



CITY OF YORK COUNCIL

Financial Regulations

Version 13 – January 2022

City of York council Financial Regulations

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Status of Financial Procedure Rules

Introduction

- 1 These Financial Regulations (Regulations) provide the governance framework for managing the Council's financial affairs. They apply to every Member and Officer of the Council and to anyone acting on its behalf.

Observing these regulations

- 2 These Regulations apply across all parts of the whole organisation, including all Member fora and directorate services, as well as all arms length organisations, agencies and partnerships with whom the Council does business and for whom the Council is the relevant accounting body. Where the Council is not the relevant accounting body, but is a responsible partner, officers must ensure that the accounting body has in place adequate Regulations and proper schemes of delegation. Schools are bound by these Regulations unless the School Standards and Framework Act 1988 (SSFA98) specifically exempts them from any particular provisions set out herein (e.g. financial thresholds, if the Framework provides differently).
- 3 All Council Members and Officers have a general responsibility for taking reasonable action to provide for the security of the assets under their control and for ensuring that the use of these resources is legal, properly authorised, provides value for money (VFM) and achieves best value (notwithstanding the delegated authorities of any given committee or officer). In doing so, proper consideration must be given at all times to matters of probity and propriety in managing the assets, income and expenditure of the Council.

Maintaining these regulations

- 4 The Council operates a system of managerial and financial control whereby the Chief Finance Officer (CFO) has overall responsibility for the proper management of the finances of the Council as a whole but the responsibility for the day-to-day financial control and administration in each directorate is devolved to the Corporate Director.
- 5 The overall responsibilities of the CFO in respect of these regulations are therefore to:
 - a) maintain these Regulations and submit any additions or changes necessary to Full Council for approval in consultation with the Monitoring Officer (MO);
 - b) issue explanatory advice and guidance to underpin these Regulations as necessary. Where such advice and guidance is issued, Members, Officers and others acting on behalf of the Council are required to comply with it in accordance with the general provisions of these Regulations;
 - c) require any officer to take any action deemed necessary (as is proportionate and appropriate) to ensure proper compliance with these Regulations;
 - d) report, where appropriate, any breaches of these Regulations to Members;

- 6 These regulations have been drafted with a view to avoiding any uncertainty or ambiguity as to the principles, standards and procedures to be observed. Should any uncertainty or dispute arise pursuant to these Regulations, the matter must be referred to the CFO for interpretation and/or arbitration.

Sanctions & remedies for non-compliance

- 7 Failure to comply with any part of these Regulations may constitute misconduct and lead to formal disciplinary action.

Part A

Financial Management Standards

Introduction

- 1 This Part of the Regulations set out the overall framework of financial management responsibilities at the Council, including the accounting policies, standards, record keeping and financial statements the organisation is required to maintain in managing its finances and financial affairs.
2. All Members and Officer have a common duty to abide by the highest standards of probity and propriety when making decisions about the use of public monies. It is important for the way in which this is done to be transparent, properly accounted for in respect of the correct accounting year and reported in accordance with recognised accounting standards, conventions and policies

Member roles & responsibilities

3. Member responsibilities for the overall management of the Council's financial affairs are exercised through:
 - **Full Council**, which is responsible for the Council's overall Policy Framework and for setting the Budget within which the Executive will operate (See Constitution Appendix 9).
 - **The Executive**, which is responsible for proposing policy and the Budget to the Full Council.
 - **The Audit & Governance Committee**, which is responsible for approving the statement of accounts.

The Chief Finance Officer (CFO)

4. The functions and responsibilities of the CFO are directed in the first instance by legislation that imposes statutory duties on the CFO for the proper management, financial administration and stewardship of Council assets and the fiduciary interests of local tax payers. These statutory responsibilities cannot be overridden and arise from:
 - Section 151 of the Local Government Act 1972;
 - The Local Government Acts 2000 & 2003;
 - The Local Government Finance Act 1988;
 - The Local Government and Housing Act 1989;
 - The Accounts and Audit Regulations 2003, as amended by the Accounts & Audit (Amendment) (England) Regulation 2006

5. These responsibilities include:
 - a) the preparation of the Council's annual statement of accounts and the compilation and retention of all supporting accounting records and working papers, in accordance with the proper professional practices and set out in the format required by the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice - the SORP (CIPFA/LASAAC). The financial year observed by the Council runs from 1 April to the following 31 March;

- b) the proper administration of the Council's financial affairs, systems and procedures;
- c) setting and monitoring compliance with financial management standards and controls;
- d) ensuring proper professional practices are adhered to in acting as the head of profession in relation to the standards, performance and development of all finance Officers across the organisation;
- e) providing advice on the key strategic controls necessary to secure sound financial management (including the operation of an effective internal audit function);
- f) ensuring that financial information is available to enable accurate and timely monitoring and reporting;
- g) determining the contents of all financial procedure manuals and ensuring compliance with the requirements of the Financial Regulations;
- h) ensuring a Local Council Tax Support scheme is maintained;
- i) in the event of a disaster or other civil emergency affecting the City then subject to overall council funding limits the CFO has the power to authorise all necessary expenditure required to support the Chief Operating Officer in exercising their lawful power. The CFO can also delegate this authority to any Chief Officer acting as their nominated deputy with a limit of £50K. The nominated deputy should at all times endeavour to seek

authorisation from the CFO where practical before committing expenditure.

6. The CFO can choose to delegate their day-to-day responsibilities in respect of their functions and responsibilities as defined by these Regulations in accordance with the Council's Schemes of Delegation. The CFO may delegate their responsibilities to an appropriate representative(s). Where this is the case the delegation and officer responsibilities must be clearly documented in the relevant scheme of delegation and be kept under regular review by the CFO further to these Regulations.

The Chief Internal Auditor (CIA)

7. The CIA is designated by the CFO as part of their Directorate Scheme of Delegation further to Appendix 1 of this Constitution and plays a key role in providing assurance to the Members, the CFO, the Head of Paid Service and Corporate Management Team about the practical deployment and effectiveness of financial management arrangements across the organisation.
8. The CIA has rights of access to information and data held by Officers or Members of the Council at all reasonable times and is responsible for the overall management and deployment of internal audit resources at the Council. They also have the right to report on any relevant matter of concern to senior management and Members of the Council outside normal line management arrangements should they deem this necessary in protecting the interests of the Council and/or local tax payers.

Corporate Directors

- 9 Whilst the CFO has overall responsibility for the finances of the Council, Corporate Directors and directors are responsible for the day-to-day management of their directorate's finances. Their responsibilities in relation to financial management include:
- a) promoting and ensuring compliance with the financial management standards and practices set by the CFO in their directorates;
 - b) consulting with the CFO on any matter which is liable to materially affect the resources of the Council. This must be done before any commitment is incurred, or a report made to an Executive Member or to a committee for decision;
 - c) ensuring that Executive Members are advised of the financial implications of all proposals and that these have been agreed by the CFO or their nominated representative;
 - d) signing contracts on behalf of the Council in accordance with the contract procedure rules set out in Part D of these Regulations;
 - e) reporting suspected fraud and irregularities to the CIA for investigation and referral to the police as necessary;
 - f) ensuring that the common officer delegations relating to financial management and administration as set out in the Council's scheme of delegation within their directorates are exercised with due regard to the detailed requirements of these Regulations;

- g) implementing the management recommendations of the internal audit provider and external auditors agreed with the Corporate Director and/or the relevant Chief Officers and heads of service.

Part B

Financial planning & budgeting

Introduction

- 1 The purpose of financial planning is to set out and communicate the organisations objectives, resource allocations and related performance targets and to provide an agreed basis for subsequent management control, accountability and reporting.
- 2 The Council's budget sets agreed parameters around the annual activities and functions of directorates and their services. The Council's Financial Strategy represents a financial plan to address those issues which have medium to long term financial implications for the organisation.

Budget Planning

- 3 The revenue budget must be constructed so as to ensure that it properly reflects the priorities of the Council and service plan considerations. 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.
- 4 The budget process must ensure that resources are:
 - required in accordance with the law and properly authorised;
 - used only for the purpose intended to achieve approved policies, objectives and service priorities;
 - held securely for use when required;
 - used with the minimum level of waste, inefficiency or loss.

- 5 The CFO in consultation with each corporate director is responsible for:
- a) ensuring that an annual revenue budget is prepared in the context of a medium term financial strategy for consideration by the Executive and its recommendation to Full Council.
 - b) maintaining a resource allocation process that properly reflects all due consideration of the Council's policy framework, ambitions and priorities;
 - c) advising the Executive on the format of the budget for approval by Full Council;
 - d) allocating central budgets for example inflation and superannuation;
 - e) providing advice and guidance to the Executive further to its responsibility for issuing guidance on budget preparation to take all due account of:
 - legal requirements;
 - medium term planning prospects and known issues;
 - the Council Plan;
 - available resources
 - spending pressures;
 - government initiatives and public policy requirements;
 - internal policy directives;
 - cross cutting issues and Council priorities.
 - f) determining the detailed form of revenue estimates consistent with the budget approved by Full Council after consultation with the Executive and corporate directors;

- g) reporting to the Executive on the aggregate spending plans of directorates and on the resources available to fund them, identifying any implications for council tax levies;
- h) advising on the medium term implications of spending decisions and funding options;
- i) encouraging the best use of resources and value for money by working with corporate directors and other Chief Officers to identify opportunities to improve economy, efficiency and effectiveness and by encouraging good practice in conducting financial appraisals of growth or savings and developing the financial aspects of effective service planning;
- j) where relevant and appropriate seeking to recover the cost of the service overheads when 'trading' with other organisations;
- k) advising the Full Council on the Executive's budget proposals in accordance with their responsibilities under S151 of the Local Government Act.

6 Corporate directors and directors are responsible for ensuring:

- a) budget estimates of income and expenditure are a realistic reflection of agreed corporate and service priorities, and that they are submitted to the Executive as part of the overall budget setting process. These estimates must be consistent with any relevant cash limits, the annual budget cycle and prepared in line with guidance issued by the Executive on the advice of the CFO. In drawing up draft budget plans corporate directors and directors must have regard to;
 - spending patterns and pressures revealed through the budget monitoring process;

- legal requirements;
 - policy requirements as defined by Full Council and set out in the policy framework;
 - initiatives already under way.
- b) effective budgetary control within their directorates, establishing detailed budgets for each service area in advance of the financial year and requiring such budgets to be properly managed by responsible named budget holders;
- c) financial and budget plans are integrated into service planning.
- d) If corporate directors or directors are unable to keep within their agreed budget limits they must consult with the CFO, who has a statutory duty to report any significant issues to Members.

Budget monitoring and control

- 7 The Council budget sets an annual cash limit. To ensure the Council does not exceed its budget, each service area is required to manage its own income and expenditure within the cash limited budgets allocated to them to be spent on agreed service activities and functions.
- 8 The CFO is responsible for establishing a robust framework of budgetary management and control that ensures that:
- a) budget management is exercised within annual cash limits;
 - b) appropriate and timely financial information is available to Chief Officers and budget holders that

enables budgets to be monitored and controlled effectively;

- c) expenditure is committed only against approved budget heads and associated structure of detailed cost centres;
- d) all officers responsible for committing expenditure comply with these Regulations;
- e) each cost centre is delegated to a named budget holder to be determined by the relevant Chief Officer (budget responsibilities should be aligned as closely as possible with those making day to day decisions to commit expenditure);
- f) significant variances from budget are investigated and reported by budget holders on a regular basis.

9 The CFO must monitor and control the level of income and expenditure against budget allocations overall. They must ensure that monitoring reports are provided through the finance and performance monitoring framework for Members to consider on a regular basis throughout the financial year (to be determined and advised by the CFO) and a report after the year end setting out the revenue outturn. Budget monitoring reports must include:

- a) explanations of all variations to service budgets where deemed appropriate by the CFO;
- b) explanations of financial implications and material considerations such as:
 - part and/or full year consequences of variances;
 - one off and/or recurring costs and income;

- total scheme costs and sources of funding;
 - asset rental costs or leasing effects;
 - costs associated with staffing matters including the costs of redundancy and effects on the pension fund;
 - service plan implications and impact on service delivery (both within the service plan area and across other services or portfolios as appropriate).
- 10 Reports containing budget monitoring information must be reviewed by the CFO, or by their nominated representative(s) (where not otherwise prepared by their nominated representative in directorates) at least 5 working days in advance of the relevant committee distribution date.
- 11 Any overspending on service estimates in total on budgets under the control of a director must be reported by the CFO to the Executive. Where overspending is such that it appears the overall budget will be exceeded, and there is a need for an additional call on the council reserves the CFO must report the issue to full council.
- 12 Schools' balances will be available for carry forward to support the necessary expenditure of the school concerned. Where an unplanned deficit occurs, the governing body shall prepare a detailed financial recovery plan for consideration by the corporate director for people and the Executive Member concerned in consultation with the CFO.
- 13 Schools must prepare a plan to recover the deficit within a defined period. In exceptional circumstances schools may seek to incur expenditure to be financed by anticipating future year budgets. Any such arrangement must be approved by the relevant Executive Member and proposals to do so accompanied by a detailed plan setting out how the arrangement is to be

accommodated as a first call on their future budget share.

- 14 The CFO is also responsible for:
- a) reporting to the Executive and Full Council in consultation with the relevant Corporate Director if they are unable to balance expenditure and resources within their existing budgets and a supplementary estimate is required;
 - b) reporting to the Executive regarding virements which are in excess of £500,000 (either as individual items in-year or when taken in aggregate across the same category of budgeted income or expenditure in a particular service plan in any one financial year);
 - c) reporting regularly to the Executive (as determined and advised by the CFO) on the overall revenue budget position and the Council's available contingencies, balances and reserves.
- 15 It is the responsibility of Corporate Directors and Directors to:
- a) ensure effective budgetary control arrangements exist and are observed within their own directorates in accordance with these Regulations;
 - b) ensure spending remains within the relevant cash limits by controlling income and expenditure within their directorate, monitoring performance and taking corrective action where significant variations from budget are forecast, taking account of any financial information and/or advice provided by the CFO or their nominated representative(s).
 - c) regularly report performance and variances within their own areas and take action to avoid

exceeding their budget allocation, alerting the CFO to any known or expected budget problems;

- d) report to the Executive and Full Council as necessary the financial implications of any new in-year proposal or amendment that will:
- create financial commitments in future years;
 - change existing policies, initiate new policies or result in existing policies ceasing to operate;
 - materially extend or reduce the Council's services.

- 16 Further guidance is available in the Budget manager guidelines which form part of the supplementary guidance to these regulations:

Medium term financial planning

- 17 Medium term financial planning allows the Council to think beyond the constraints of any given financial year and annual budget and prepare for future events. The CFO is delegated as part of the final accounts process to make proper provision for known future commitments, and approve carry forward of budgets, which are consistent with agreed budgetary and/or policy framework.
- 18 The CFO is responsible for reporting a financial strategy to the Executive for recommendation to Full Council. This will set out the overall medium term financial issues facing the Council, and consider the actions the council may need to take.

Schemes of virement

- 19 The term virement refers to transfers of resources between or within approved cost centres for both revenue and capital purposes. A virement does not create additional budgetary liabilities. Instead the virement mechanism exists to enable the Executive, Chief Officers and their Officers to manage their budgets with a degree of flexibility within the overall policy framework and budget set by Full Council, thereby optimising the use of resources throughout the financial year. The virement schemes for revenue and capital do not exist as a means of remedying poor budgetary control or financial planning for known commitments and service priorities, or otherwise excuse Chief Officers and budget holders from the need to manage their budgets prudently and responsibly. Nor may virements be effected after the year end to retrospectively fund over or under spends unless approved in advance by the CFO.
- 20 It is important that the scheme is carefully controlled within guidelines established by Full Council and administered by the CFO. Any variation from those guidelines must be approved by Full Council. All virements must:
- not commit the Council to any on-going additional expenditure in future years unless virements are permanent redirections of resources;
 - be notified in writing to the CFO or their nominated representative;
 - be reported in budget monitoring reports to the Executive in accordance with the scheme of virement operated by the Council
 - be recorded in the Council's financial systems.
- 21 The scheme of revenue virement and agreed thresholds for delegated decision making purposes is set out below. Further guidance is available for Finance Teams

within the Virement Policy which forms part of the supplementary guidance to the financial regulations.

Scheme of revenue virement delegations

| Decision maker | Delegated powers & authority | Thresholds |
|-----------------------|---|--|
| The Executive | To approve virements between Service Plans in excess of £500k (either individually or in aggregate for the financial year) | Over £500k up to the cash limits set by the Budget |
| | To approve allocations of resources from approved contingencies and reserves | As set by the annual Budget |
| | To make recommendations to Full Council for the release of budget resources in excess of the approved contingencies and reserves | As set by the annual Budget |
| | To approve virements from within existing Service Plans or between Service Plans into new or otherwise unplanned functions and activities if savings are available to be re-directed into the new activity | Over £500k |
| Corporate Directors | To approve virements within or between Service Plans within their Directorates in excess of £100k and up to £500k (either individually or in aggregate for the financial year) in consultation with the relevant Executive Member. Any virement | Over £100k and up to £500k in consultation with the relevant |

| | | |
|----------------------|--|---|
| | that affects the council's policy framework will be referred to full council. | Executive Member |
| | To approve virements from within existing Service Plans or between Service Plans within their Directorates into new or otherwise unplanned functions and activities if savings are available to vire into the new activity. Any virement that affects the council's policy framework will be referred to full council. | Over £100K and Up to £500k in consultation with the relevant Executive Member |
| | CFO to approve virements between directorates in consultation with the relevant Chief Officers | Up to and including £500K in consultation with the relevant Executive Member |
| Other Chief Officers | To approve virements within their Service Plans up to £100k (either individually or in aggregate for the financial year) | Up to £100k |

The Capital Programme

- 22 The capital programme is a plan that sets out the resource allocations to be made to capital schemes that have the approval of Full Council. Capital expenditure involves acquiring or enhancing fixed assets with a long term value to the organisation, such as land, buildings, major items of plant, equipment or vehicles

- 23 The Regulations and standards relating to budgetary management and control of the revenue budget apply equally to capital expenditure and any changes to revenue budgets arising out of changes to the capital programme must be dealt with accordingly. All capital expenditure is incurred or committed on a scheme by scheme basis. Capital expenditure must be reported gross of any funding and controlled at that level.
- 24 No expenditure may be incurred on a project unless it has been approved as part of the capital programme. Equally, no scheme requiring Government sanction or funding either in full or in part may begin until the sanction and/or funding has been officially confirmed. All credit agreements must be referred to the CFO for approval prior to schemes being included in the programme.
- 25 All capital expenditure must be incurred by 31 March of the financial year for which it is approved, although approvals can be slipped provided the position is reported to the Executive, unless there is an external requirement to spend within any given year. Where schemes are part of a rolling programme or span a number of years, approval is required for each year's expenditure when the scheme is approved for inclusion in the Programme.
- 26 As with the revenue budget, it is possible to vire between schemes within the approved capital programme where known funding shortages and/or underspends have arisen. The same rules and principles set out in paragraphs 19-21 above for revenue virement apply to the capital programme. If shortfalls in funding or overspends cannot be met by transferring resources between schemes within the agreed capital programme, requests of additional funding from reserves must be prepared by the relevant Corporate Director in consultation with the CFO for approval by the Executive. The scheme of capital virement and thresholds for delegated decision making purposes is set out in the table below.

Scheme of capital virement delegations

| Decision maker | Delegated powers & authority | Thresholds |
|---------------------|---|--|
| The Executive | To approve individual virements between schemes in excess of £500k | Over £500k |
| | To re-phase approved scheme expenditure between years in excess of £500k for each scheme | Over £500k |
| Corporate Directors | To approve individual virements between schemes in excess of £100K up to a maximum of £500k in consultation with the relevant Executive Member. Any virement that affects the council's policy framework will be referred to full council | Over £100K and Up to and including £500k |
| | To approve individual virements between schemes up to a maximum of £100k | Up to and including £100k |

27 In relation to the capital programme the CFO is responsible for:

- a) ensuring that an annual capital programme is prepared for consideration by the Executive for recommendation to Full Council;

- b) reporting to the Executive on income, expenditure and resources compared with approved estimates;
- c) issuing guidance on capital schemes and controls and defining what will be regarded as capital having proper regard to Government regulations and accounting conventions;
- d) ensuring that all schemes relying on the use of prudential borrowing powers for funding purposes are properly appraised on the basis of a robust business case as part of the capital budget process.
- e) managing the capital budget process;
- f) maintaining a record of the current capital budget and expenditure on the Council's financial systems.

28 In relation to the capital programme Corporate Directors and directors are responsible for:

- a) complying with the guidance issued by the CFO regarding capital schemes and controls;
- b) ensuring that all capital schemes put forward for consideration in the CRAM process have been properly appraised and that each scheme and estimate includes a proper project plan, progress targets and sets out the sources of funding for the scheme including all associated revenue expenditure;
- c) preparing regular reports reviewing the capital programme provisions for their services;
- d) ensuring adequate records and audit trails are maintained in respect of all capital contracts;

- e) monitoring capital expenditure and receipts against approved capital budgets on a scheme by scheme basis and reporting to the relevant Executive Member on a regular basis in accordance with the standard revenue budget monitoring arrangements set out above;
- f) reporting to the Executive if proposed sources of funding are not secured (if planned funding from linked assets sales or external grants and contributions cannot be realised, corporate funding support must be sought).

Reserves & balances

- 29 Financial reserves and balances are maintained as a matter of prudence against unforeseen events and future contingencies. The CFO is responsible for advising the Executive and Full Council on prudent levels of reserves and balances for the Council as part of the annual budget setting process based on a reasoned assessment of risk.
- 30 The Council must decide the level of its general reserves in determining the level of council tax. The purpose, usage and basis of transactions must be clearly set out in respect of each of the reserves and balances held by the Council.

The Venture Fund

- 31 The Council maintains a venture fund as part of its reserves designed to provide some capacity to support one-off 'invest to save' type initiatives that might otherwise struggle to secure funding in the annual budget setting process.
- 32 Officers are able to bid for venture fund monies with a view to any advances from the venture fund being repaid within a 7 year period at an internal borrowing rate fixed in relation to the councils consolidated rate of interest to be determined by the CFO. All bids to the Venture Fund must be made in the form of a business

case setting out the nature and purpose of the proposal, forecast income and expenditure and payback period.

- 33 CFO has delegated authority to approve bids up to £100,000 from the venture fund, in consultation with the leader. Delegated decisions will be advised to the Executive as part of the budget monitoring and reporting process. Bids in excess of £100,000 must be referred to the Executive for approval.

Prudential Borrowing

- 34 In addition to the venture fund, in accordance with Local Government Act 2003 and the Prudential Code, departments can put forward business cases for prudential borrowing. This is for schemes of a capital nature only and would normally be approved as part of the annual capital programme budget process. However, there will be opportunities that arise during the year where a capital scheme can be approved using prudential borrowing outside of this process.
- 35 All bids are referred to the Executive for approval. The required interest rate is the consolidated rate of interest of the loans portfolio. The length of the prudential borrowing will be supported by the business case, taking into consideration the life of the asset.
- 36 The CFO has delegated authority to approve the length of the repayment period for all borrowing to ensure that borrowing matches the asset life. This will ensure value for money allowing prudential borrowing repayment periods to alter as asset life changes.

Part C

Audit & Risk Management

Audit & inspection

- 1 Audit is a key management tool that Members and Chief Officers should rely on to provide an independent and objective assessment of the probity, legality and value for money of Council arrangements. It examines, evaluates and reports on the adequacy of internal systems of control in the proper, economic, efficient and effective use of resources. Legislation requires that the Council provides for the function of both internal and external audit services.
- 2 The statutory requirement for the Council to maintain "*an adequate and effective system of internal audit*" is set out in Regulation 5 of the Accounts and Audit Regulations Act 2003, as amended by the Accounts & Audit (Amendment) (England) Regulation 2006 and further to S151 of the Local Government Act 1972.
- 3 In summary, the service exists to:
 - a) provide assurance to Members, Chief Officers and the general public on the effective operation of governance arrangements and the internal control environment operating at the Council;
 - b) objectively examine, evaluate and report on the probity, legality and VFM of Council arrangements for managing all items of income, expenditure and safe-guarding assets;
 - c) review arrangements for ensuring proper accounting controls, systems and administration are maintained and make recommendations for action and improvement;
 - d) help to secure the effective operation of proper controls to minimise the risk of loss, the inefficient

use of resources and the potential for fraud and other wrongdoing;

- e) act as a means of deterring all fraudulent activity, corruption and other wrongdoing, conducting investigations into any matter referred to it for investigation by management or officers and members of the public and reporting its findings to Corporate Directors and Members as appropriate for action;
- f) undertake the prioritised investigation of all instances of alleged housing benefit fraud and prosecute those cases where fraud has been identified to protect the Council and fiduciary interests of the community and the public purse;
- g) conduct investigations into suspected fraudulent activity and improper conduct as reported by Members, governors and employees referred to it further to the Council's whistle-blowing policy;
- h) report all known breaches of these regulations and Council standing orders and any other action leading to expenditure incurred ultra vires, identifying any areas of poor financial probity and stewardship problems for action by Chief Officers and Members as appropriate;
- i) advise the CFO and MO as to any necessary intervention in decision making if it is likely that any proposed action will lead to unbudgeted or unlawful expenditure or activity;
- j) review the Council's arrangements for ensuring the income and expenditure of the organisation is properly and regularly monitored in line with the budget setting, monitoring and reporting requirements set out in these Regulations;
- k) advise Officers and Members of value for money issues and/or the poor or inappropriate use of

Council resources and make recommendations for improvement;

- l) review the optimisation of income generation opportunities from grants and subsidies monies available from Government;
 - m) advise the CFO of any appropriate action necessary to safeguard the fiduciary interests of the Council and current and future council tax payers.
- 4 The council's audit & fraud provider is a wholly local authority owned company (Veritau) in which the council has two director appointments (CFO & a member of the Executive).
- 5 The internal audit & fraud provider and the external auditors must be allowed to act independently and objectively in their planning and operation without undue influence by either Directors or Members.
- 6. The CIA is designated by the CFO. They, or their nominated representative(s), has rights of direct access and reporting to the CFO, the client officer for the audit & fraud provider (nominated by the CFO), all Corporate Directors and Members. CIA staff have rights of access to all Council buildings and properties, information and data at all reasonable times.
- 7. The Public Sector Audit Appointments Ltd (PSAA) is responsible for appointing external auditors to Councils, an appointing person under provisions of the Local Audit and Accountability Act 2014, which also sets out the duties of the external auditor. These variously include rights of access and the right to report publicly on their findings and recommendations. The external auditors must comply with the provisions of a Code of Audit Practice in planning and conducting their work. This includes the audit of the Council's financial statements, the financial aspects of corporate governance and performance management. The work

of the council's auditors is reported to the Executive and Full Council in their annual audit letter.

8. The Council may also be subject to audit, inspection or investigation by external bodies such as HM Revenues & Customs, and various other Inspectors of service at any time.

Preventing fraud & corruption

9. The Council will not tolerate fraud or corruption in the administration of its responsibilities, whether perpetrated by Members, Officers, customers of its services, third party organisations contracting with it to provide goods and/or services, or other agencies with which it has any business dealings. There is a basic expectation that Members and all Officers will act with integrity and with due regard to matters of probity and propriety, the requirement to act lawfully and comply with all rules, procedures and practices set out in legislation, the Constitution, the Council's policy framework and all relevant professional and other codes of practice. To that end the Council has adopted an anti-fraud and corruption strategy, fraud prosecution policy, anti-money laundering policy and whistle-blowing policy along with codes of conduct governing the behaviour of Members and Officers.
10. All Officers and Members of the Council must inform the CIA immediately if they suspect or know of any impropriety, financial irregularity, fraud or corrupt practice. The CIA is responsible for determining the nature of any investigation work required in respect of any allegation of wrong doing, and/or any other action required and may refer matters to the police or other appropriate external body as they see fit in consultation with the contract client officer (as nominated by the CFO)
11. The internal audit & fraud providers are required to investigate all referrals of fraud at the direction of the CIA and client manager and in doing so have:

- a) rights of access to all Council premises and property, all data, records, documents, and correspondence relating to any financial matter or any other activity of the Council;
- b) the right to require any Officer or Member to provide any information or explanation needed in the course of their investigations;
- c) the right to prosecute cases of benefit related fraud in the courts;
- d) the right to refer investigations to the police in consultation with the relevant Chief Officer(s), client manager and CFO.

12. In addition, the CIA should to:

- a) refer cases directly to the police if they believe that normal consultation practices would compromise the integrity of the investigation against the interests of the Council or the general public;
- b) notify the council's auditors of any matter that they would rightly expect to be informed of in order to support the function of an effective and robust external audit service;
- c) require any Officer or Member to:
 - make available such documents relating to the accounting and other records of the Council that are necessary for the purpose of the audit;
 - supply any information or explanation considered necessary for that purpose.

Managing risk

13. Risk management is inherent to good management practice and essentially; it is concerned with identifying potential events (risks), establishing what could go wrong (threats) and the potential for success (opportunities) with the aim of trying to achieve the right balance between the two. The outcome from proper risk consideration ensures that managed controls are in place and the effective prioritisation and allocation of potentially scarce resources to the most appropriate area (high risk), to ensure service continuity and performance improvement.
14. It is essential that robust, integrated systems are developed and maintained for identifying, evaluating and managing all significant strategic, project and operational risks to the Council. This should include the proactive participation of all those associated with planning and delivering services
15. The CFO is responsible for preparing the Council's risk management policy & strategy and for promoting it throughout the Council.
16. It is the responsibility of Chief Officers to ensure there are regular reviews of risk within their areas of responsibility having regard to advice from the Council's risk management service and other specialist officers (e.g. health and safety).
31. Full details of the way that the Council manages its risks are set out in the risk management policy and strategy and form part of the supplementary guidance to these regulations.

Insurance

18. The Chief Finance Officer is responsible for:
 - effecting all relevant insurances and dealing with all claims;

- operating an internal insurance account(s) for some risks or elements of risk not covered by external insurance policies and is authorised to charge the various Council service budgets with the cost of contributions to this account;
 - reviewing, at least annually, all insurances.
19. It is the responsibility of Chief Officers to:
- advise the CFO of all new risks, properties, vehicles or potential liabilities for which insurance may be required; and of any changes affecting existing risks or insurance cover required;
 - notify the CFO in writing without delay of any loss, liability or damage or any event likely to lead to a claim, and shall provide such information and explanations required by the CFO or the Council's insurers;
 - ensure that employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

Part D

Systems & procedures

Introduction

1 Good systems and procedures are essential to the effective management and administration of the Council's financial affairs. This section covers:

- Accounting systems
- Income
- Expenditure
- Banking arrangements
- Treasury management
- Taxation
- Stock & stores
- Trading accounts

Accounting systems

2 The Council relies on a variety of different financial and accounting systems in controlling and administering the finances of the organisation. It is vital that these systems ensure information is recorded accurately, completely and in a timely manner and that all necessary controls are in place to ensure that all transactions are properly processed and any errors detected promptly and rectified.

3 The CFO is responsible for:

- determining the Council's main accounting system for the preparation of the Council's accounts and for monitoring all income and expenditure. The main accounting and budgeting system used at the Council is known as the financial management system (FMS);
- determining any other key financial systems which may sit outside the FMS;

- ensuring that all financial systems are sound and properly integrated and interfaced;
 - issuing advice, guidance and procedure notes on the use and maintenance of FMS and related financial systems and for ensuring that all finance Officers are trained and competent in the using of financial systems.
- 4 Corporate Directors have devolved responsibility for the finances of their directorates and must ensure that proper accounting and financial systems exist and incorporate adequate internal controls to safeguard against waste, loss or fraud. They must also ensure that officers in their Directorates are aware of and have access to copies of these Regulations and any supplementary advice and guidance issued by the CFO.
- 5 Further to this, Corporate Directors are specifically responsible for:
- a) ensuring all accounting records are properly maintained and held securely, including any supporting vouchers, documents, contracts etc with financial implications;
 - b) ensuring FMS is used as the prime means of monitoring expenditure and income in their departments and for comparing spend against budgets, except and unless the CFO advises or agrees that alternative arrangements may be made;
 - c) ensuring that FMS is used to accurately record the financial transactions of their departments in accordance with the advice and guidance given by the CFO and in a way that ensures compliance with all legal requirements, proper accounting practice and enables returns to be made to central government, taxation authorities and other

relevant bodies and provides a complete audit trail;

- d) the effective operation of financial systems within their own directorate to the extent that they are operated and controlled within their directorate;
- e) ensuring regular reconciliations between other departmental systems of financial administration with the Council's financial management systems (FMS);
- f) reporting systems failure to the CFO and consulting with them about any changes or new developments;
- g) ensuring there is a documented and tested disaster recovery plan as part of an agreed business continuity strategy for financial administration;
- h) ensuring that systems are documented and all Officers have been properly trained in their use.

Income

- 6 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Council's cash flow in line with the Councils income policy that forms supplementary guidance to these regulations.
- 7 The council has moved away from accepting cash except where this is unavoidable any cash received must be acknowledged by the issue of an official receipt and all monies then accounted for and paid directly into an approved bank account. Details of all cash receipted on a local basis must be forwarded to the CFO for allocation to the correct accounts.

- 8 Income must never be used to directly fund expenditure (i.e. all transactions must be shown separately in the ledger, both income and expenditure). Officers are directly responsible for the safe custody of any money received until it has been paid into the bank or handed over to another officer. Receipts should be given and retained in such circumstances.

9. Procedures for writing off debts shall be as follows. Further guidance is available in the Corporate Debt Policy which forms part of the supplementary guidance to these regulations:

| Decision maker | Delegated powers & authority | Thresholds |
|-----------------------|--|--|
| The Executive | Amounts exceeding £200,000 may only be written off on the authority of the Executive. The CFO shall maintain a record of all such write-offs showing attempted recovery action taken and the justification for non-recovery. | Over £200k |
| Executive Member | Amounts over £100,000 and not exceeding £200,000 on the authority of the Executive Member (Corporate Services) in consultation with the CFO. The CFO shall maintain a record of all such write-offs showing attempted recovery action taken and the justification for non-recovery | Over £100k and up to and including £200K |
| CFO | Amounts up to and not exceeding £100,000 on the authority of the CFO The CFO shall maintain a record of all such write-offs showing | up to and including £100k |

| | | |
|----------------|--|-------------------------|
| | attempted recovery action taken and the justification for non-recovery. | |
| Chief Officers | Amounts up to and not exceeding £5000 may be written off by any Chief Officer in consultation with the CFO, who shall maintain a record of all such write-offs showing attempted recovery action taken and the justification for non-recovery. | up to and including £5k |

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- 10 The CFO has the power to award discretionary rate relief up to the subsidy control regime limit in consultation with Executive. In the case of urgency the decision can be made by the CFO in consultation with the relevant Executive Member. The fully Government funded business rate relief awards announced at regular intervals can be awarded by the CFO or their nominated officer.
 11. The CFO is responsible for making arrangements for the collection of all income due to the Council and approving the procedures, systems and documentation used in its collection in line with the corporate debt management policy. Regularly reviewing all fees and charges levied by services and ensuring they are set with due regard to comparable market rates, the legal responsibilities of the organisation, the income policy and any relevant social or economic policy objectives set out in the Council's policy framework
 12. Corporate Directors and Directors are responsible for:
 - a) collecting income for which there is budget provision within the budgets for which they are responsible;

- b) using the systems for the collection and recording of cash and credit income provided by the CFO unless they have the approval of the CFO to make alternative arrangements;
- c) the proper separation of duties between Officers raising accounts and those responsible for income collection;
- d) collecting all income and initiating all appropriate recovery action for debts that are not paid promptly where local arrangements for doing so have been agreed with the CFO;
- e) requiring at least two Officers to be present when post is opened to ensure any money received in that way is properly identified, recorded and safeguarded;
- f) issuing official receipts as necessary and maintaining all other documentation for income collection purposes and ensuring controlled stationery is securely stored;
- g) keeping all income received in secure storage and ensuring cash holdings do not exceed insurance limits;
- h) ensuring all income is paid fully and promptly into approved bank accounts in the form in which it is received and that all details are properly recorded on paying in slips which are retained for audit trail purposes. Money collected and deposited must be reconciled to the bank account on a regular basis;
- i) ensuring income is not used to cash personal cheques or used to make other payments;
- j) supplying the CFO with all details relating to works done, services supplied or other amounts due to be raised through the corporate invoicing system;

- k) using the councils charging policy for the supply of goods and services levied by their directorate's services and ensuring all fees and charges are set with due regard to income policy, the legal responsibilities of the organisation and any relevant social or economic policy objectives set out in the Council's policy framework;
 - l) assisting in the collection of debts originating from their directorates by providing information and taking any recovery action necessary on a local basis with the agreement of the CFO;
 - m) recommending to the CFO all debts to be written off and maintaining records of all sums written off. Once raised on the accounting system, no bona fide debt can be cancelled except by full payment or by being formally written off in the accounts. Credit notes can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt and must not be used for any other purpose;
 - n) notifying the CFO of any outstanding income due in relation to the previous financial year as soon as possible in line with the annual timetable for the closedown of the accounts determined by the CFO.
13. All officers are responsible for the safe custody of any money received until it has been paid into the bank or handed over to another officer.
14. Full details of the way that the Council manages its income is set out in the Income Policy which forms part of the supplementary guidance to these regulations.

Expenditure

15. Expenditure may be incurred provided there is funding available through normal ordering and invoicing processes, entering into a contract arrangement,

through the payment of salaries, wages and allowances, purchase cards or in exceptional circumstances through raising a payment requisition. Corporate Directors, or their nominated representatives, are authorised to incur expenditure on works, goods and services where there is an approved budget for which they are responsible, provided such expenditure is legally incurred and within the policy framework. All foreign travel to be approved by the CFO, except for: - where it is a director of the council (Chief Operating Officer to determine) or where it is the Chief Operating Officer (leader of the Council to determine). The decision should consider the total cost, including the extent of external funding where applicable, and the overall anticipated benefits from the trip. Expenditure must be shown separately to income and expenditure proposals that attract amounts of income must be shown gross in the accounts. The determination of any financial thresholds or bandings referred to by these Regulations must therefore be done with reference to the gross amount.

Ordering works, goods and services

16. Corporate Directors must use the FMS system except in the case of emergencies or if approval has been given by the CFO to an alternative arrangement.
17. Official purchase orders must be issued for all purchases including those under contract except:
 - where the supplier is on the official list of suppliers exempt from using official purchase orders;
 - purchases made through petty cash;
 - those allowed under the councils Government Procurement Card (GPC) Policy;
 - those made using a council prepaid card.

18. Official orders electronic or otherwise must be in an approved form as determined by the CFO. They may only be authorised by signatories up to the limits of their delegation as set out in the relevant directorate schemes of delegation. This record must be accurate, complete and kept up to date. If it is necessary for an oral order to be placed for any good reason, it must be followed up by an official order as soon as it is possible to do so. Orders must be clear and specific (i.e. they should state quantity, price, and nature of the goods or service etc. so that meaningful comparison between what was ordered and what has been received can be made and the invoice can be matched to the order). Official orders may not be raised for personal or private purchases. Schools have their own ordering procedures and must abide by the regulations set out in the local management of schools scheme.

Payments for works, goods and services

19. Payments for works, goods and services must only be made:
- on receipt of an invoice or contract certificate which satisfies VAT regulations, or;
 - where the liability for payment is clearly established and evidenced;
 - in accordance with contractual commitments;
 - in accordance with the council's policy of "no purchase order, no payment".
20. All Corporate Directors must use the FMS system unless they have the approval of the CFO to make alternative arrangements. Officers must ensure payments for works, goods and services are not made unless:

- they are supplied in accordance with an official order, or contract, and the invoice amount/contract certificate is correct;
 - payment is in respect of a periodic account or for a service regularly supplied and the amount invoiced is properly payable;
 - a valid exception to the no purchase order no payment policy has been approved and quoted by the supplier.
21. Council purchase cards can be used for procuring goods, works and services when approved through the GPC policy. The individual transaction limit and aggregate spend limit must be approved by the CFO or their delegated representative. All transactions must be entered onto the councils FMS systems and proper separation of duties between officers ordering and/or procuring and those authorising must be maintained. The individual transaction limit must not exceed that set out under the financial scheme of delegation unless agreed by the CFO or their delegated representative.
22. Payments in advance must be avoided except where this is the accepted practice for the type of expenditure involved (e.g. leasing payments, training, travel or conference facility fees) or where use of a council purchase card has been authorised. Advance payments in excess of £5,000 can only be made with the approval of the CFO. All sums below this amount, which are not accepted practice, can be approved by the relevant director. Where interim or part payments form part of a contract, interim certificates or part invoices must be authorised for payment only after the value of the work done or goods or services received has been confirmed.
23. A proper separation of duties must be maintained between Officer responsible for requisitioning or creating contractual commitments for works, goods and services and those authorising the commitment. Officers that authorise a requisition through the councils

purchasing system (FMS) must not be responsible for receiving and checking works, services and goods (GRN) where this is required. Directors must agree alternative arrangements with the CFO if it is not practically possible to maintain an adequate separation of duties for any reason.

24. All invoices and receipts must be original documents which comply with VAT regulations (invoices and receipts scanned through the Councils EDRMS system are accepted as original documents). Invoice coding slips for use in exceptional circumstances must be properly completed detailing the correct VAT code, finance ledger codes, sufficient narrative description to allow invoices to be matched and properly described in the ledger and all necessary signatures electronic or otherwise for authorisation and payment.
25. The CFO must ensure that payments are made in an appropriate timescale that will not unduly disadvantage the Council's cash flow, result in the Council incurring late payment penalties or prejudice the financial position of those to whom the payment is to be made. The performance standard for the payment of invoices is 30 days. This is a local performance Indicator that is monitored by CMT and reported to Executive.

Contracting for works, goods and services

26. The contract procedure rules are issued as a supplementary guidance document to these regulations and set out the specific procurement rules and procedures to be observed in contracting for the provision of works, goods and services.

Payments of salaries, wages & allowances

27. Officer costs form the largest item of expenditure made by the Council. It is important that payments are accurate, complete, timely and made in accordance with what is due consistent with the individual conditions of employment and/or the terms of any Officer or Member

allowance scheme and that such payments are fully recorded and accounted for in the accounting system.

28. The CFO is responsible for providing a corporate payroll system for recording all payroll data and generating payments to employees and Members. The system must allow for the proper calculation of all pay and allowances, national insurance and pension contributions, Income Tax and all other deductions. Corporate Directors must use the corporate payroll system for all payments to employees and are responsible for ensuring that all information relating to an employee's entitlement to pay and/or the payment of allowances are forwarded to the payroll team within agreed timescales. All supporting evidence of entitlement must be provided to payroll at the same time (i.e. signed timesheets, appointment forms, changes in pay scales, approval for responsibility payments etc). Schools are permitted to make their own payroll arrangements but if they choose to do so they must provide the CFO with all necessary information to provide assurance to the auditors that any alternative system is well controlled, managed and resulting in the correct payments being made to the correct Officer.
29. All posts that are designated in legislation as being officers of the council e.g. adoption panel Members **must** be paid through payroll as the council is legally liable for tax and national insurance contributions.

Petty cash and disbursements

30. The CFO will provide petty cash floats only in exceptional circumstances to a maximum amount agreed with Corporate Directors for the purpose of meeting minor expenses where there is no alternative method of payment. Corporate Directors are responsible for ensuring all petty cash monies are securely stored and are only used for the purposes intended. VAT receipts must be provided with requests for reimbursements. All receipts and vouchers must be retained and regular reconciliations carried out and

recorded by the Officer responsible for managing petty cash floats.

31. Full details of the way that the Council manages its petty cash, electronic card payments and other payments is set out in the petty cash and payments procedures, the processing electronic card payments security policy and the cash handling procedures which form part of the supplementary guidance to these regulations.

Banking arrangements

32. It is the responsibility of the Executive to approve the banking arrangements of the Council and for the CFO to manage the banking contract on a day to day basis. Council payments must be made by BACS or other instrument drawn on the Council's bank account by the CFO. Schools may operate local bank accounts. . Detailed advice on the use and operation of school bank accounts is given in the Council's "Local Management of Schools" finance manual.
33. The CFO is responsible for ensuring regular reconciliations are carried out on at least a quarterly basis for all the main bank accounts to the financial records of the Council. All withdrawals or transfers with an individual value in excess of £50,000 must be counter-signed by another authorised signatory to the bank account.

Treasury Management

34. The Council has adopted the recommendations set out in the CIPFA Code of Practice on Treasury Management (the Code) which have been observed in setting out the Council's Treasury Management Strategy and policy statements.
35. The CFO is responsible for:
 - a) preparing a treasury management strategy setting out the objectives, policies, working practices and

controls to be observed in the Council's treasury management activities for approval by the Executive;

- b) ensuring the implementation of the strategy and its periodic review, reporting progress and any necessary changes to meetings with the Executive Member for Corporate Services on a regular basis;
- c) ensuring that the Audit & Governance Committee scrutinise the treasury management strategy and monitoring reports;
- d) all investment, borrowing and credit agreements entered into on behalf of the Council, credit cards, hire purchase arrangements and finance leases will not be approved for use except in very special circumstances;
- e) approving the set up of any company, joint companies, joint ventures, partnerships or investments;
- f) the custody of all financial securities which are the property of the Council, or are held in its name;
- g) the registration of all Council owned stocks, bonds, mortgages and loans;
- h) effecting all loans in the Council's name to meet its needs on the most economic terms available.
- i) approving any loans or guarantees given to third parties and interests acquired in companies, joint ventures or other enterprises with the approval of Full Council following
- j) arranging for all trust funds to be held in the name of the Council wherever possible and ensuring that trust funds operate within the law and the specific requirements for each trust. All officers acting as trustees by virtue of the position with the Council shall deposit securities relating to the trust

to the custody of the CFO unless the deeds specifically require otherwise;

- k) arranging the secure administration of funds held on behalf of third parties and partnerships ensuring that the systems and controls for administering such funds are approved by the CFO and subject to regular audit.

Leasing

- 37. All contracts that contain a 'Right of Use' asset that the Council has entered into up to 31 March of the financial year for which they are approved, (such as contracts that have the formal status of a lease arrangement and service contracts that contain an asset that the Council has use and control of throughout the contractual period) need to be reported to the CFO. This is to enable a register of such assets to be maintained to ensure that the correct accounting treatment is applied. All 'Right of Use' assets will count towards the Council's Capital Financing Requirement (CFR) and have the same implications for the Council as the addition of capital assets financed by prudential borrowing.
- 38. Where contracts above the £10,000.00 capital limit are entered into that contain a 'Right of Use' asset, Officers and Budget Managers with delegated responsibility for signing such contracts will be required to report these to the CFO to gain approval before they are signed off and entered into.

Taxation

- 39. The CFO is responsible for ensuring:
 - a) the completion of all inland revenue returns regarding PAYE;
 - b) the completion of a monthly return of VAT inputs and outputs to HM Revenues & Customs;

- c) the provision of details to the Inland Revenue regarding the construction industry tax deduction scheme;
 - d) the provision and maintenance of up to date guidance for Council employees on taxation issues in relevant accounting and taxation manuals and through advice provided by the corporate finance team.
 - e) the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Revenues & Customs;
 - f) where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry scheme (CIS) deduction requirements;
 - g) all persons employed by the Council are added to the Council's payroll and tax deducted from any payments made to them (with approved exceptions agreed by the CFO where the individuals concerned are bona fide self-employed or are employed by a recognised agency);
40. Corporate Directors are responsible for ensuring that:
- a) all advice and guidance on taxation issued by the CFO is followed and adhered to by Officers in their own Directorates.

Stocks & stores

41. Directors may hold reasonable levels of stocks and stores of consumable items, materials, equipment and goods for resale. They are responsible for the receipt and custody of stock items and for writing off any items of stock. Directors must take VFM considerations into account in holding stocks and stores and ensure

unnecessarily high levels of stocks are not allowed to accumulate. The value of stocks and stores held at the year-end must be certified by and authorised officers and forwarded to the CFO.

42. Procedures for the disposal of redundant stocks and equipment are set out in the guide to the disposal of assets which forms supplementary guidance to these regulations.

Inventories & asset management

43. The Council holds tangible assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. It also makes use of other non-tangible assets such as intellectual property. It is essential to the financial health and wellbeing of the Council that these assets are safeguarded and used efficiently and effectively in supporting the delivery of Council services. All Officers are responsible for safeguarding the assets and information used in their day to day activities and must ensure they are aware of their responsibilities in respect of the Data Protection Act, software copyright legislation, and the security of the Council's information systems. These responsibilities are laid out fully in the IT regulations and E-communications policy that form part of the Constitution.
44. The CFO is responsible for:
- a) ensuring that an asset register is maintained in accordance with good practice for all fixed assets valued in excess of £10,000 and that asset valuations are made in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting: A Statement of Recommended Practice (the SORP);
 - b) arranging for all insurances and requiring directors to ensure all assets are kept securely and used efficiently and effectively;

- c) ensuring compliance with the rules in relation to contractual commitments for the acquisition and disposal of assets as follows:
 - i) the disposal of surplus assets, land and buildings up to the value of £500,000 on behalf of the Council in consultation with, the relevant director(s) and executive member for corporate services, except where the disposal is not to the highest bidder or there is a significant discrepancy between the estimated sales value and the actual sales figure. All disposals must comply with the rules in relation to contractual commitments set out in the guide to managing financial risks. All disposals valued in excess of £500,000 must be referred to the Executive for decision;
 - ii) the acquisition of all land and buildings on behalf of the Council having due regard to the provisions of the asset management strategy, capital programme, capital strategy and financial strategy subject to the appropriate budgetary provisions having already been agreed by the Council.
- d) ensuring advice on the VAT implications of proposed land & building acquisitions and sales is sought at the planning stage;
- e) ensuring that all asset acquisitions and disposals are properly recorded within asset records and comply with the disposal policy which forms supplementary guidance to these regulations.
- f) maintaining up to date records of all land and buildings, including valuations in the form of a corporate asset register for the Council and these records must as a minimum be reviewed on an annual basis;

- g) ensuring all rents, charges, fees etc due in respect of properties and land are raised and all income is collected and accounted for in the Council's accounting systems;
- h) ensuring all lessees and other prospective occupiers of Council land and buildings are not allowed to take possession or enter the property until a lease or agreement in a form approved by the CFO has been made;
- i) to act as custodian for all title deeds for the Council;

45. In addition, Corporate Directors are responsible for:

- a) providing the CFO or their delegated deputy with information and all relevant documentation regarding all assets owned or used in relation to services provided by the directorate(s) for the purposes of maintaining an up to date and complete asset management register;
- b) ensuring the proper security and safe custody of all assets under their day to day operational control and consult with the CFO or their delegated deputy in any case where security concerns exist or if it is considered that special security arrangements are required;
- c) to record all disposals or part exchange of non-land and building assets, in line with the disposal policy which forms supplementary guidance to these regulations ;
- d) to maintain local inventories recording adequate descriptions of all furniture, fittings, equipment, plant & machinery above £500 and record items of a lower value where the risk is considered to be significant;

- e) reporting all assets that are lost, stolen or destroyed to the insurance manager for recording purposes and where necessary the CIA in compliance with the asset disposal policy;
 - f) making sure property is only used in the course of the Council's business, unless specific permission has been given by the Corporate Director to do otherwise.
46. Full details of the way that the Council manages its asset disposals is set out in the Asset Disposal Policy which forms part of the supplementary guidance to these regulations.

Part E

External arrangements

Introduction

- 1 The Council exercises an important community leadership role, helping to orchestrate the contributions of various stakeholders in discharging its statutory responsibilities for promoting and improving the economic, social and environmental well-being of the area.

Partnerships, joint working & grant funding

2. A grant can be defined as a contribution or subsidy (in cash or in kind) given by the Council to another organisation for a specified purpose. Grants must be conditional upon the delivery of specified standards or outputs and be subject to the production of regular monitoring reports and the delivery of agreed outcomes.
- 3 The CFO must satisfy themselves that the accounting arrangements for all partnerships and joint ventures are proper and appropriate, including all audit and inspection requirements. They must also consider overall corporate governance arrangements and any legal and taxation issues when partnerships are arranged with external bodies. They must ensure all known risks are appraised before entering into agreements with external bodies and seek to ensure VFM is obtained.
- 4 The CFO is also be responsible for advising on the funding and financing of a project including:
 - a) financial viability in current and future years;
 - b) risk appraisal and risk management arrangements;

- c) resourcing and taxation;
- d) audit, security and control requirements;
- e) carry forward arrangements.

5 Corporate Directors are responsible for:

- a) maintaining local registers of partnerships and entered into with external bodies in accordance with procedures specified by the CFO and providing information about those to the Head of Paid Service as required;
- b) ensuring that a risk management assessment has been carried out before entering into agreements with external bodies;
- c) ensuring that such agreements and arrangements do not impact adversely upon the services provided by the Council;
- d) ensuring that all agreements and arrangements are properly documented;
- e) providing appropriate information to the CFO to enable relevant entries to be made in the council's statement of accounts concerning material items;
- f) ensuring that the appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.
- g) ensuring that for all instances of grant/loan funding there is:
 - i) proper consideration of the relevant interest rate payable agreed and approved by the CFO;

- ii) an appropriate 'state aid' de minimis declaration made by the recipient organisation;
- iii) in respect of loans a process of monitoring on at least a six monthly basis providing an update to the relevant lead officer (\leq £100K), all loans above £100K will be reviewed as part of the finance monitoring reports to Executive, to ensure delivery of outcomes and value for money
- iv) a service level agreement in place to protect the Council. (Separate guidance is available on the mandatory format, content and review of this service level agreement).

h) all grants/loans:

- i) must have prior budgetary approval, typically through the budget process;
- ii) over £100k must be approved by the Executive & CFO and must have a legally binding grant funding agreement (GFA) rather than an SLA;
- iii) must be raised using the prescribed financial ledger codes;
- iv) must use the relevant charge code and recovery route (in respect of loans);
- v) below £100,000 must be notified to the CFO who will determine whether there is existing delegation that provides authority to award the grant, or if it requires Executive approval. Where the grant is an annual grant, approval as part of the budget process will be sufficient;

External funding

- 6 External funding can prove a very important source of additional income to an authority, but funding conditions

need to be carefully examined before entering into any agreement to ensure they are compatible with the aims and objectives of the Council. Councils are being encouraged to provide seamless service delivery by working closely with other agencies and service providers (both public and private). Funds from external agencies such as the National Lottery can provide additional resources for services. However, whilst the scope for funding has increased, it is usually linked to increasingly tight specifications and may not be flexible enough to meet the aims and objectives of the Council ambitions and plans.

- 7 The CFO is responsible for:
 - a) ensuring that all external funding is received and properly recorded in the Council's accounts;
 - b) match funding requirements are considered prior to entering into any agreement and that future revenue budgets reflect these requirements;
 - c) ensuring all audit requirements are met.
 - d) Provision of standard application documentation for discretionary grants.

- 8 Corporate Directors are responsible for ensuring that:
 - a) all claims for funds are made by the due date;
 - b) the project progresses in accordance with the agreed project plan and all expenditure is properly incurred and recorded.

- 9 Full details of the way that the Council manages its external funding and grants is set out in the external funding and grants policy which form part of the supplementary guidance to these regulations.

Work for third parties

- 10 Current legislation enables the Council to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements must be put in place to ensure that any risks associated with undertaking such work is minimised and that the work is done intra vires. All work should be properly costed in accordance with the advice and guidance of the CFO and done on the basis of a proper contract according to the contract procedure rules set out as supplementary guidance to these Regulations.
- 11 The relevant Executive Member(s) are responsible for approving the contractual arrangements for work undertaken on behalf of a third party or external bodies. The CFO is responsible for issuing guidance with regard to the financial aspects of any third party contracts and the maintenance of the contracts register. Corporate Directors are responsible for:
- a) ensuring that appropriate insurance arrangements have been made;
 - b) ensuring that the Council is not put at risk from any bad debts;
 - e) ensuring that no contract will be subsidised by the Council;
 - f) ensuring that the service has the appropriate expertise to undertake the contract;
 - g) ensuring that such contracts do not impact adversely upon the services provided to the Council;
 - h) providing appropriate information to the CFO to allow entries to be made in the council's final statement of accounts.

- i) ensuring that there is no conflict of interest with any third party provider

Annex A

Summary of Delegation & Reporting

Revenue Virements

| Decision maker | Delegated powers & authority | Thresholds |
|-----------------------|---|--|
| The Executive | To approve virements between Service Plans* in excess of £500k (either individually or in aggregate for the financial year) | Over £500k up to the cash limits set by the Budget |
| | To approve allocations of resources from approved contingencies and reserves | As set by the annual Budget |
| | To make recommendations to Full Council for the release of budget resources in excess of the approved contingencies and reserves | As set by the annual Budget |
| | To approve virements from within existing Service Plans or between Service Plans into new or otherwise unplanned functions and activities if savings are available to be re-directed into the new activity | Over £500k |
| Corporate Directors | To approve virements within or between Service Plans within their Directorates in excess of £100k and up to £500k (either individually or in aggregate for the financial year) in consultation with the relevant Executive Member | Over £100k and up to £500k |

| | | |
|----------------------|--|---|
| | To approve virements from within existing Service Plans or between Service Plans within their Directorates into new or otherwise unplanned functions and activities if savings are available to vire into the new activity | Over £100K and Up to £500k in consultation with the relevant Executive Member |
| | To approve virements between directorates in consultation with the relevant directors | Up to and including £500K in consultation with the relevant Executive Member |
| Other Chief Officers | To approve virements within their Service Plans up to £100k (either individually or in aggregate for the financial year) | Up to £100k |

*service plan refers to Director or Assistant Director responsibilities

Capital Virements

| Decision maker | Delegated powers & authority | Thresholds |
|-----------------------|--|-------------------|
| The Executive | To approve individual virements between schemes in excess of £500k | Over £500k |

| | | |
|---------------------|--|--|
| | To re-phase approved scheme expenditure between years in excess of £500k for each scheme | Over £500k |
| Corporate Directors | To approve individual virements between schemes in excess of £100K up to a maximum of £500k in consultation with the relevant Executive Member | Over £100K and Up to and including £500k |
| | To approve individual virements between schemes up to a maximum of £100k | Up to and including £100k |

Venture Fund Bids

| | |
|---------------------------|-------------------------|
| Up to and including £100K | CFO & Leader of Council |
| Over £100K | Executive |

Payment in Advance

| | |
|-------------------------|-----------------------------|
| Up to and including £5K | Relevant Corporate Director |
| Over £5K | CFO |

Disposal of Surplus Assets (Land & Buildings)

| | |
|---------------------------|---------------|
| Up to and including £500K | CFO (Para 44) |
| Over £500K | Executive |

Acquisition of Assets (Land & Buildings)

| | |
|------------------|-----------|
| All acquisitions | Executive |
|------------------|-----------|

Debt Write-Off

| Decision maker | Delegated powers & authority | Thresholds |
|-----------------------|--|--|
| The Executive | Amounts exceeding £200,000 may only be written off on the authority of the Executive. The CFO shall maintain a record of all such write-offs showing attempted recovery action taken and the justification for non-recovery. | Over £200k |
| Executive Member | Amounts over £100,000 and not exceeding £200,000 on the authority of the Executive Member (Corporate Services) in consultation with the CFO. The CFO shall maintain a record of all such write-offs showing attempted recovery action taken and the justification for non-recovery | Over £100k and up to and including £200K |
| CFO | Amounts up to and not exceeding £100,000 on the authority of the CFO). The CFO shall maintain a record of all such write-offs showing attempted recovery action taken and the justification for non-recovery. | up to and including £100k |
| Chief Officers | Amounts up to and not exceeding £5000 may be written off by any Chief Officer in consultation with the CFO, who shall maintain a record of all such write-offs showing attempted recovery action taken and the justification for non-recovery. | up to and including £5k |

Annex B

List of Supplementary Guidance

Asset Disposal Policy
External Funding and Grants
Petty Cash and Payment Procedures
Risk Management Policy and Strategy
Income Policy
Contract Procedure Rules
Corporate Debt Policy
Budget Manager Guidelines
Cash handling Procedures
Anti-money laundering procedures
Processing electronic card payments security policy
Anti-fraud and corruption Strategy
Fraud Prosecution Strategy
Whistle blowing Policy
Virement Policy

Glossary of terms

Common terms

| | |
|----------------------------|---|
| Budget | <i>A plan expressed in financial terms</i> |
| Cost centre | <i>A budgeting level which usually reflects a whole service area, or main sub-category of a service. It encompasses a number of standard 'subjective' coding areas such as those used for staffing related costs, supplies & services, income etc</i> |
| Capital | <i>The organisation's total assets less its liabilities</i> |
| Capital expenditure | <i>Expenditure to acquire fixed assets that will be of use for more than the year in which they are acquired and which adds to the Council's tangible assets rather than simply maintaining existing ones</i> |
| Revenue | <i>Income or expenditure, arising from or spent on, day to day activities and short lived commodities or consumables</i> |
| Service plan | <i>A plan setting out the priorities and service ambitions</i> |

Virement *A transfer of resources between or within approved cost centres for both revenue and capital purposes*

Acronyms

| | |
|--------------|--|
| CFO | <i>The Chief Finance Officer</i> |
| CIA | <i>The Chief Internal Auditor</i> |
| CL | <i>Corporate Landlord</i> |
| FMS | <i>The principal budgeting and financial information management system used at the Council</i> |
| ITT | <i>Invitation to tender</i> |
| MEAT | <i>Most Economically Advantageous Tender</i> |
| MO | <i>The Monitoring Officer</i> |
| NI(C) | <i>National Insurance (contributions)</i> |
| PAYE | <i>Pay as you earn</i> |
| VFM | <i>Value for Money</i> |
| VAT | <i>Value Added Tax</i> |

Organisations

| | |
|--|--|
| CIPFA | <i>The Chartered Institute of Public Finance Accountancy</i> |
| SOLACE | <i>Society of Local Authority Chief Executives</i> |
| Public Sector Audit Appointments (PSAA) | <i>Non-governmental body responsible for the appointment of independent auditor for Local Government bodies who have opted into the scheme</i> |

The External Auditor

Independently appointed person responsible for the external audit of the Council. The council's auditors have various statutory powers and responsibilities for public reporting of the audit
