

# Section 8 Financial Procedural Rules (Regulations)

## 1. INTRODUCTION

- 1.1 These regulations set out a minimum level of good financial practice which must be adopted by all Members and employees of the Council in relation to all of the financial affairs of the authority including partnership arrangements and particularly where the Council is the accountable body. Financial Management is the responsibility of all employees of the Council with the delegation of Financial Responsibility being directly linked to the delegation of functions and responsibilities (service provision) as detailed separately in the Constitution. The Regulations provide the control framework to be applied but are only concerned with financial matters, and therefore constitute only one of the aspects to be considered by employees in exercising their duties.
- 1.2 In this respect, particular (but not exclusive) attention should be paid to the following documents, which define the Council's overall control and main procedural environment. They are listed in the order of the precedence which should be followed in the event of any conflict between their provisions:
  - (a) European and National Law;
  - (b) Financial Regulations (this document);
  - (c) Procurement Regulations;
  - (d) The Scheme of Delegations;
  - (e) Emergency Planning Procedures; and
  - (f) Other Council procedures, including elements of the Constitution not included above
- 1.3 The Council is responsible for many millions of pounds of public money and has a number of statutory responsibilities in relation to its financial affairs.
- 1.4 The Local Government Act 1972 directs that Authorities shall make arrangements for the proper administration of their financial affairs and one of their officers be responsible for the administration of those affairs. The Council's Constitution designates the Head of Finance as the Council's Section 151' Officer.
- 1.5 Under powers contained in the Local Government Finance Act 1982 the Secretary of State also makes regulations as to the accounts themselves and requires them to be audited. The "Accounts and Audit Regulations" require that the "Responsible Financial Officer" must determine and be responsible for the accounting systems and the form of both the accounts and all supporting records of the authority.

They must further ensure (by maintaining an effective and adequate internal audit) that rules so made are observed and that all records are maintained in a satisfactory manner. To conduct its business efficiently, a local authority needs to ensure that it has sound financial management policies in place and that they are adhered to. Part of this process is the establishment of financial regulations that set out the financial policies of the Authority.

### **The Status of Financial Regulations**

- 1.6 Financial regulations provide the framework for managing the authority's financial affairs. **They apply to every Member and employee of the Authority and anyone acting on its behalf.**
- 1.7 The regulations identify the financial responsibilities of the full Council, Members, the Chief Executive/Managing Director, the Monitoring Officer, the Section 151 Officer, Heads of Service and Service Managers/Budget Holders.
- 1.8 All Members and employees have a responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
- 1.9 The Section 151 Officer is responsible for
  - maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to the full Council for approval.
  - Providing and issuing further advice , training and guidance in relation to how the financial regulations are to be implemented in context of the prevailing financial position of the Council and statutory or local deadlines
  - They are also responsible for reporting, where appropriate, breaches of these Financial Regulations to the Council and/or to the members of the Cabinet and Audit Committee.
- 1.10 Managers are responsible for ensuring that all employees in their services are aware of and comply with the Authority's Financial Regulations and seek clarification on any issue that is uncertain or potentially conflicts with the regulations and/or supplementary advice and guidance.

### **Statement of Principles**

- 1.11 The Council expects high standards of conduct from its Members and employees and those with whom it has dealings. As such, the Council's value of "Integrity" underpins these Financial Regulations.
- 1.12 Compliance with Financial Regulations will protect Members and employees in the event of potential allegations of wrongdoing. Failure to comply with the Financial Regulations may result in disciplinary action being taken.

### **The Principles**

- 1.13 The Council is responsible for the stewardship of public money and will make arrangements to safeguard the interests of taxpayers and other stakeholders.

- 1.14 The Council expects its Members and employees to exercise high standards in financial management and administration.
- 1.15 The planning, monitoring and controlling the use of resources is of vital importance to the Council and it will make arrangements for these activities to be undertaken effectively.
- 1.16 Issues of probity will be dealt with effectively and the Council will work to meet its duty to maintain proper accounts and related records.
- 1.17 Value for money is at the core of the Council's financial activity and the way in which it administers its financial affairs.
- 1.18 Compliance with statutory requirements, accounting standards and appropriate codes of practice will be inherent in the Council's arrangements for financial matters.
- 1.19 Allocation of responsibility and authority in relation to financial matters will be clearly identified.
- 1.20 The Council is a large organisation and is mindful of the need for consistent standards in financial administration and management across all its operations and will set in place guidance to be adhered to by all its services. In particular, it expects staff to consult with and use all of the expertise in financial matters that it has available and act on advice from such sources.
- 1.21 The assets and resources of the Council must be protected from loss, damage and theft.
- 1.22 Identifying and quantifying risks to the Council is of key importance and arrangements must be made to reduce, eliminate or insure against them as appropriate.
- 1.23 The accurate, appropriate and timely payment and collection of monies forms much of the routine financial business of the Council and arrangements will be made for its proper administration.

### **Exceptions to Financial Regulations**

- 1.24 Exceptions to Regulations 1 to 5 can only be authorised by the Council unless it is determined that an emergency situation exists. In the event of an emergency, the Chief Executive/Managing Director, Head of Service or Section 151 Officer, in consultation with the Leader or Deputy Leader of the Council can authorise an exception. The Section 151 officer may vary the provisions of Regulations 6 to 18, providing that the variation is evidenced in writing (one off variation, or by the issuing of ongoing revised guidance through a Financial Guideline or Detailed Procedure Note to all relevant officers. In the latter case the changes will be reflected in the update to the Financial Regulations as part of the annual review of the Constitution.

## **2. THE RESPONSIBILITIES OF THE SECTION 151 OFFICER**

- 2.1 The Section 151 Officer is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Council's objectives sustainably and in the public interest.
- 2.2 The Section 151 Officer must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the Council's financial plan.
- 2.3 The Section 151 Officer must also lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.
- 2.4 The Section 151 Officer will:
- (a) determine the procedures for reporting to elected Members on financial matters incorporating the medium term financial plan, detailed budget preparation and monitoring of in-year spend against budget;
  - (b) determine and issue any accounting and financial instructions considered necessary to supplement these regulations;
  - (c) have the power to intervene in any area of the Council's financial activity to ensure the proper conduct of the Council's financial affairs;
  - (d) determine the form of the accounts and supporting records of the Council;
  - (e) determine the form of financial services and systems;
  - (f) ensure that the financial implications of any grant application is correctly assessed pre submission
  - (g) ensure that appropriate financial training is provided for employees of the Council.
- 2.5 The written approval of the Section 151 Officer is required to change or introduce any financial service, accounts or supporting records and systems that integrate or form a fundamental part of the authority's financial records.
- 2.6 The Section 151 Officer is also responsible for maintaining a continuous review of the Financial Regulations and recommending updates as appropriate.

### **3. THE RESPONSIBILITIES OF HEAD OF SERVICE/ ALL MANAGERS<sup>1</sup>**

- 3.1 The responsibility for the management of the financial aspects of service provision is, within the framework of Financial Regulations, delegated to Head of Services and managers.
- 3.2 If Managers are unclear about any aspects of these regulations or their interpretation, they must seek clarification from the Section 151 Officer or their representative. Failure to comply with them may result in maladministration or an illegal act, which might be the subject of an investigation by, for example, the Monitoring Officer, Internal Audit, External Audit, the Local Government Ombudsman and/or the Police.
- 3.3 Managers are advised to consider whether any action they wish to take on behalf of their own service may conflict with the interests of another service. If this is the case, the Chief Executive/ Managing Head of Service and the Head of Service(s) for the services involved must be advised in advance. If the Chief Executive/Managing Head of Service considers that there is a conflict, then they will determine the course of action to be taken.
- 3.4 All managers are responsible for ensuring that all employees in their service are aware of the existence and contents of the Financial Regulations and that they comply with them. The Financial Regulations apply to all employees of the Council.
- 3.5 In order to ensure that the financial affairs of their services are properly maintained, all Managers will:
  - (a) Ensure that the scheme of Financial Delegations for their services is maintained up to date;
  - (b) be accountable for the security of all resources (including cash and keys) and assets within their area of responsibility;
  - (c) report any thefts or losses of Council assets or income;
  - (d) to plan, account for, monitor and control their budget;
  - (e) ensure value for money is achieved in the delivery of all services;
  - (f) consult with the Section 151 Officer on any issue that impacts, or could potentially, upon the financial affairs of the Council;
  - (g) ensure that effective internal control procedures are in place for their service area;

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<sup>1</sup> For the purposes of these Financial Regulations all references to Managers includes Head of Services and Service Managers

- (h) maintain any accounts and records under their control to the standard required by these regulations and any directions issued by the Section 151 Officer;
- (i) ensure that their staff are aware of these regulations and their significance, and that they have access to copies;
- (j) ensure that the written permission of the Section 151 Officer is obtained before the establishment of any unofficial or voluntary funds under the control of a Council employee in their official capacity, and that such funds are subject to audit as prescribed by the Chief Internal Auditor.
- (k) Ensure the written approval of the Section 151 Officer is obtained before a bid or application; grant claim etc. is submitted for any external funding (revenue and capital);
- (l) facilitate the Chief Internal Auditor or their authorised representatives to:
  - enter at any time onto any premises or land used or owned by the Council without necessarily giving prior warning;
  - have access to any information that they require in order to carry out their duties, including access to all records, correspondence and computer systems;
  - make checks and seek explanations as they consider necessary;
  - require any employee to produce cash, stores or other Council property under their control, and to remove the same for a short period, having consulted with the appropriate Head of Service regarding the needs of the Council for the ongoing provision of services.

#### **4. AUTHORITY TO SPEND MONEY - CAPITAL**

- 4.1 All Council expenditure is deemed to be revenue expenditure, to be met in the year of account in which it is incurred, unless it is specifically deemed to be capital expenditure by the Council by inclusion in an approved capital programme.
- 4.2 Capital programmes for a 3 year period are determined and approved (by Full Council) as part of the annual Budget Setting process. Inclusion in year will only take place in exceptional circumstances and will require full Council approval.
- 4.3 Before expenditure can be included within the Council's capital programme it must:
- (a) Be planned to be spent on an item of lasting nature, having benefit to the Council for more than one year;
  - (b) Have a gross cost, including fees, in excess of £20,000.
- 4.4 Inclusion within an approved capital programme does not confer authority to spend but simply earmarks future expenditure for a scheme level. Any scheme in the Capital Programme will require permission to spend to be approved by Cabinet and will be subject to key milestones being in place /delivered such as Planning Permission; External Funding approval etc. A separate Capital Budget will exist which will analyse expenditure over the duration of the scheme for approved schemes only. If no commitment to spend is made within a 3 year period; the programmed spending will be removed from the Capital Programme.
- 4.5 Cabinet approval will be required to change the use of a previously approved capital expenditure scheme.
- 4.6 Schemes will be designated 'stage 1' (approved and uncommitted) and 'stage 2' (approved and committed) in the published multi-year Capital Programme and the annual Capital Budgets for clarity. Stage 1 confers approval in principle only and stage 2 confers full approval to spend.
- 4.7 The Section 151 Officer will issue detailed procedures regarding capital expenditure, including annual procedures and timetables, monitoring requirements and outturn reporting which must be adhered to as part of these regulations.
- 4.8 Sums within the Capital Budget may be vired between approved schemes and moved between financial years by the Cabinet, providing that the corresponding funding can also be transferred. Any approved amounts within schemes included in the Capital Budget remaining unspent at the end of a financial year may be carried forward to the following year by a Head of Service, providing that the Head of Service has:

- (i) Satisfied themselves that the funding for the scheme will transfer to the following year.
- (ii) Ensured that no additional expenditure will fall to the Council as a result of the delay.
- (iii) Notified the Section 151 Officer within 30 days of the year end that the scheme is subject to rollover, and of the revised timetable for implementation.



## 5. AUTHORITY TO SPEND MONEY - REVENUE

- 5.1 Managers must prepare a revenue budget of income and expenditure in accordance with the timetable issued by the Section 151 Officer and in the form required by the Section 151 Officer.
- 5.2 The Section 151 officer will, after consultation with the relevant Head of Service, prepare a detailed budget for each service area having taken into account the submissions of managers; the priorities of the Council and the resources available to the Council that determine a balanced budget in accordance with the Council's Budget and Policy Framework.
- 5.3 No money can be spent out of that budget until the budget has been approved by the Council.
- 5.4 Money may be spent on any item considered by the appropriate Manager to be reasonably required to carry out the policies of the Council and at any time in the financial year concerned provided that:
- (a) The expenditure is in accordance with the budget; and,
  - (b) The item concerned is fit for the purpose, and,
- EITHER
- Enough money has been provided in the budget for the item;
- OR
- Enough money can be transferred (vired) from another budget, subject to the virement rules set out below.
- 5.5 Money may be transferred (vired) from one revenue budget to another, subject to the following approvals:

### 1. Within the same cost centre:

Service Manager	up to <b>£10,000</b> where Council policy is not changed and no increase in costs will result in future years
Head of Service and Section 151 Officer (Jointly)	no limit, where Council policy is not changed and no increase in costs will result in future years
Council	no limit, where Council Policy is to be changed.

**2. Between Cost Centres within the same Service (as designated within the Approved Budget Booklet:**

Service Manager	Up to <b>£10,000</b> where Council policy is not changed and no increase in costs will result in future years
Head of Service and the Section 151 Officer (jointly)	no limit, where Council policy is not changed and no increase in costs will result in future years
Council	no limit where Council Policy is to be changed.

**3. Between Services within the same Portfolio and Head of Service:**

Both Service Managers and the Head of Service	up to <b>£10,000</b> where Council policy is not changed and no increase in costs will result in future years
Head of Service and the Section 151 Officer (jointly)	no limit, where Council policy is not changed and no increase in costs will result in future years.
Council	no limit where Council Policy is to be changed.

**4. Between services under different Heads of Service:**

Both Head of Services, plus the Section 151 Officer	no limit, where Council policy is not changed and no increase in costs will result in future years.
Council	no limit where Council Policy is to be changed.

5.6 In conjunction with the above, the following overriding principles shall apply:

- (a) Virements between the General Fund; ; Collection Fund or any other "Funds" shall not be permitted under any circumstances;
- (b) The employee budget is "ring fenced" meaning that funds cannot be transferred in or out of employee budgets without the Section 151 Officer's prior approval;
- (c) All employees shall inform the Section 151 Officer in writing of all virements approved by them within five working days, and the reason for the transfer;

- (d) The Section 151 Officer will keep an up-to-date record of the Council's "approved budget", including all agreed virements and will inform the relevant delegated officer of any changes to such budgets;
- (e) The Council shall specify any budget head against which no virement should be made without its express approval;
- (f) Cabinet may specify any budget head against which no virement should be made without their express approval
- (g) Leadership Team may specify any budget head against which no virement should be made without their express approval;
- (h) The Section 151 Officer may make any virement resulting from changes in accounting practices which do not affect Council policies or result in an overall increase in Council expenditure, and may amend the budget and other accounting records accordingly.

5.7 The 'roll-over' of budgets is defined as the carrying over from year to year of unspent or overspent balances into succeeding years.

5.8 A formal request is required for the rollover of any budget heading whereby the rollover is greater or equal to £2,500. Where additional income (other than grant funding) has been received this would not normally be considered for rollover as this is not part of a change in planned spending but fortuitous income.

5.9 Any unspent or overspent sums within the 'supplies and services' revenue budgets, or other budgets specifically agreed by the Section 151 Officer, shall be carried forward ('rolled-over') and added to or subtracted from the subsequent year's budget except:

- (a) Where virements have been made into a budget head, any under spending as a result of sums vired shall not be rolled-over;
- (b) The total of underspends rolled-over from a 'budget page' shall not exceed the total underspending by the 'budget page' under all controllable budget heads.

The carry over of a budget for more than one year i.e. any roll-over that relates to a previous year roll-over, will require approval regardless of the amount concerned.

5.10 Special rules apply to employee budgets:

- (a) Employee costs will only be included in the budget where the post is included in the approved establishment and at the grade included in the approved establishment;

- (b) New posts may only be created in the establishment where there is sufficient budgetary provision; as contained in the employee budget and approval of the Section 151 officer sought.
- (c) Where posts are re-graded, the additional costs of the re-grading and the source of additional funding must be approved by the Section 151 officer.

5.11 In general, any budgets consistently under or over spending will be reviewed as part of the budget setting process, to ensure that the Council's budgets match the Council's priorities as closely as possible.

## 6. TRADING ACCOUNTS

- 6.1 Certain parts of the Council 'trade' with third parties, or other parts of the Council, on the basis of true commercial competition. Services to be classed as trading accounts will be as determined by the Section 151 Officer in conjunction with the Head of Law and Admin services , The circumstances surrounding these "trading accounts" are such that a modified form of accountability is needed.
- 6.2 In circumstances where it is permitted by legislation, The Head of Service responsible for the trading account will also be permitted to submit tenders for work outside the Council up to a total cumulative value of 10% of an individual trading account's annual turnover. Any tenders which could cause the total to exceed this sum will need approval by the Council. If successful, the Head of Service will be responsible for
- approving the contractual arrangements for any work undertaken by their services for third parties or external bodies.
  - Maintaining a Register of contracts
  - Ensuring that the appropriate expertise exists to fulfil the contract.
  - Ensuring that no contract adversely impacts upon the services provided by the Council and that appropriate insurance arrangements are in place and the financial standing of the organisation is assessed
  - authorised to incur expenditure in accordance with the tender.
- 6.3 This section overrides the provisions for virement and roll-over contained in section 5 above. All other provisions of the section will, however, apply.
- 6.4 As part of the Council's budget, a "target" will be established for each trading account as the surplus or deficit for the year on a 'full cost<sup>2</sup>' basis. The Target will reflect the cost of service provision for the Council and the external trading activities undertaken
- 6.5 The Head of Service responsible for a trading account will be expected to manage the income and expenditure of the trading account at such a level that the target or a favourable variance is achieved.

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<sup>2</sup> Full cost includes all charges to a trading account, including internal recharges and capital charges.

- 6.6 Head of Services responsible for trading accounts will be permitted to ‘tender’ for Council work up to any sum, and, if successful, will be authorised to incur expenditure in accordance with the tender. A schedule of additional contracts entered into in the financial year will be forwarded to the Section 151 Officer as soon as practically possible to ensure the Trading account Budgets are updated accordingly. The service will be charged with the marginal costs of additional service provision, unless a contract requires a change in the level of support services required.
- 6.7 Unless otherwise required legally, 50% of all “surpluses” received above target will be paid into General Fund reserves, with the remaining 50% carried forward to invest in the service or offset any potential deficits on individual trading accounts in future years. Any “deficits” would be initially charged against surpluses held in reserve in respect of the service incurring the deficit. Beyond this amount, targets for the service would be increased in subsequent years in order to recover the deficits made.

## **7. BANKING AND TREASURY MANAGEMENT AND TAXATION ARRANGEMENTS**

- 7.1 The Section 151 Officer has a personal fiduciary duty in respect of all monies of the Council and shall determine how decisions are made in respect of banking, borrowing, investment, and financing, in accordance with:
- (a) CIPFA's "Code for Treasury Management in Local Authorities"; and;
  - (b) the Council's own Treasury Policy Statement as approved from time to time by the Council, and its Treasury Strategy Statement, as approved annually by the Council.
- 7.2 The Section 151 Officer must report at least twice annually to the Council and the respective Monitoring Committee for treasury management activities and decisions implemented in the form of a mid-year review and an annual report.
- 7.3 The Section 151 Officer shall have sole discretion to determine whether assets should be leased, rented or acquired by any other form of deferred payment. No lease, rental or other form of deferred payment may be entered into without the written authority of the Section 151 Officer, other than:
- (a) Property leases authorised by the Head of Service responsible for the property;
  - (b) plant and equipment, which may be hired by a Manager for a continuous period not exceeding twelve months.
- In both such cases budgetary provision must exist for the lease or rental payment and notification and copies of the lease documentation must be sent to the Section 151 Officer.
- 7.4 All discussions and negotiations with HM Revenue and Customs on taxation related matters should be undertaken by the Section 151 Officer, who shall also arrange for the completion of all taxation related returns on behalf of the Council. The Head of Transformation and Assurance has delegated authority to liaise with HM Revenue and Customs in respect of payroll issues only.
- 7.5 Banking arrangements and the handling of cheques, electronic payments or other instruments of payment must be in accordance with standards and procedures determined by the Section 151 Officer. In particular:
- (a) Only the Section 151 Officer may approve the setting up of any bank account associated with the Council in relation to its own affairs/ partnership arrangements or accountable body and any variation to banking arrangements including direct debit mandates. (A bank is termed to be any financial institution, bank or building society). A new bank account can only be created following a written request to the bank by two designated bank signatories.

- (b) Cheques produced as output from the Council's computerised financial systems bear the printed signature of the Section 151 Officer. No further signature is required except for a second authorised signature for cheques exceeding **£50,000**.
- (c) Any alterations to a cheque must be initialled by an authorised signatory.
- (d) The opening of cheques for cash is to be authorised in exceptional circumstances only and must be in accordance with the Cheque Opening Guidelines issued by the Section 151 Officer.
- (e) No employee shall arrange to make payments from any Council bank account other than in accordance with these regulations.
- (f) New Purchase Cards will only be issued by the Council's bankers upon approval of the Section 151 Officer.
- (g) The use of Purchase Cards (Government Procurement Cards) must be in accordance with the Purchase Card Guidelines issued by the Section 151 Officer.



## 8. FEES AND CHARGES AND INCOME COLLECTION

- 8.1 All managers must review their fees and charges at least annually, having regard to any general policy on fees and charges agreed by the Council and the guidelines issued by the Section 151 officer as part of its annual budget setting strategy.
- 8.2 Head of Services have authority to set fees and charges at the level considered most appropriate to secure the achievement of the approved income budget for the service concerned, except where
- **a new charge is to be introduced**
  - the level of fees and charges are set by an outside body,
  - **the proposed increase is above the annual level of inflation;** or
  - where the power has been specifically reserved by the Council. Any fee or charge set by a Head of Service should not have an adverse impact on the service's overall budget.
- 8.3 Council approval will be required for any proposed change in fees and charges if an adverse impact on current or planned income budgets outside that anticipated in the Medium Term Financial Strategy is expected to result.
- 8.4 All changes to fees and charges must be notified in writing to the Section 151 Officer before implementation.
- 8.5 Managers are responsible for ensuring that:
- Fees and Charges correctly identify whether the charge is liable for VAT in accordance with current VAT regulations;
  - Any charge indicates whether it is inclusive or exclusive of VAT;
  - VAT is charged correctly when raising invoices or collecting income
- 8.6 If Managers are unclear about any aspects of Vat requirements, they must seek clarification from the Section 151 Officer or their representative.
- 8.7 Managers are responsible for complying with any procedures and standards approved by the Section 151 Officer for the collection, custody, control and banking of money due to the Council.
- 8.8 Managers are responsible for ensuring that income is paid fully and promptly into the Council's bank account in the form in which it is received. Paying in slips must be completed to evidence the banking and provide an audit trail.
- 8.9 All amounts due should be collected in full **in advance of service provision where possible** by the following payment methods:
- Direct Debit
  - Cheque;
  - Credit or debit card.

- 8.10 The following payment options are available for customers wishing to make a payment:
- in person at the point of service provision/sale;
  - by telephone, assisted by the Council's Contact Centre staff;
  - by telephone via the Council's automated telephone payment system;
  - via the internet using the links to the Council's internet payment system on its website.
- 8.11 Where it is not possible to obtain payment in advance of service provision, Managers are responsible for ensuring that an invoice for the amount due is raised promptly in the Council's finance system
- 8.12 Invoices should be avoided wherever possible for sundry debts below the value of £20.00 and the income should be collected in advance of a service being provided by the Council.
- 8.13 Managers are responsible for following the Council's Joint Credit Control Policy so that appropriate recovery procedures are followed for debts that are not paid promptly, including legal action where appropriate.
- 8.14 Managers are responsible for assisting the Section 151 Officer in collecting debts that they have originated, by providing any further information and appropriately signed documentation required by the Debtors Officer (Finance Section)
- 8.15 Where a situation arises after the raising of any invoice, that the invoice appears not to be valid, the invoice may be cancelled by the Section 151 Officer, on recommendation of the appropriate Head of Service.
- 8.16 Where debts are due and have been pursued, but remain unpaid, the Section 151 Officer is authorised to write-off bad debts up to the value of £10,000 on recommendation of the appropriate Service.
- 8.17 For debts over £10,000, outstanding amounts may, on recommendation of the Section 151 Officer, be referred to the cabinet for consideration of write off.
- Annex 8.16 Maximum individual debt that can be written off by Section 151 Officer  
£10,000

## **9. ESTATES**

- 9.1 The ownership of all of the Council's properties shall be vested in the Cabinet, except those properties legally required to be held elsewhere.
- 9.2 The Head of Service determined by the relevant scheme of delegation, will act in the capacity of "landlord" for all of the Council's properties as vested in the Cabinet and will
- maintain a register of all properties owned by the Council, the service of the Council currently using the property, the purpose for which it is held, extent and plan reference, purchase details, latest valuation, particulars of nature of interest and rents payable and particulars of tenancy granted, together with such other further details as may be found useful after consultation with other Head of Services.
  - Ensure that appropriate insurance arrangements are in place for all properties
- 9.3 The Head of Law and Governance (or other such person nominated by the Head of Law and Governance Council's Solicitor in writing) shall ensure the safe custody of all title deeds.

## **10. STOCK AND INVENTORIES**

- 10.1 In order to ensure that the financial affairs of their services are properly managed, Managers will be accountable for the security of all resources and assets within their area of responsibility.
- 10.2 Any Manager who holds items for future consumption, other than normal “office consumables”, such as paper, pens, or computer consumables, must inform the Section 151 Officer, who must then determine whether the provisions of these regulations will apply. All items for which such a determination has been made are referred to as either “stock” or “inventory” for the purposes of these regulations.
- 10.3 Stocks should be kept at a minimum level consistent with meeting service needs and having regard for obtaining the best value for the authority.
- 10.4 Inventories shall be maintained by each Manager in accordance with the procedures approved by the Chief Internal Auditor. (The Head of Transformation and Assurance is responsible for ensuring that an appropriate inventory is maintained detailing all IT equipment and Software of the Council.
- 10.5 The Council’s assets shall not be removed otherwise than in accordance with the ordinary course of the Council’s business or used otherwise than for the Council’s purposes except where a specific arrangement has been approved and evidenced in writing by the appropriate Head of Service.
- 10.6 Managers will be responsible for the accuracy of their services’ stock and inventory records, and will ensure that appropriate checks are made regarding their accuracy. As a minimum, checks should be carried out annually.
- 10.7 For the purposes of these regulations, it is not necessary to maintain an inventory for items whose aggregate value is below £50.00.
- 10.8 An annual statement of quantities in stock as at 31 March, together with a valuation, must be supplied to the Section 151 Officer, certified by the responsible Manager, no later than two weeks after the end of the financial year, unless a specific exemption has been agreed in writing between the Section 151 Officer and the Manager concerned. Where, in the view of the Section 151 Officer and the responsible Manager, the stock holding is of sufficient value, the responsible Manager will be required to make arrangements for stocktaking at least annually or alternatively that an independent stocktaking valuation certificate is obtained.
- 10.9 Any stock adjustments must be approved by the appropriate Manager and reported immediately to the Section 151 Officer.
- 10.10 Losses or thefts of stock or inventory items must be reported to the Chief Internal Auditor as soon as practicably possible.
- 10.11 Managers must be able to demonstrate that the disposal of surplus stocks and stores and inventory items, employees have followed the procedures approved by the Chief Internal Auditor.

## **11. ORDERS FOR WORKS, GOODS AND SERVICES AND PAYMENT OF ACCOUNTS**

- 11.1 All purchases of goods, service or works should be made in accordance with the Procurement Regulations.
- 11.2 The ordering of and payment for goods and services shall only be undertaken in the format and using procedures approved by the Section 151 Officer. All work, goods or services to be supplied to the Council shall be ordered via the Council's electronic purchase ordering system), reflecting the "No Purchase Order No Pay" policy of the Council. Standing exceptions only exist for procurement card purchases, petty cash payments and work which is part of a formal contract. Requests for other exceptions must be approved by the Section 151 Officer.
- 11.3 Orders for goods and services shall not be issued unless the expenditure is included in an approved estimate or other specified financial provision.
- 11.4 No employee should enter into an agreement to make a payment other than in accordance with these regulations, though the Section 151 Officer is authorised to give written approval to the variation of this section where necessary for the efficient conduct of the Council's activities.
- 11.5 Apart from payments from advance accounts (see Regulation 12) or utilisation of Purchasing Cards the normal methods of payment of money due from the Council shall be by BACS, or by single crossed cheque drawn on the Council's Bank account in accordance with the Council's scheme. No other method of payment including direct debits, standing orders or any form of deferred payment such as leasing or rental shall be used without the written approval of the Section 151 Officer.
- 11.6 The appropriate Manager, or such other employee authorised by them in writing in accordance with the scheme of Financial Delegations, shall be authorised to approve payment of supplier invoices, having satisfied themselves that, save to the extent that the Section 151 Officer may otherwise approve:
- (a) The work, goods or services to which the account relates have been received, carried out, examined and approved, both as to quantity and quality by another authorised officer;
  - (b) The prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct, having been checked against prior quotes, tenders or price lists by another authorised officer;
  - (c) The relevant expenditure has been properly incurred and can be met from the relevant budget;
  - (d) Appropriate entries have been made in inventories, stores records or stock books as required;
  - (e) The account is an original, rather than any form of copy, has not been previously passed for payment and is properly due from the Council.

- 11.7 Accounts shall be certified without delay in the format, and with any supporting documentation, specified in guidance approved by the Section 151 Officer, who shall be entitled to make such enquiries and to receive such information and explanations as they may require.
- 11.8 Incorrect supplier invoices should not be amended by Council employees. They should be returned to the supplier with a request to provide an invoice for the correct amount or a credit note. Where the item of expenditure is subject to VAT either:
- A VAT invoice is obtained to ensure that the appropriate amount can be recovered; or
  - A VAT receipt is obtained and forwarded to the Chief Finance Officer
- 11.9 In exceptional certain circumstances, it will be necessary to make payments to external bodies where the placement of an order is not possible, and no invoice will be submitted to the Council for payment. The Section 151 Officer will maintain a list of items falling into this category, which must be authorised for payment using the appropriate “payment request” forms instead of a supplier invoice. In all other respects, these payments must be processed in the same way as payments to suppliers.
- 11.10 In circumstances approved by the Section 151 Officer, the authority for approving accounts for payment shall fall to the Head of Service responsible for the payment, provided that an order has been electronically generated within the Council’s finance system and that the goods or services ordered have been satisfactorily goods received in the system.
- 11.11 The Manager responsible for the order will be responsible, at the time of placing the order or noting receipt of the goods as appropriate, to satisfy themselves that:
- (a) The order placed has been fully priced within the Council’s finance system;
  - (b) The work, goods or services to which the order relates have been received, carried out, examined and approved, both as to quantity and quality and that the goods have been notified as “received” in the Council’s finance system to certify that this is the case;
  - (c) The relevant expenditure has been properly incurred and is within the relevant budget;
  - (d) Appropriate entries have been made in inventories, stores records or stock books as required.

11.12 The Principal Accountant - Exchequer Services responsible for the payment invoices will, before paying any sums due in this way, shall satisfy themselves:

- (a) The work, goods or services to which the account relates have been recorded within the Council's approved system as received or carried out;
- (b) The priced account is in accordance with the priced order, subject to any tolerance that may be approved by the Section 151 Officer;
- (c) Any request for payment which is not in accordance with the requirements above is specifically approved by the Head of Service in addition, and that this is recorded within the Council's system.
- (d) The account is an original, rather than any form of copy, has not been previously passed for payment and is a proper liability of the Council.

11.13 No employee shall certify any account for payment where that employee is to benefit from the payment. In such cases an independent certification must be obtained.

## 12. ADVANCE ACCOUNTS

- 12.1 Head of Services shall provide such advance accounts or floats as considered appropriate for such employee of the Council as may need them for the purposes of defraying petty cash and other expenses, subject to the approval of the Section 151 Officer should such an advance exceed **£500**. Such accounts shall be maintained on the imprest system and will be identified as “advance” accounts.
- 12.2 The conduct of advance accounts or floats must be in accordance with instructions approved by the Chief Internal Auditor, and should not, in particular, be used as a means of circumventing other parts of these regulations. No income received on behalf of the Council may be paid into an advance account, but must be banked or paid to the Section 151 Officer as provided elsewhere in these regulations.
- 12.3 Any employee responsible for an advance account or float shall, if so requested, give to the Section 151 Officer a certificate of the value of the account.
- 12.4 On leaving the employment of the Council or otherwise ceasing to be entitled to hold an advance account or float, an employee shall account to the relevant Head of Service for the amount advanced to them.
- 12.5 Any discrepancy in relation to an Advance Account must be reported without delay to the Section 151 Officer.



### **13. SALARIES AND WAGES**

- 13.1 The payment of all salaries, wages, compensation, allowances and other emoluments to all members, employees or former employees of the Council shall be made by the Head of Transformation and Assurance under arrangements approved by the Section 151 Officer. The Head of Transformation and Assurance shall have the power to make changes to such payments reflecting changes in local or national pay rates or conditions of service. Such payments shall be made by BACS, unless otherwise agreed in writing by the Section 151 Officer.
- 13.2 The Head of Transformation and Assurance shall retain records of all matters affecting the payment of such emoluments and in particular:
- (a) Appointments, resignations, dismissals, suspensions, secondments and transfers;
  - (b) Absences from duty for sickness or other reason which may affect payment;
  - (c) Changes in remuneration;
  - (d) Information necessary to maintain records of service for pension, income tax and national insurance.
- 13.3 Appointments of all employees shall be made in accordance with the Council's Scheme of Delegations and the approved grades and rates of pay.
- 13.4 All individuals who undertake work for the Council will be paid under arrangements determined by the Head of Transformation and Assurance in accordance with the Council's guidelines.
- 13.5 All time records or other documents shall be in a form approved by the Section 151 Officer and shall be certified by or on behalf of a Manager by an officer so approved in accordance with the scheme of Financial Delegations.

## **14. TRAVELLING, SUBSISTENCE AND OTHER ALLOWANCES**

- 14.1 All claims for payment of car allowances, subsistence allowances, travelling and training and other expenses shall be submitted to the Head of Transformation and Assurance in a format approved by the Section 151 Officer, duly certified by an authorised employee in accordance with the scheme of Financial Delegations.
- 14.2 A schedule of applicable rates will be maintained by the Head of Transformation and Assurance.
- 14.3 The certification by or on behalf of the Manager shall be taken to mean the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Council.
- 14.4 Claims must be submitted on a monthly basis for the previous month's expenses. Any claims that cover a back dated period in excess of three months will require the special approval of the Section 151 Officer before payment.
- 14.5 All claims received by the notified monthly deadline will be paid with that month's salary. Claims must be accompanied by appropriate receipts to evidence expenditure incurred.
- 14.6 Employees who are required to use their private vehicle for work purposes on an ad hoc or regular basis must ensure that their car is insured for business use.
- 14.7 Managers must check, at least one a year that their employees who are required to use their private vehicle for work purposes on an adhoc or regular basis have:
- (a) valid car insurance for business use; and
  - (b) a valid driving licence.
- 14.8 Payment of Members' travelling or other allowances will be made by the Head of Transformation and Assurance on receipt of the appropriate form duly completed and submitted by the Member. All claims received by the notified monthly deadline will be paid with that month's basic allowance.

## **15. RISK AND INSURANCES**

- 15.1 Managers will be responsible for supporting the delivery of the Council's Risk Management Policy and Strategy.
- 15.2 Managers should notify the Insurance Officer of the extent and nature of all new insurable risks and any alteration affecting existing insurance risks.
- 15.3 Managers shall notify the Insurance Officer<sup>3</sup> of all appropriate employees of the Council to be included in suitable fidelity guarantee insurance.
- 15.4 The Insurance Officer shall effect all insurance cover in respect of insurable risks, including fidelity guarantee insurance, in consultation with the Section 151 Officer.
- 15.5 Managers shall give prompt notification to the Insurance Officer in writing of any loss, liability or damage or any event likely to lead to a claim, and, inform the police in appropriate cases.
- 15.6 The Insurance Officer shall undertake all liaison with the Council's insurers in respect of the negotiation and payment of all claims in consultation with Head of Services where necessary.
- 15.7 No Council Member or employee shall be permitted to discuss or admit liability to a third party, other than the Insurance Officer, in consultation with the Council's Solicitor where appropriate, in the course of settling a claim.
- 15.8 Managers shall provide the Insurance Officer with the information available to deal with any claim arising.
- 15.9 Where claims under the Council's public liability policy fall below the excess limit, and the Manager concerned has accepted liability, the Insurance Officer shall consider, negotiate and make any payment due in settlement of the claim.
- 15.10 Formal indemnity can only be granted by the Council's Solicitor in consultation with the Insurance Officer.
- 15.11 The Insurance Officer shall annually, or at such other period as they may consider necessary, review all insurances in consultation with Managers as appropriate.

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<sup>3</sup> The "Insurance Officer" for the purposes of these regulations shall be the service manager who has responsibility for the Insurance function within their job description

## **16. THE POWERS AND DUTIES OF INTERNAL AUDIT**

- 16.1 Internal Audit is an assurance function which primarily provides an independent and objective opinion to the Council on its governance arrangements and internal controls.
- 16.2 Managers, and not Internal Audit, have ultimate responsibility for ensuring that internal controls throughout the Council are adequate and effective. This responsibility includes the duty to continuously review internal controls and ensure that they remain suitable in design and effective in operation. The existence of Internal Audit does not diminish the responsibility of management to establish and maintain systems of internal control to ensure that activities are conducted in a secure, efficient and effective manner.
- 16.3 The Chief Internal Auditor and the Section 151 Officer have a responsibility for ensuring that the Council has an adequate and effective internal audit service in operation in accordance with Section 151 of the Local Government Act 1972 and the Accounts and Audit Regulations 2015.
- 16.4 The work of the Internal Audit Section will be performed with due professional care and in accordance with the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS) and any subsequent guidance which updates or replaces these.
- 16.5 The Chief Internal Auditor will fulfil the role and responsibilities of the “Chief Audit Executive” as set-out in the PSIAS.
- 16.6 In order to perform their duties, the Chief Internal Auditor or their nominated representatives have authority to:
- a. enter at all reasonable times, any Council premises or land;
  - b. have access to all records, documents, correspondence and computer systems relating to the Council and its activities;
  - c. require and receive such explanations as necessary concerning any matter under examination;
  - d. require any employee of the Council to produce records, cash, stores or any other Council property under their control, necessary to carry out their duties.
- 16.7 Where necessary such rights of access may be called upon and should be granted to Internal Auditors on demand and not subject to prior notice or approval. All employees are required to assist Internal Audit in fulfilling its roles and responsibilities.

- 16.8 For Internal Audit to fulfil its responsibilities effectively, it must be independent of the activities it audits. In order to achieve this, it should not be involved, as a matter of routine, in the operation of procedures or financial services within the Council. Where the Chief Internal Auditor's independence is comprised this must be agreed with the Section 151 Officer and suitable alternative arrangements put in place.
- 16.9 The Chief Internal Auditor has the right to direct access to the Section 151 Officer, Chief Executive / Managing Director, Heads of Service, Chair of the Audit Committee, Leader of the Council and External Auditors, where it is deemed necessary.
- 16.10 Internal Audit supports the Section 151 Officer in carrying out their statutory duty to providing an effective system of internal control at the Council. Internal Audit shall report any significant control weaknesses in systems to the appropriate Head of Service and the Section 151 Officer. If action is not taken within the time specified by the Chief Internal Auditor, escalation procedures will be commenced, including reporting the matter to the Head of Service, the Monitoring Officer, the Head of Governance, Section 151 Officer, Chief Executive/ Managing Head of Service and/or the Council's Audit Committee.

## **17. FRAUD AND IRREGULARITIES**

- 17.1 Managers are responsible for establishing procedures to prevent and detect fraud occurring within their service area.
- 17.2 Any officer who suspects that these regulations have been or may be breached, that any financial records may have been falsified or that resources of the Council have been or may be stolen, must immediately notify the Head of Law and Governance, Section 151 Officer or the Chief Internal Auditor.
- 17.3 The Chief Internal Auditor in consultation with the Section 151 Officer<sup>4</sup> will be responsible for involving the Police in any matters relating to fraud or breaches of these regulations.
- 17.4 Where there is a suspicion that Money Laundering may be occurring the Chief Internal Auditor or Head of Law and Governance must be informed immediately and the Council's Money Laundering Framework must be followed.
- 17.5 The Chief Internal Auditor in consultation with the Section 151 Officer<sup>5</sup> shall take such steps as they consider necessary by way of investigation, reporting and commencement of disciplinary procedures for all cases of fraud/irregularity.
- 17.6 The Section 151 Officer shall have the right to be represented and give evidence at any proceedings under the Council's disciplinary procedures relating to any employee breaching the Council's Financial Regulations.
- 17.7 At an employee's option, the processes in paragraph 17.1 may be replaced by the provisions of the Council's Confidential Reporting Framework or the Council's Anti-Fraud and Bribery Framework.

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<sup>4</sup> In the absence of the S151 Officer, the Monitoring Officer or the Head of Governance will be consulted

<sup>5</sup> As for footnote 4 above

## ANNEX

### Values Referred to within Financial Regulations

Paragraph	Item	Value
	Limit on virement authority for items within the same Service, Service Division and fund.	£10,000
	Threshold above which second signature is required for cheques produced as output from the Council's computerised financial systems	£50,000
	Threshold above which second signature is required for manually produced cheques.	£5,000
	Threshold below which sundry debtor invoices should not be raised.	£20
	Maximum individual debt that can be written off by Section 151 Officer.	£2,500