.2** The Section 151 Officer is responsible for maintaining the council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

**H9.3** The Section 151 Officer or his /her authorised representative shall be responsible for liaising with HM Revenue and Customs on all VAT related matters and for submitting and signing the necessary returns/claims in a timely manner.

**H9.4** VAT must be correctly claimed on expenditure (Input Tax) and valid tax invoices retained by the council

**H9.5** VAT must be correctly charged on income from works, goods and services supplied by the council (Output Tax) and a valid VAT invoice or VAT receipt issued to any party outside the council, in accordance with the form approved by the Section 151 Officer.

**H9.6** Under no circumstances shall an Officer or Member use the auspices of the council to purchase goods or services for their own private purposes to avoid paying VAT. To do so may result in disciplinary action.

## **H10 Trading Accounts / Business Units**

**H10.1** It is the responsibility of the Section 151 Officer to advise on the establishment and operation of trading accounts and business units. These shall be accounted for in accordance with CIPFA's Service Reporting Code of Practice.

**H10.2** The Section 151 Officer shall be consulted if a business unit wishes to enter into a contract with a third party, where the contract exceeds the remaining life of their main contract with the council. In general, such contracts should not be entered into unless they are capable of being terminated within the main contract period without penalty.

A service designated as a trading service may increase expenditure estimates approved by the Council, in consultation with the relevant Director and Executive Member and the Section 151 Officer as a result of increased income, in line with the virement rules set out in the Financial Rules.

**H10.3** A trading account or business unit for the provision of sports, recreation or cultural activities may increase its fees and charges during the year in order to remain in line with competitors and demand, in consultation with the relevant Executive Member.

## **H11 Journals**

**H11.1** All journal entries and other daily input into the Financial Management system (Agresso) may only be processed by authorised Employees, with the approval of the Section 151 Officer. This will normally be restricted to Officers within the GO Shared Services, Financial Services.

**H11.2** Journals shall only be processed within the general ledger of the council. No journals are permitted between different company / council general ledgers.

**H11.3** The GO Shared Services Head(s) of Finance is responsible for ensuring that a daily report of all journals raised on the finance system is produced and retained for audit purposes. This report shall be checked and signed as agreed by a delegated senior Officer within GO Shared Services.

## **I: INCOME**

### **II Introduction**

**II.1** The council seeks to maximise its income to enable it to meet its financial objectives. The Local Government Act 2003 enables authorities to charge for discretionary services. Sources of income need to be identified and fees and charges authorised at an appropriate level.

### **II Executive**

**II.1** The Executive is responsible for:-

- Setting fees and charges for services, approved as part of the annual budget setting process.
- Approving procedures for the write off of bad debts.
- Approving the write off of bad debts in excess of the approved Section 151 Officer limit, under Financial Rule 19

**II.2** Statutory fees and charges shall be set in accordance with the relevant legislation and the prescribed notice period for changes to fees and charges shall be given.

**II.3** Non statutory fees and charges may be increased or reduced during the year by the Director or Budget Holder, in order to remain in line with competitors and demand, in consultation with the relevant Executive Member.

### **III Section 151 Officer**

**III.1** The Section 151 Officer is responsible for:-

- Agreeing arrangements made for the collection of income due to the council and approving the procedures, systems and documentation for its collection.
- Ensuring that all claims for funds, including grants are made by the due date
- Agreeing the arrangements for ordering and supplying all receipt forms, books or similar items and satisfying him/herself regarding the arrangements for their control.
- Operating the approved procedures for the write off of bad debts (Financial Rule 19).
- Recommending to Executive the fees and charges to be set for all services.

## **14 Directors and Heads of Service**

### **14.1 Each Director or Head of Service is responsible for:-**

- Recommending to the Section 151 Officer the fees and charges to be set for goods or services falling within their control, apart from those charges fixed on a statutory or nationally agreed basis.

This shall not apply to ad-hoc charges of a minor nature where a flexible pricing policy has been agreed, charges associated with partnership working which are set on a cost recovery basis, or rechargeable works.

- Informing the Section 151 Officer and relevant Executive Member of the particulars of all new sources of income arising from the work of their service, as soon as it becomes known.
- The identification, prompt collection, control and monitoring of all income due to the council within their area of responsibility.

## **15 Budget Holders**

### **15.1 Budget Holders are responsible for:-**

- Identifying all activities in their areas of management for which charges should be made, to whom, when, how much and whether VAT should be added.
- Maximising income within the council's policies and legislation.
- Maintaining a record of all income due to the council, including details of contracts, leases, grants and other arrangements.
- Ensuring that all income generated by their service is accounted for and that proper records are maintained, using systems and documentation approved by the Section 151 Officer.
- Ensuring that all Employees under their management are aware of, and operate, the internal controls that exist in their area.
- Where money is to be collected by debtor account, ensuring that the details of work done, goods supplied, services rendered or other amounts due, are correctly recorded and the debtor accounts rendered promptly.

- Assisting in the collection of debts that they have originated by providing further information requested by the debtor and by pursuing the debt on the Council's behalf and taking prompt action to recover debts, in conjunction with the Section 151 Officer, whilst having regard for the cost of collection. Debtor accounts should be reviewed regularly to identify unpaid accounts and recovery action required.
- Where responsibility for the collection of a debt has not been passed to the Section 151 Officer, establishing and initiating appropriate recovery procedures, including legal action, where necessary, for debts which have not been paid promptly.
- Ensuring that at least two employees are present when post is opened so that money received by post is properly identified, recorded and accounted for.
- Securing all income to safeguard against loss or theft and ensuring the security of cash handling.
- Ensuring that income is paid fully and promptly into the appropriate Council bank account in the form in which it is received and that appropriate details are recorded on the paying-in slip to provide a complete audit trail.
- Ensuring that no expenditure is paid from income received.
- Reconciling income systems with the council's main accounting system monthly to ensure that all income received has reached the correct budget head and investigating where there is a discrepancy.
- Monitoring levels of income received and outstanding to establish trends and anomalies which should be investigated.
- Notifying the Section 151 Officer of outstanding income relating to the previous financial year as soon as possible after 31st March, in line with the financial year end timetable.

## **16 Employees**

**16.1** Personal cheques must not be cashed from Council money nor cash advances taken against credit card transactions out of any money held on behalf of the Council.

## **17 Accounts Receivable (Debtors invoices)**

**17.1** A Budget Holder or delegated Officer must authorise all debtors' invoices for amounts less than £5.00, and all credit notes raised, irrespective of value.

**17.2** VAT must be properly recorded. Failure to do so may result in the council being unable to reclaim VAT and, in some circumstance, a penalty payment imposed by HMRC.

**17.3** Cash payments must be checked on receipt. In situations where electronic receipting is not available, an official, sequentially numbered receipt must be issued for a cash payment at the time of its receipt. A receipt must be issued for other forms of payment if requested by the payer. The transfer of all money between officers must be documented and the recipient should sign a receipt.

**17.4** Payments received in “Full and Final Settlement” shall only be accepted and accounted for if they are sufficient to clear fully the appropriate debt, unless with the approval of the Section 151 Officer and the Monitoring Officer.

## **18 Debt Recovery Procedures**

**18.1** Once raised, a debtor’s invoice may not be cancelled except by full payment, the issue of a credit note or by its formal writing off. A credit note can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt, or to recognise that an overpayment of housing benefit is being recovered from an on-going benefit entitlement.

**18.2** There must be proper documented systems for the payment of outstanding debtors’ invoices, including milestones and timelines, which shall be followed by delegated Officers.

**18.3** Outstanding debtors that are to be chased through legal proceedings are to be dealt with following the council’s debt recovery procedures.

**18.4** Interest can be charged on unpaid debts, in accordance with the debt recovery policy.

**18.5** Solicitor fees incurred in the recovery of unpaid debt can be charged to the debtor, in accordance with debt recovery policy.

## **19 Write off of unrecoverable Debts**

**19.1** The limits on the council to write off individual debts are:-

- The Section 151 Officer can write off any debt for which a bankruptcy or liquidation notice has been received.
- The Section 151 Officer can write off any debt of a deceased person who has a nil estate.

- The Section 151 Officer can write off any other individual debt to a maximum amount of £5,000, where the amount is unlikely to be recovered or where proceedings are inappropriate or unjustified. This authority cannot be delegated.
- All other individual debts, in excess of £5,000 can only be written off with the approval of Executive or other delegated Committee.

**19.2** The value of unrecoverable debts written off will be charged back against the cost centre / service from which the original invoice was raised, thus canceling the original credit to the service. This can be overwritten in exceptional circumstances, with the approval of the Section 151 Officer.

**19.3** A record will be maintained by the Section 151 Officer of all bad debts written off under delegated approval given by Financial Rules above.

**19.4** The Section can delegate the waiving of standard off-street car park charge notices to the Director or Head of Service responsible for Car Parking, who shall maintain records detailing the reason and amounts waived. This authority cannot be delegated further. The records shall be made available to the Section 151 Officer or Executive on request.

## **J: COUNCIL TAX AND NON-DOMESTIC RATES**

### **J1 Introduction**

**J1.1** The council collects large amounts of money for its own purposes, for other authorities and, in the case of Non-Domestic Rates, for the Government.

**J1.2** The rules that apply to the collection of these sums are set out in legislation, regulation and good practice guidance.

There are documented procedures and a timetable for tax calculation, billing, refunds, recovery and enforcement that accord with statutory requirements and the council's own regulations.

### **J2 Section 151 Officer**

**J2.1** The Section 151 Officer is responsible for the collection and recovery of Council Tax and Non-Domestic Rates. He or she should ensure that accounting procedures are in place to support the correct treatment and presentation of transactions in the council's accounts.

### **J3 Head of Revenues and Benefits**

**J3.1** The Head of Revenues and Benefits is responsible for the day to day management of the Council Tax and Non-Domestic Rates systems. He or she should ensure that:-

- All transactions, records and accounts are calculated accurately, completely and promptly. They should be supported by evidence and handled only by authorised staff.
- Adequate separation of duties is in place to enable the work of one Officer to be subject to check by another.
- Accounting procedures reflect the correct treatment and presentation of transactions in the Council's accounts.

## **K: COUNCIL TAX BENEFIT and HOUSING BENEFIT**

### **K1 Introduction**

**K1.1** The council is responsible for paying Council Tax Benefit and Housing Benefit to entitled claimants. It is also responsible for guarding against fraud and investigating where it is suspected. The council receives subsidy from the Government to pay for most of the Benefits. It has to demonstrate sound administration and accurate payment to prove its entitlement to subsidy.

**K1.2** All benefit transactions must be legitimate, appropriate and in accordance with relevant verification framework regulations.

### **K2 Section 151 Officer**

**K2.1** The Section 151 Officer is responsible for the payment of Council Tax Benefit and Housing Benefit. He or she should ensure that accounting procedures are in place to support the correct treatment and presentation of transactions in the Council's accounts and subsidy claims.

### **K3 Head of Revenues and Benefits**

**K3.1** The Head of Revenues and Benefits is responsible for the day to day management of the Council Tax Benefit and Housing Benefit systems. He or she should ensure that:-

- All transactions, records and accounts are calculated accurately, completely and promptly. They should be supported by evidence and handled only by authorised staff.
- Adequate separation of duties is in place to enable the work of one Officer to be subject to check by another.
- Overpayments are dealt with in accordance with the Council's policy and recovery is efficient and effective.
- All fraud prevention and detection is in accordance with statute, professional guidance and the council's financial rules and other policies.

## **L: EXTERNAL ARRANGEMENTS**

### **LI PARTNERSHIPS**

#### **LI.1 Introduction**

**LI.1.1** The council provides a distinctive leadership role for the community and brings together the contributions of a variety of stakeholders. It must also act to achieve the promotion or improvement of the economic, social and environmental well-being of its area.

**LI.1.2** Partnerships play a key role in delivering community strategies and delivering the shared vision of services, based on user needs.

**LI.1.3** A partner is defined as being either an organisation (public or private) undertaking, part funding or participating in a project or a body whose nature or status gives it a right or obligation to support the project.

**LI.1.4** This section of the Financial Rules sets out the financial implications of working in partnership with external organisations.

#### **LI.2 Executive**

**LI.2.1** The Executive is responsible for approving delegations, including frameworks for partnerships. The Executive is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.

**LI.2.2** The Executive can delegate functions, including those relating to partnerships, to Officers. These are set out in the Scheme of Delegation that forms part of the council's Constitution. Where functions are delegated, the Executive remains accountable for them to full Council.

**LI.2.3** The Chief Executive or delegated Officer shall represent the council on partnership and external bodies, in accordance with the Scheme of Delegation.

#### **LI.3 Section 151 Officer**

**LI.3.1** The Section 151 Officer is responsible for:-

- Ensuring that the accounting arrangements to be adopted relating to partnerships and joint arrangements are satisfactory.

- Promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the council.
- Considering the overall corporate governance arrangements and legal issues when arranging contracts with external bodies.
- Ensuring that the risks have been fully appraised before agreements are entered into with external bodies. He or she should advise on effective controls to ensure that resources are used efficiently and effectively.
- Ensuring that all funding notified by external bodies is received and properly recorded in the council's accounts.

#### **L1.4 Directors and Heads of Service**

**L1.4.1** Directors and Heads of Service are responsible for:-

- Ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.
- Carrying out risk management appraisals, prior to entering into an arrangement with an external body, in accordance with procedures specified by the Section 151 Officer.
- Ensuring that partnership agreements do not impact adversely on the services provided by the council.
- Ensuring that partnership agreements and arrangements are properly documented and information provided to the Section 151 Officer to enable a note to be entered into the council's Statement of Accounts concerning material items.
- Maintaining a register of all contracts entered into with external bodies, in accordance with procedures specified by the Section 151 Officer.

### **L2 EXTERNAL FUNDING**

#### **L2.1 Introduction**

**L2.1.1** External funding can be an important source of income to the council, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the council.

**L2.1.2** The council shall seek to maximise its resources by attracting external funding where appropriate. However, in some instances, available funding may be linked to tight specifications and may not be sufficiently flexible to link to the council's strategies.

## **L2.2 Section 151 Officer**

**L2.2.1** The Section 151 Officer is responsible for:-

- Ensuring that any match funding requirements are considered prior to entering into an external agreement and that adequate future revenue budgets are in place to meet these requirements.
- Ensuring that all funding notified by external bodies is received and properly recorded in the council's accounts.
- Ensuring that all audit requirements are met.

## **L2.3 Directors and Heads of Service**

**L2.3.1** Directors and Heads of Service are responsible for ensuring that:-

- Funds are acquired only to meet the priorities approved in the policy framework by the council.
- Any match funding requirements are considered prior to entering into an external agreement and consulting with the Section 151 Officer to ensure that adequate future revenue budgets are in place to meet these requirements.
- Key conditions of funding and any statutory requirements are complied with and that the responsibilities of the Accountable body are clearly understood.
- All claims for funds are made by the due date and income received in accordance with the agreement.
- The project progresses in accordance with the agreed project outline and that all expenditure is properly incurred and recorded in the council's accounts.

## **L3 WORK FOR THIRD PARTIES**

### **L3.1 Introduction**

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**L3.1.1** Current legislation enables the council to provide a range of services to other bodies. Such work may enable a Service area to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work are minimised and that such work is within current legislation.

**L3.1.2** Contracts for the work should be drawn up using guidance provided by the Monitoring Officer and the Section 151 Officer to the council. The proposals should be costed properly in accordance with guidance provided by the Section 151 Officer.

**L3.1.3** Guidance with regard to the financial aspects of third party contracts and the maintenance of the contracts register should be followed.

### **L3.2 Executive**

**L3.2.1** The Executive is responsible for approving contractual arrangements for any work carried out by the council for third parties or external bodies in addition to the normal business. This responsibility can be delegated to the Senior Leadership Team (Directors) of the council.

### **L3.3 Section 151 Officer**

**L3.3.1** The Section 151 Officer is responsible for issuing guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

### **L3.4 Directors and Heads of Service**

**L3.4.1** Directors and Heads of Service are responsible for ensuring that:-

- Approval is obtained before any negotiations for the work are concluded.
- Contracts operate to the benefit of the council and do not impact adversely upon the services provided for the council.
- No contract is subsidised by the council.
- The Service area has the appropriate expertise to deliver the contract.
- Appropriate insurance arrangements are put in place.

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- Wherever possible, payment is received in advance of the delivery of the service to the third party.
- The council is not put at risk from any bad debts.
- All contracts are properly documented and appropriate information given to the Section 151 Officer to enable a note to be entered into the Statement of Accounts.

A copy of the Financial Procedure Rules are available on the Council's website:

[https://www.westoxon.gov.uk/media/g5lhx4vg/financial\\_rules\\_final\\_v1-0-july-2015-update.pdf](https://www.westoxon.gov.uk/media/g5lhx4vg/financial_rules_final_v1-0-july-2015-update.pdf)