



**FINANCIAL REGULATIONS**  
**(update September 2024)**

DRAFT

**CHORLEY COUNCIL**

## APPENDIX 4 FINANCIAL REGULATIONS & FINANCIAL PROCEDURE RULES

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### FINANCIAL REGULATION NO. 1 - GENERAL

## **WHY IS THIS REGULATION IMPORTANT?**

It is important that the Council has a sound and effective financial management framework in place to safeguard the organisation's financial arrangements and activities, to support staff and to minimise risk.

The Local Government Act 1972 Section 151 requires the Council to nominate one of its Officers to be responsible for the proper administration of its financial affairs. The Officer appointed is the Director of Finance who is referred to throughout these Financial Regulations as the Chief Finance Officer.

Financial Regulations form part of the Council's approach to corporate governance and provide a control framework through which the Chief Finance Officer carries out their statutory duty on behalf of the Authority.

## **The Regulations**

- 1.1 These Regulations are part of the Council's Rules of Procedure and form part of the Constitution. They must be read in conjunction with the Councils Standing Orders and Contract Procedure Rules, particularly in relation to ordering goods and services and entering into contracts, and with any Standing Financial Instructions issued by the Chief Finance Officer.
- 1.2 They are issued in accordance with Section 151 of the Local Government Act 1972 and with the Accounts and Audit (England) Regulations 2011.
- 1.3 The Financial Regulations are the framework for managing the authority's financial affairs; they assist the Council in ensuring that it has proper financial and managerial controls in place and that it uses public monies in accordance with the principles of Corporate Governance.
- 1.4 They apply to every Member and Officer of the authority and anyone acting on its behalf.
- 1.5 These Regulations shall apply until such time as they are rescinded, amended or suspended by the Council.

## **Application of the Financial Regulations**

- 1.6 These regulations identify the financial responsibilities of the Council, the Head of Paid Service, the Monitoring Officer, the Chief Finance Officer (as the Section 151 Officer), and Chief Officers.
- 1.7 For the purpose of these Regulations the following specific titles apply:

<b>Regulatory Title</b>	<b>Council equivalent</b>
Council	Council
Executive	Cabinet
Head of Paid Service	Chief Executive
Monitoring Officer	Director of Governance (or their authorised representative)
Chief Finance Officer (and Section 151 Officer)	Director of Finance (or their authorised representative)
Chief Officers	Directors (or their authorised representative), including the Chief Executive, Director of Governance and Director of Finance.

### **General Responsibilities and Compliance**

- 1.8 The Chief Finance Officer is the officer charged with responsibility for the proper administration of the financial affairs of the Council in accordance with Section 151 of the Local Government Act 1972.
- 1.9 The Chief Finance Officer is responsible for ensuring the provision of advice to the Council, the Executive, Committees/Sub-Committees and Council employees, on all aspects of Local Government Finance and the financial implications of the Council's policies and objectives.
- 1.10 The Chief Finance Officer shall be informed by the responsible Officer on any matters that have significant financial implications for the Council before a report is submitted to the Council, the Executive or Committees/Sub-Committees. The Chief Finance Officer must be given adequate time to consider the matter before despatch of the agenda item.
- 1.11 Chief Officers must ensure that these Financial Regulations are observed throughout the authority.
- 1.12 Responsibility for maintaining financial control and ensuring that expenditure is incurred and income is raised in accordance with the Council's policies rests with individual Chief Officers.
- 1.13 Any breach of these Financial Regulations, unless they are made under the Powers of Urgent Decisions outside of the Budgetary Framework, must be brought to the attention of the Chief Finance Officer and the Monitoring Officer, who may decide that disciplinary action should be brought against the individual(s) breaching the regulations.
- 1.14 The Chief Finance Officer may issue any instruction intended to secure proper financial administration, and this is to be effected by the responsible Officer.

### **Review**

- 1.15 The Chief Finance Officer shall maintain a continuous review of the Financial Regulations and submit any necessary additions or changes in law or practice to the Governance Committee, for approval by the Full Council. They shall also report to the Head of Paid Service and/or Governance Committee, where they consider appropriate, any breaches of the Financial Regulations.

DRAFT VERSION 3

## **FINANCIAL REGULATION NO. 2 – INTERNAL CONTROLS**

## **WHY IS THIS REGULATION IMPORTANT?**

The functions of the Council are diverse and therefore, to ensure delivery of the Council's strategic objectives, a framework of internal controls is required.

The Council has statutory obligations and therefore requires internal controls to identify, meet and monitor compliance with these obligations. Moreover, the Council is required to conduct an annual review of the effectiveness of its system of internal control and present an Annual Governance Statement alongside the Annual Statement of Accounts.

The Council faces a wide range of financial, administrative and commercial risks, from both internal and external factors, which need to be managed to enable the Council to achieve its objectives. Internal controls are necessary to manage these risks.

A system of internal controls is established in order to provide measurable achievement of efficient and effective operations, reliable financial information and reporting, compliance with laws and regulations, and risk management.

1.16 The Chief Finance Officer has statutory duties in relation to the financial administration and stewardship of the authority. This responsibility cannot be overridden. The statutory duties arise from:

- (i) Section 151 of the Local Government Act 1972;
- (ii) The Local Government Finance Act 1988;
- (iii) The Local Government and Housing Act 1989;
- (iv) The Accounts and Audit Regulations 2015;
- (v) The Local Government Act 2003.

1.17 The Chief Finance Officer is responsible for:

- (i) the proper administration of the authority's financial affairs;
- (ii) setting financial management standards and monitoring compliance with them;
- (iii) advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;
- (iv) providing financial information;
- (v) preparing the revenue budget and capital programme;
- (vi) treasury management;
- (vii) reporting on the robustness of estimates made for the purposes of preparing budgets and the adequacy of the proposed financial reserves.

- 1.18 Chief Finance Officer has the duty under Section 114 of the Local Government Finance Act 1988, after first consulting with the Council's Monitoring Officer, to report to all Members of the Council and the External Auditor if it appears that the authority, or one of its Committees, or an Officer of the Council, or a Joint Committee on which the Council is represented:
- (i) has made or is about to make a decision which involves, or would involve, the Council incurring unlawful or unauthorised expenditure;
  - (ii) has taken, or is about to take, a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the Council; or
  - (iii) has made or is about to make an unlawful or unauthorised entry in the authority's accounts.
  - (iv) the expenditure incurred by the Council (including expenditure it proposes to incur) in a financial year is likely to exceed the resources available to it to meet that expenditure.
- 1.19 Chief Officers are responsible for ensuring that:
- (i) the Council, the Executive and Committees/Sub-Committees, as appropriate, are advised of the financial implications of all proposals and that these have been previously agreed by the Chief Finance Officer;
  - (ii) contracts are duly signed on behalf of the authority;
  - (iii) the approval of the Chief Finance Officer is sought on any matter liable to affect the authority's finances materially, before any commitments are incurred.
- 1.20 The Chief Finance Officer shall assist the Council to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective operations, financial stewardship, probity and compliance with laws and regulations.
- 1.21 Chief Officers shall ensure that:
- (i) managerial control systems operate effectively throughout their departments. These will include the defining of policies, the setting of objectives and plans, the monitoring of financial and other performance, and the taking of appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities and ensuring staff have a clear understanding of the consequences of any lack of control;

- (ii) financial and operational control systems and procedures operate effectively throughout their departments. These will include physical safeguards for assets, segregation of duties, checking and authorisation procedures and information systems;
- (iii) key control objectives for internal control systems are reviewed regularly in order to be confident as to the proper use of resources, achievement of objectives and management of risk processes are managed so as to check that established controls are being adhered to and are effective;
- (iv) existing controls are reviewed in light of changes affecting the authority and new controls are established and implemented in line with guidance from the Chief Finance Officer;
- (v) controls which are no longer necessary, or no longer cost or risk effective, are removed;
- (vi) where new services or processes are introduced, that adequate controls are put into place immediately to ensure the proper use of resources, achievement of objectives and management of risk.

1.22 The Chief Finance Officer shall ensure that there is an effective and properly resourced Internal Audit function.



## FINANCIAL REGULATION NO. 3 – ACCOUNTING

### WHY IS THIS REGULATION IMPORTANT?

Maintaining proper accounting records is one of the ways in which the Council discharges its responsibility for stewardship of public resources. The Council has a statutory duty to prepare its Annual Statement of Accounts in a way that gives a true and fair view of its operations during the year. The accounts are subject to external audit, which provides assurance that they have been prepared properly, that proper accounting practices and statutory requirements have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the Council's resources. There is also a statutory right for members of the public to inspect the accounts and relevant supporting documentation.

1.23 The Chief Finance Officer is responsible:

- (i) for selecting and applying appropriate accounting policies;
- (ii) for determining accounting procedures and records.

1.24 The Chief Finance Officer shall:

- (i) make arrangements for the proper administration of the authority's financial affairs;
- (ii) apply accounting policies consistently;
- (iii) maintain proper accounting records;
- (iv) make an annual report to the Executive on the financial outturn for the previous financial year;
- (v) ensure that the Statement of Accounts for that year is completed, approved by the Governance Committee and published within the corporate and statutory timetable and in accordance with relevant Codes of Practice.

1.25 Chief Officers shall ensure:

- (i) that all the authority's transactions, material commitments, contracts and other essential accounting information, are recorded completely, accurately and promptly;
- (ii) all accounts and prime financial records are to be kept in a form acceptable to, and are compiled by, or under the direction of the Chief Finance Officer, and that they are retained in accordance with legislative and other requirements for audit and inspection purposes;

- (iii) that in the allocation of accounting duties of any kind:
  - (a) the duty of providing information, calculating, checking and recording sums due to or from the Council shall be separated as completely as possible from the duty of collecting or disbursing such sums;
  - (b) Officers charged with the duty of examining and checking the accounts of cash or stores transactions are not themselves engaged in any of those transactions;
- (iv) that any Financial Procedure Notes prescribed by the Chief Finance Officer are fully complied with;
- (v) that the Chief Finance Officer is supplied with such information as may be requested from time to time for the purpose of the proper administration of the Council's affairs;
- (vi) that all returns or claims that request financial information shall be completed in consultation with the Chief Finance Officer, who shall be satisfied as to their correctness before they are submitted;
- (vii) that the Chief Finance Officer is provided with copies of all Government or other circulars, orders, sanctions, approvals and regulations which may have a financial implication.

1.26 All new accounting procedures and systems and amendment to existing procedures and systems shall only be implemented with the explicit approval of the Chief Finance Officer.

## FINANCIAL REGULATION NO. 4 - REVENUE BUDGET

### WHY IS THIS REGULATION IMPORTANT?

The Council is responsible for producing an overall policy framework. The purpose of the framework is to explain overall priorities and objectives, and ensure that resources follow the identified priorities, current performance and proposals for improvement. The Revenue Budget is important in this context because, together with the Capital Programme (*see Financial Regulation 5 – Capital Programme*), it expresses the approved policies and service levels of the Council in financial terms.

Once approved, the Revenue Budget confers authority on managers to incur expenditure to achieve the aims and objectives of the Council. If expenditure plans cannot be met within the approved budget, then they can only proceed with an approval to amend the funding and budget, as provided for in *Financial Regulation 6 – Budgetary Control – Revenue and Capital*.

### Revenue - Income and Expenditure

- 1.27 Revenue expenditure is defined as day-to-day operational expenditure that will generally be spent in the next twelve months; e.g. goods and services including, salaries, materials, maintenance and repairs and purchases of equipment. Such expenditure is included within the Revenue Budget.
- 1.28 Chief Officers will, in consultation with the Chief Finance Officer, review all fees and charges at least annually. On completion of each review the relevant schedule of proposed fees and charges will be provided to the Executive for approval. The revised fees and charges will then be incorporated into the Revenue Budget.

### The Revenue Budget

- 1.29 The Revenue Budget is a statement expressing the Council's policies and service levels in financial terms for a particular financial year.
- 1.30 The Chief Finance Officer shall:
- (i) recommend to the Executive appropriate guidelines for preparation of the annual revenue budget and the financial forecast for at least the following two financial years;
  - (ii) issue appropriate guidance to Chief Officers and Members and prepare a corporate budget timetable;
  - (iii) ensure the approved budget guidelines are complied with so that statutory and other deadlines can be met.

1.31 Chief Officers shall:

- (i) submit to the Chief Finance Officer revenue estimates in accordance with the budget guidelines and within agreed time scales;
- (ii) ensure that the estimates are prepared having regard to the Council's Corporate Strategy and other corporate aims and objectives;
- (iii) provide any other information that the Chief Finance Officer may require.

1.32 The Chief Finance Officer shall report to the Executive:

- (i) on the detailed draft revenue estimates, ensuring that the content and format comply with legal requirements and relevant codes of practice;
- (ii) on the robustness of the estimates made for the purposes of calculations and the adequacy of the proposed financial reserves;
- (iii) the position on the Collection Fund;
- (iv) on the final proposed budget to enable the Executive to make a recommendation to Full Council on the appropriate levels of contingencies and reserves, and on the levels of Council Tax for the year.

1.33 The approval of a budget for the year by Full Council confers authority to spend in accordance with the budget for that year.

1.34 Chief Officers are responsible for coordinating programmes of expenditure and income that will achieve the objectives on which the budget is based.

1.35 Chief Officers shall not enter into any new arrangements or other contractual commitments with long-term revenue consequences without the prior written consent of the Chief Finance Officer. Such arrangements may be defined for this purpose as any lease, contract hire or other contract or series of contracts under which the use of an asset is obtained in exchange for a series of revenue payments which extend beyond the end of the following financial year.

1.36 If a Chief Officer wishes to incur expenditure outside the approved budget provision, or anticipates an overspend against an approved budget head, the procedures set out in **Financial Regulation 6 – Budgetary Control – Revenue and Capital** will apply.

### **Delegation**

1.37 Chief Officers shall notify the Chief Finance Officer of the names of any Officers in their department authorised to act on their behalf in relation to the specific responsibilities set out in this Financial Regulation, together with details of any limitation on the authority delegated to them.

## FINANCIAL REGULATION NO. 5 – CAPITAL PROGRAMME

### WHY IS THIS REGULATION IMPORTANT?

The Revenue Budget (*Financial Regulation 4*) and the Capital Programme together express the approved policies and service levels of the Council in financial terms. It is important to ensure that the Council achieves maximum economy, efficiency and effectiveness from the use of its capital resources and directs those resources into the agreed priority areas.

### Capital Expenditure

- 1.38 Capital Expenditure relates to expenditure on the acquisition or enhancement of fixed assets which will be of use or benefit to the authority in providing/delivering services for more than one year and which exceeds a 'de minimis' threshold of £10,000. It also includes grants to other persons and bodies for spending by them on similar purposes.
- 1.39 In cases of doubt, the Chief Finance Officer will determine whether a scheme will be treated as capital or revenue expenditure.

### Capital Programme

- 1.40 The Capital Programme is the Council's financial plan covering capital schemes and expenditure proposals for the current year and a number of future years. It also provides estimates of the capital resources available to finance the programme, including borrowing requirements.
- 1.41 The Chief Finance Officer shall:
- (i) prepare current estimates of resources available to finance capital expenditure both in the current year and over at least the following two financial years;
  - (ii) prepare a Capital Programme and strategy for approval annually by the Executive and Full Council based on the current Council's Corporate Strategy, and other relevant corporate plans and strategies.
- 1.42 Chief Officers shall:
- (i) submit to the Chief Finance Officer upon request, estimates of the cost of capital spending proposals and the estimated amount and timing of any capital receipts, commuted sums, and other contributions receivable;
  - (ii) ensure that the estimates submitted are prepared having regard to the Council's Corporate Strategy and other corporate aims and objectives;

- (iii) provide any other information that the Chief Finance Officer may require for the review, monitoring and control of the Capital Programme.
- 1.43 In working up any capital scheme, Chief Officers shall have regard to the risk of triggering claw back or breaching restrictive covenants or other contractual conditions in relation to land or other assets or services.
- 1.44 The inclusion of a capital scheme within an approved Capital Programme shall confer authority to spend only on those schemes in year 1 of the capital programme, with any future expenditure being subject to the annual review of the capital programme as part of the annual budget setting process. Authority to spend is subject to:
- (i) the provisions of the Council's Contract Procedure Rules, and;
  - (ii) the provisions of **point 5.8** below, and;
  - (iii) the Chief Finance Officer having first confirmed in writing that sufficient resources are available for the purpose.
- 1.45 If a Chief Officer wishes to incur expenditure outside the approved Capital Programme provision, then following consideration initially by the Senior Management Team, a request must be submitted for approval to the appropriate decision making body, as per the provisions detailed in ***Financial Regulation 6 – Budgetary Control – Revenue and Capital***.
- 1.46 Chief Officers shall give the Chief Finance Officer early warning of known underspends, overspends and changes to planned resources within the Capital Programme, so that the availability of uncommitted capital resources may be monitored effectively.
- 1.47 If it becomes necessary to rephase approved expenditure within a current or future year's Capital Programme, then the Chief Finance Officer may undertake such rephasing as required and report it to the Executive in the quarterly budget monitoring reports.

## **Delegation**

- 1.48 Chief Officers shall notify the Chief Finance Officer of the names of any Officers in their department authorised to act on their behalf in relation to the specific responsibilities set out in this Financial Regulation, together with details of any limitation on the authority delegated to them.

## **FINANCIAL REGULATION NO. 6 – BUDGETARY CONTROL – REVENUE AND CAPITAL**

### **WHY IS THIS REGULATION IMPORTANT?**

Budgetary control ensures that once Full Council has approved a Revenue Budget and a Capital Programme, the resources allocated are used for their intended purposes, i.e. to deliver the agreed priority areas, and that they are properly accounted for. It is a continuous process, enabling the authority to review and adjust its budget targets during the financial year to make the most effective use of the resources available in delivering the Council's policies and objectives. The Budgetary Control Framework also sets out the accountabilities of Officers and Members for defined elements of the budget.

By continuously identifying and explaining variances against budgetary targets, the authority can identify changes in trends and resource requirements at the earliest opportunity.

To ensure that the authority as a whole does not over or underspend, each service area is required to manage its own expenditure within approved resources and to identify any surplus resources for diversion to other programme areas. A mechanism is provided for switching funds between budget heads, including contingencies and reserves where required, in order to maintain service levels and achieve policy objectives.

### **Overall Responsibility for Budgetary Control**

1.49 The Chief Finance Officer is responsible:

- (i) to the Council for the overall financial control of the Revenue Budget and Capital Programme;
- (ii) for providing quarterly financial monitoring reports for both Revenue and Capital;
- (iii) for subdividing service budgets within the overall Budget Framework according to the Council's structure and services, having regard to relevant Codes of Practice;
- (iv) for allocating the whole Revenue Budget and Capital Programme across the relevant responsible Chief Officers;
- (v) for supplying timely information on receipts and payments for each budget head and capital scheme, sufficiently detailed to enable Officers to fulfil their budgetary control responsibilities.

### **Responsibility for Control of Individual Budgets**

1.50 Chief Officers are responsible:

- (i) for the Revenue Budgets and Capital Programmes allocated to them, for delivering the levels of service on which they were based, and for compliance with their financial obligations;
- (ii) for monitoring levels of service and performance within their service areas, as measured by income and expenditure incurred against relevant budget heads and capital programme provision;
- (iii) for seeking virements, either to increase or to reduce the budget provision allocated to particular budget heads or capital schemes, in accordance with the provisions of this Financial Regulation in the details set out below, in order to maintain budget provisions in line with service levels required.

1.51 Chief Officers:

- (i) may exercise powers delegated to them to enter into new financial commitments, including commitments relating to the recruitment and remuneration of staff where such posts already exist in the Council's approved and budgeted establishment, or where approval has been given for the appointment of temporary staffing by the Head of Paid Service;
- (ii) shall provide any additional information that the Chief Finance Officer may require.

### **Variations from Budget**

1.52 The Chief Finance Officer is responsible for:

- (i) reporting significant variances to the Executive where a Chief Officer fails to take action to break even against their approved, designated budget;
- (ii) agreeing annually:
  - a) a list of expenditure proposals for which revenue budget provision had been made in the previous year and for which the particular goods or services had not been supplied before the financial year end;
  - b) a list of expenditure proposals on capital schemes for which provision had been made in the capital programme for the previous year but which was under or overspent

### **Virements Between Budgets - Revenue and Capital**

1.53 Subject to appropriate consultation with the Chief Finance Officer, budget allocations may be moved between revenue budget heads (including contingency provisions) for the purpose of maintaining approved service levels, in accordance with the following scheme of virements:



## ***Revenue Budgets***

1.54 All requests for virement between Revenue Budgets must be approved as follows:

- (i) **Virements up to £10,000** - by the relevant Chief Officer, in consultation with the Chief Finance Officer, and reported to the Executive in the next Quarterly Revenue Monitoring Report following the decision;
- (ii) **Virements between £10,001 and £50,000** – by joint approval of the Head of Paid Service, the Chief Finance Officer and the Chief Officer responsible for the specific service area, and reported to the Executive in the next Quarterly Revenue Monitoring Report following the decision;
- (iii) **Virements between £50,001 and £100,000** – by joint approval of the relevant Executive Member and Chief Officer responsible for the specific service area, together with the Head of Paid Service and the Chief Finance Officer, and reported to the Executive in the next Quarterly Revenue Monitoring Report following the decision. The Executive may also authorise Revenue Budget virements up to the value of £100,000;
- (iv) **Virements greater than £100,000** - by the approval of Full Council, in line with the Council's policy regarding Key Decisions, and reported to the Executive in the next Quarterly Revenue Monitoring Report following the decision.

## ***Capital Budgets***

1.55 No virement can take place between a Revenue and a Capital budget

1.56 All requests for virement between Capital Schemes must be approved as follows;

- (i) **Virements up to £10,000** - by the relevant Chief Officer, in consultation with the Chief Finance Officer, and reported to the Executive in the next Quarterly Capital Monitoring Report following the decision;
- (ii) **Virements between £10,001 and £50,000** – by joint approval of the Head of Paid Service, the Chief Finance Officer and the Chief Officer responsible for the specific service area, and reported to the Executive in the next Quarterly Capital Monitoring Report following the decision;

- (iii) **Virements between £50,001 and £100,000** – by joint approval of the relevant Executive Member and Chief Officer responsible for the specific service area, together with the Head of Paid Service and the Chief Finance Officer, and reported to the Executive in the next Quarterly Capital Monitoring Report following the decision. The Executive may also authorise Capital Budget virements up to the value of £100,000;
- (iv) **Virements greater than £100,000** - by the approval of Full Council, in line with the Council’s policy regarding Key Decisions, and reported to the Executive in the next Quarterly Capital Monitoring Report following the decision.

### ***Virement Requests – Revenue and Capital***

1.57 Unless in circumstances seen as exceptional by the Chief Finance Officer:

- (i) approval will only be given to requests for virements made prior to the commitment of any expenditure. Virements should not be used as a retrospective tool;
- (ii) virements will not normally be approved from budgets in respect of direct employee costs;
- (iii) virements will only be considered from income budgets once the full year income budget has been achieved or is certain of being achieved (i.e. through written grant approvals);
- (iv) virements will not be approved in respect of monies set aside in earmarked reserves.

1.58 In making any virement decision, due regard must be made to any budget implications for future financial years.

### **Additional, In-Year Budget Requests – Revenue and Capital**

#### ***Revenue expenditure***

1.59 Where no provision currently exists within the Revenue Budget, or where the provision made for an existing budget head is insufficient and a virement is not available under the provisions detailed above, then new or additional budget provision may only be established in line with the following approvals;

- (i) **Revenue Budget request up to £10,000** - by the relevant Chief Officer, in consultation with the Chief Finance Officer, and reported to the Executive in the next Quarterly Revenue Monitoring Report following the decision;

- (ii) **Revenue Budget request between £10,001 and £50,000** – by joint approval of the Head of Paid Service, the Chief Finance Officer and the Chief Officer responsible for the specific service area, and reported to the Executive in the next Quarterly Revenue Monitoring Report following the decision;
- (iii) **Revenue Budget request between £50,001 and £100,000** – by joint approval of the relevant Executive Member and Chief Officer responsible for the specific service area, together with the Head of Paid Service and the Chief Finance Officer, and reported to the Executive in the next Quarterly Revenue Monitoring Report following the decision. The Executive may also authorise Revenue Budget requests up to the value of £100,000;
- (iv) **Revenue Budget request greater than £100,000** - by the approval of Full Council, in line with the Council's policy regarding Key Decisions, and reported to the Executive in the next Quarterly Revenue Monitoring Report following the decision.

1.60 In making any such decisions, due regard must be made to any budget implications for future financial years.

1.61 All requests for additional, in-year Revenue Budget must identify the source(s) of funding to support this e.g. if it is to be funded through additional income, one-off use of reserves and through savings.

#### ***Capital expenditure – Existing Scheme or Contract variations***

1.62 Where an existing Capital Scheme budget provision is insufficient and a virement is not available under the provisions detailed above, then additional provision may only be established for the scheme in line with the following:

- (i) **Capital Scheme variation request up to £10,000** - by the relevant Chief Officer, in consultation with the Chief Finance Officer, and reported to the Executive in the next Quarterly Capital Monitoring Report following the decision;
- (ii) **Capital Scheme variation request between £10,001 and £50,000** – by joint approval of the Head of Paid Service, the Chief Finance Officer and the Chief Officer responsible for the specific service area, and reported to the Executive in the next Quarterly Capital Monitoring Report following the decision;

- (iii) **Capital Scheme variation request between £50,001 and £100,000** – by joint approval of the relevant Executive Member and Chief Officer responsible for the specific service area, together with the Head of Paid Service and the Chief Finance Officer, and reported to the Executive in the next Quarterly Capital Monitoring Report following the decision. The Executive may also authorise Capital Scheme requests up to the value of £100,000;
- (iv) **Capital Scheme variation request greater than £100,000** - by the approval of Full Council, in line with the Council's policy regarding Key Decisions, and reported to the Executive in the next Quarterly Capital Monitoring Report following the decision

1.63 Requests for approval to Council for additional provision for existing Capital Schemes over £100,000 must be supported by a report including the information requested in **point 6.19** below.

1.64 In making a decision to approve additional Capital Scheme provision, due regard must be paid to any implications for the Capital Programme or Revenue Budget in future financial years.

#### ***Capital Expenditure – New Schemes***

1.65 For requests for budget approval for a new Capital Scheme to be added to the Capital Programme during the financial year, approvals are required as follows:

- (i) **New Capital Scheme Budget request up to £10,000** - by the relevant Chief Officer, in consultation with the Chief Finance Officer, and reported to the Executive in the next Quarterly Capital Monitoring Report following the decision;
- (ii) **New Capital Scheme Budget request between £10,001 and £50,000** – by joint approval of the Head of Paid Service, the Chief Finance Officer and the Chief Officer responsible for the specific service area, and reported to the Executive in the next Quarterly Capital Monitoring Report following the decision;
- (iii) **New Capital Scheme Budget request between £50,001 and £100,000** – by joint approval of the relevant Executive Member and Chief Officer responsible for the specific service area, together with the Head of Paid Service and the Chief Finance Officer, and reported to the Executive in the next Quarterly Capital Monitoring Report following the decision. The Executive may also authorise Capital Scheme requests up to the value of £100,000;

- (iv) **New Capital Scheme Budget request greater than £100,000** - by the approval of Full Council, in line with the Council's policy regarding Key Decisions, and reported to the Executive in the next Quarterly Capital Monitoring Report following the decision

1.66 **Requests for budget provision for new Capital Schemes up to a value of £100,000** must be supported by a written report, including the preparation of a financial appraisal by the relevant Chief Officer, approved by the Chief Finance Officer.

1.67 **Requests for budget provision for new Capital Schemes with a value over £100,000** must be supported by a report including, as a minimum:

- (i) a cost breakdown, including maintenance costs and if available, a spending profile of the scheme;
- (ii) the appraisal of the funding options/costs of financing the scheme, including borrowing if applicable;
- (iii) the future revenue costs and revenue budget implications;
- (iv) a risk assessment;
- (v) an assessment of alternatives;
- (vi) if available, details of the procurement path and delegations required (if any);
- (vii) details of the objectives of the scheme, outputs and outcomes;
- (viii) relevant drawings and plans if applicable.

### **Other Capital Scheme Considerations**

1.68 Procedures to be followed in relation to contracts to deliver all Capital Schemes are set out in the Council's Standing Orders and Contract Procedure Rules.

1.69 Projects are to be delivered in line with the corporate project Management procedures.

### **Partnership Expenditure and External Funding**

1.70 Where no provision currently exists in the Revenue Budget or Capital Programme for specific projects or activities which are to be wholly or partly funded by external agencies or partners, then the above criteria and approval financial thresholds for virements and additional, in-year budget requests will apply to the value of the Council's net financial contribution to the revenue or capital cost of the project.

- 1.71 The Chief Finance Officer will ensure that Revenue Budgets and the Capital Programme is adjusted as necessary to reflect the gross value of all such arrangements and transactions.
- 1.72 Chief Officers must liaise with the Chief Finance Officer, and refer to **Financial Regulation 7 – External Funding and Partnership Arrangements** of these Regulations, **prior** to undertaking any bidding for external funding or establishing any partnerships

### **Other Matters Affecting Budgets**

- 1.73 Chief Officers are responsible for alerting the Chief Finance Officer to any issues with the potential to affect Revenue Budgets or the Capital Programme, or resources in the current year or future years. Where significant the Chief Finance Officer will report such matters to the Executive.

### **Delegation**

- 1.74 Chief Officers shall notify the Chief Finance Officer of the names of any Officers in their department authorised to act on their behalf in relation to the specific responsibilities set out in this Financial Regulation, together with details of any limitation on the authority delegated to them

## FINANCIAL REGULATION No.7- EXTERNAL FUNDING AND PARTNERSHIP ARRANGEMENTS

### WHY IS THIS REGULATION IMPORTANT?

Partnerships play a key role in delivering community strategies and in helping to promote and improve the well being of the borough. The Council works in partnership with others - public agencies, private companies, community groups and voluntary organisations - and its distinctive leadership role is to bring together the contributions of the various stakeholders. The Council will mobilise investment, bid for funds, champion the needs and harness the energies of local people and community organisations. It will be measured by what it achieves in partnership with others.

Partnerships can provide ways to access new resources and share risk. They can also lead to innovative and improved ways of delivering services whilst forging new relationships. Whilst external funding is a very important source of income, funding conditions need to be carefully considered to ensure they are compatible with the aims and objectives of the Council. In some instances, tight specifications may not be flexible enough to link to the authority's overall plan. Also, new ways of working can increase the Council's exposure to fraud and to irregularities in the operation of areas such as VAT, insurance and pay.

### General

1.75 These regulations cover;

- (i) grants made, and funding provided by the Council to external organisations and partners and;
- (ii) bids made by the Council to other external organisations and partners for grants and funding.

### Bidding for External Funding

1.76 Chief Officers shall seek external resources only to further the priorities and aims of the Council's Corporate Strategy.

1.77 Before making a bid for resources which, if successful, would require a financial commitment from the Council, Chief Officers must ensure that appropriate budgets have been approved or earmarked in accordance with the contents of these **Financial Regulation 6 – Budgetary Control – Revenue and Capital points 6.22 to 6.24.**

1.78 If, due to the extremely tight deadlines that are sometimes imposed by the awarding body/funder, it is not possible to secure the required approvals in line

with the provisions of **Financial Regulation 6**, the proposed bid must be discussed and agreed with the Head of Paid Service and the Chief Finance Officer before the bid is submitted and then reported retrospectively in line with the approval process detailed in **Financial Regulation 6**.

- 1.79 In developing bids, Chief Officers shall use appropriate project appraisal processes to assess the viability of the project in terms of resources, staffing and expertise, to identify and assess all potential risks, and to ensure achievement of the required outcomes.
- 1.80 Completion of any bidding application must be carried out in consultation with the Chief Finance Officer.

### **Partnership Arrangements**

- 1.81 Chief Officers shall agree and accept formally in writing the roles and responsibilities of each of the partners involved in a partnership project before the project commences. Any initial proposals must first be reported to and considered by the Council's Senior Management Team to ascertain and clarify and wider operational issues.
- 1.82 Where the Council is to be the Lead Partner, or the Accountable Body where other funds are involved, the responsibilities of the Council and the obligations of the various partners are to be clearly defined, understood, and documented through the involvement of the Chief Finance Officer and Monitoring Officer prior to commencement of the project. The Council will only enter into such arrangements where the Council has a direct interest in the partnership.
- 1.83 Chief Officers must consult the Chief Finance Officer on:
  - (i) any financial control, insurance and/or VAT implications;
  - (ii) audit requirements that should to be incorporated into the partnership arrangements;
  - (iii) the overall financial implications for the Council.
- 1.84 Prior to entering into any partnership commitment, the relevant Chief Officer must ensure that any match funding and any other financial obligations of the Council are provided for within the existing Revenue Budget or the Capital Programme and that arrangements are made for future years' financial provisions to reflect these obligations. This should include any external audit and other consequential fees as appropriate.
- 1.85 Chief Officers are responsible for ensuring the timely submission of any grant claims to recover money due to the Council



- 1.86 Unless otherwise approved by the Chief Finance Officer, where the Council is to act as Accountable Body, banking arrangements will be through the Council's main bank account and all transactions will be processed through the Council's financial systems.

### **Working with Partners**

- 1.87 These Financial Regulations and the Council's Contract Procedure Rules shall apply equally to any orders for works, goods or services which are the responsibility of the Council under the partnership arrangements.
- 1.88 The relevant Chief Officer shall comply with any key conditions of funding and any statutory requirements.
- 1.89 Any variation in resources to be contributed by the Council, or in the overall resources of the partnership where the Council is the Accountable Body, shall be dealt with in the same way as other budget variations as set out in ***Financial Regulation 6 -Budgetary Control – Revenue and Capital***.
- 1.90 The relevant Chief Officer shall ensure that any financial control, insurance and audit requirements of the partnership are met.
- 1.91 The relevant Chief Officer shall communicate regularly with the other partners in the partnership throughout the project so that problems are identified and shared to achieve their successful resolution.

### **Grants made to External Organisations**

- 1.92 It is the responsibility of all Chief Officers to ensure that organisations in receipt of grant aid, either from the Council's own funds or through external funding), as a minimum:
- (i) have satisfactorily demonstrated that they are a competent and suitable organisation to receive public money;
  - (ii) ensure that appropriate management and accountability procedures are in place to achieve their aims and objectives; and
  - (iii) ensure that financial propriety is observed.
- 1.93 Where a grant is approved, there must be written confirmation of the grant offer and where appropriate, a formal grant agreement should be in place before any payment is made. The offer letter/agreement should include:
- (i) details of the amount of grant approved;

- (ii) the purpose and duration of the grant;
  - (iii) the arrangements for payment, and also, where appropriate:
    - (a) the monitoring and evaluation arrangements; and
    - (b) the circumstances when grant funding may be terminated.
- 1.94 Any grant offers (as a minimum) must require the recipient to keep appropriate records and ensure these are available for Council inspection.
- 1.95 Any grant offer must require the recipient organisation to demonstrate that the grant has been used for the agreed purpose.
- 1.96 Chief Officers must ensure that the terms and conditions of any grant awarded are monitored for compliance.

### **Delegation**

- 1.97 Chief Officers shall notify the Chief Finance Officer of the names of any Officers in their department authorised to act on their behalf in relation to the specific responsibilities set out in this Financial Regulation, together with details of any limitation on the authority delegated to them.

## **FINANCIAL REGULATION NO. 8 – TREASURY MANAGEMENT**

### **Investments, Borrowing, Leasing and Trust Funds**

#### **WHY IS THIS REGULATION IMPORTANT?**

Treasury Management is in place to provide assurance that the authority's money and overall cash flows are properly managed in a way that balances risk with return, but with overriding consideration being given to both the access and the security of the investments.

The signing of leases and other forms of credit can have a wider financial impact than just the rental payments. It is therefore necessary that the Chief Finance Officer is given the opportunity to evaluate the costs of any potential agreement before it is legally binding.

#### **General**

1.98 The Chief Finance Officer is responsible for all investment, borrowing and leasing undertaken in the name of the authority.

#### **Treasury Management**

1.99 The Chief Finance Officer shall:

- (i) prepare annually a Capital Strategy and a Treasury Management Strategy, for consideration and approval by the Full Council;
- (ii) recommend to Full Council before the commencement of each financial year, a range of Prudential and Treasury Indicators, including borrowing limits to be set for that financial year, in accordance with statute and the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code;
- (iii) provide a mid-year review and a year-end outturn Treasury Management report to Governance Committee;
- (iv) arrange the borrowing and investments of the authority in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the authority's Prudential and Treasury Indicators and its annual Strategy;
- (v) make all investments, borrowings and other financing transactions, only in the name of the authority, or in the name of nominees approved by Full Council.

## **Leasing and Similar Arrangements**

1.100 Leasing and other similar arrangements, including new or extended leases, may only be entered into with the consent of the Chief Finance Officer. Such arrangements may be defined for this purpose as any lease, contract hire or other contract (or series of contracts) under which the use of an asset is obtained in exchange for a series of payments which extend beyond the end of the following financial year.

## **Delegation**

1.101 The Chief Finance Officer shall maintain a list of the names of any Officers in their department authorised to act on their behalf in relation to the specific responsibilities set out in this Financial Regulation, together with details of any limitation on the authority delegated to them.

## FINANCIAL REGULATION NO. 9 – BANKING, CHEQUES AND PETTY CASH

### WHY IS THIS REGULATION IMPORTANT?

The Council has a duty to ensure that all monies are properly safeguarded and only utilised for authorised purposes. It is therefore necessary to have controls in place to ensure the proper authorisation and control of all bank accounts, all payments made from them, and all income deposited.

### Operation of Bank Accounts

- 1.102 The Chief Finance Officer is responsible for opening, closing and the operation all bank accounts and related facilities in the Council's name.
- 1.103 All communications with the Council's bankers concerning its bank accounts and any changes in banking arrangements shall be made under arrangements approved by the Chief Finance Officer.
- 1.104 No bank accounts shall be opened in any name other than the Council's name, unless approved in writing by the Chief Finance Officer. The signatories on any such approved bank accounts must also be approved, in writing, by the Chief Finance Officer.

### Authorisation of Signatories

- 1.105 Only Officers mandated by the Chief Finance Officer may make payments by BACS and CHAPS and sign cheques and other documents transferring funds out of the Council's bank accounts.

### Payment from Council Bank Accounts

- 1.106 All payments from the Council's bank accounts shall be, so far as is practicable, by BACS/automated bank transfer.
- 1.107 No payments shall be made from the Council's bank accounts unless personally approved by an authorised signatory in accordance with **points 9.3 and 9.4** above.
- 1.108 Authorisations for the direct debiting of the Council's bank accounts must only be given under the personal signature of the Chief Finance Officer, who will satisfy themselves as to the arrangements for their control and recording in the Council's accounts.

## **Custody of Cheques**

- 1.109 All cheques and related stationery shall be ordered and controlled by the Chief Finance Officer.
- 1.110 The safe custody and issue of cheques and related stationery shall be carried out under the arrangements made by the Chief Finance Officer.

## **Banking of Income**

- 1.111 The Chief Finance Officer shall make arrangements for the prompt and secure transfer of cash from the Council's offices and facilities to the Council's bankers.

## **Reconciliation**

- 1.112 The Chief Finance Officer must regularly reconcile the Council's bank accounts with the Council's accounting records.

## **Petty Cash Imprests**

- 1.113 The Chief Finance Officer will provide any imprest and advance accounts as they consider appropriate to Officers of the Council as required for defraying petty cash and other expenses.
- 1.114 The Chief Finance Officer will issue the necessary instructions to designated imprest/advance Account Holders for the setting up and operation of these accounts.
- 1.115 Chief Officers shall be responsible for all imprest accounts in their service areas, including all petty cash purchases and arrangements for the management of the imprest.
- 1.116 Chief Officers shall be responsible for specifying which Officers are authorised to certify petty cash vouchers on their behalf.
- 1.117 Income received on behalf of the Council must not be paid into an imprest/advance account, nor must it be supplemented from any other source. Income received must be banked and paid into the Council as detailed in ***Financial Regulation 10 – Income and Irrecoverable Debts.***
- 1.118 Payments shall be limited to minor items of expenditure and to such other items as the Chief Finance Officer may approve. Payment requests shall be supported

by a completed petty cash voucher and appropriate receipts. Details must be maintained in a petty cash book/spreadsheet, and promptly written up.

1.119 All Officers responsible for a petty cash imprest/advance accounts must produce them for inspection to the Chief Finance Officer, as requested.

1.120 On leaving Council employment, or otherwise ceasing to be entitled to hold an imprest/advance account, an Officer shall fully account to the Chief Finance Officer for any amount advanced.

### **Delegation**

1.121 The Chief Finance Officer shall maintain a list of the names of any Officers in their department, and elsewhere across the Council in respect of petty cash imprests, who are authorised to act on their behalf in relation to the specific responsibilities set out in this Financial Regulation, together with details of any limitation on the authority delegated to them.

## **FINANCIAL REGULATION NO. 10 – INCOME AND IRRECOVERABLE DEBT**

### **WHY IS THIS REGULATION IMPORTANT?**

It is essential that all income due to the Council is identified, collected, receipted and banked promptly. To achieve this it is necessary to put effective income systems in place. It is preferable to obtain income in advance of supplying goods or services as this improves the authority's cash flow and also avoids the time and cost involved in administering and recovering debts.

### **Prompt Identification of Sums Due to the Council**

1.122 Chief Officers shall make adequate and effective arrangements for recording all sums due to the Council.

### **Prompt Recording in the Council's Accounts of all Sums Due**

1.123 Each Chief Officer shall provide the Chief Finance Officer with all necessary information concerning work done, goods supplied or services rendered, and of all other amounts due, to enable the correct recording of all sums due to the Council and to ensure the prompt raising of accounts for the recovery of income.

1.124 Accounts for sums due to the Council should be raised on the Council's Sundry Debtors System, unless alternative arrangements have been made in writing by the Chief Finance Officer.

### **Collection and Receipting of Income**

1.125 All income received by the Council must be acknowledged by the issue of an official receipt, or by another approved method, indicating payment has been received.

1.126 All money received by an Officer on behalf of the Council, or the Council in its Accountable Body role, must be paid into the Council's bank account as determined by the Chief Finance Officer.

1.127 Chief Officers shall make adequate and effective arrangements for the collection and receipting of all income, and for the security of all cash and other valuables, having regard to agreed insurance limits for locked safes.

1.128 No deductions are to be made from monies collected, and personal cheques are not to be cashed out of monies held on behalf of the Council



- 1.129 Refunds must only be made through the Council's official payment system, unless agreed by the Chief Finance Officer.
- 1.130 Arrangements for the opening of incoming mail must ensure that any money received is immediately recorded and paid into the Council's Cash Office.
- 1.131 The Council's cash handling procedures shall be followed by all Officers.

### **Reconciliation of Income**

- 1.132 Chief Officers shall make adequate and effective arrangements for the sums collected and banked to be reconciled with the records of sums due. Such records and ICT systems will also be reconciled to the corporate accounting system.

### **Control of Tickets and Receipts**

- 1.133 All receipt books, paying-in books and other such controlled stationery shall be ordered and supplied to services by, or under arrangements authorised by, the Chief Finance Officer, who will satisfy themselves as to the arrangements for their control.

### **Review of Fees and Charges**

- 1.134 Chief Officers, in consultation with the Chief Finance Officer, will review all fees and charges at least annually.
- 1.135 On completion of each review, the relevant schedule of proposed fees and charges will be provided to the Executive for approval.

### **Delegation**

- 1.136 Chief Officers shall notify the Chief Finance Officer of the names of any Officers in their department authorised to act on their behalf in relation to the specific responsibilities set out in this Financial Regulation, together with details of any limitation on the authority delegated to them.

### **Debt Recovery**

- 1.137 In all cases, Chief Officers must take prompt and appropriate actions to recover all sums overdue to the Council.

## Writing off Sums Due

- 1.138 Chief Officers are responsible for ensuring that all efforts have been exhausted to recover sums due to the Council in line with Council policies and procedures; write-off is the action of last resort when it is not possible or economically viable to continue to secure payment.
- 1.139 Chief Officers will review the details of all individual invoices/debts that are considered irrecoverable on at least a quarterly basis.
- 1.140 In determining the value of the debt to be written-off, this will be calculated as the total amount presented for write-off for each specific debtor at the specific point in time, rather than considering the value of individual invoices. On this basis, each debtor submitted with invoices for write-off, will be considered in line with the following authorisation limits;

<b>Value of debtor write-off</b>	<b>Approval level</b>
Less than £100	Officers within the Revenues, Benefits or Sundry Debtor Teams (as applicable) provided the debt meets one or more of the established criteria for write-off
Up to £1,000	Manager within the Revenues, Benefits or Sundry Debtor Teams (as applicable) provided the debt meets one or more of the established criteria for write-off
Up to £10,000	Chief Officer for the service area to which the debt relates
Up to £15,000	Chief Finance Officer
Up to £50,000	Chief Finance Officer, in consultation with the Executive Member responsible for Finance
Over £50,000	Executive

## FINANCIAL REGULATION NO. 11 – VAT

### WHY IS THIS REGULATION IMPORTANT?

Value Added Tax (VAT) is a tax applied to many of the goods and services that the Council either buys or supplies to others. VAT therefore impacts on many of the Council's financial transactions. Whilst generally speaking the Council is able to reclaim the VAT it incurs on buying goods and services, this ability is limited in relation to certain types of services made by the Council.

VAT is a very complex tax, particularly where it relates to land and property transactions and partnership arrangements. It is essential that the VAT implications of all major projects, partnership arrangements and land and property transactions be evaluated well in advance of any commitments being made. If not, the Council could be faced with a substantial irrecoverable VAT liability that is both unplanned and unbudgeted.

HM Revenue & Customs also have the power to impose penalties (fines) for late or non-compliance with VAT rules.

1.141 The Chief Finance Officer is responsible for the determination of all arrangements for the collection, recording, payment and recovery of VAT.

1.142 The Chief Finance Officer will:

- (i) maintain complete and accurate accounting records of all of the Council's VAT transactions;
- (ii) submit the Council's VAT return to HM Revenue and Customs each month in accordance with statutory deadlines;
- (iii) prepare the Council's partial exemption calculation at the end of each financial year, and monitor the Council's partial exemption position;
- (iv) conduct all negotiations with HM Revenue and Customs in respect of VAT matters affecting the Council;
- (v) provide guidance, advice and training to Council staff on all aspects of VAT as they affect the Council;
- (vi) publish and regularly update appropriate VAT guidance notes on the Council's intranet.

1.143 Chief Officers will shall:

- (i) properly account for VAT on all transactions under arrangements determined by the Chief Finance Officer;
- (ii) consult the Chief Finance Officer in all cases where the VAT treatment of any transaction is unclear so that the matter can be reviewed, and appropriate treatment determined;

- (iii) consult the Chief Finance Officer in all cases where new projects, schemes or services are proposed, well in advance of commitments being made, so that any impact on the Council's VAT position can be assessed, and any necessary action taken to protect the Council's VAT recovery position;
- (iv) co-operate with any HM Revenues and Customs VAT Inspector and give them access at all reasonable times to premises, personnel, documents and assets which they consider necessary for the purposes of their inspection.

### **Examples of Activity with Potential VAT Implications**

Examples of the types of new activity that could have an impact on the Council's VAT position are shown below. This is not an exhaustive list however, and consultation with the Chief Finance Officer must take place when any new or innovative scheme is proposed:

- a new service;
- a significant extension to an existing service;
- a capital new-build scheme;
- a land or property transaction, including any which involve a land exchange;
- a new or extended partnership arrangement;
- a scheme involving third party funding;
- an agency arrangement;
- any scheme where there is consideration 'in kind';
- a project where the Council is to act as Accountable Body, or Project Manager;
- a new capital scheme in a service area where a large proportion of income is exempt from VAT (i.e. leisure services).

### **Delegation**

1.144 Chief Officers shall notify the Chief Finance Officer of the names of any Officers in their department authorised to act on their behalf in relation to the specific responsibilities set out in this Financial Regulation, together with details of any limitation on the authority delegated to them.

## **FINANCIAL REGULATION NO. 12 – PAY, CONDITIONS OF EMPLOYMENT, TRAVEL AND SUBSISTENCE AND MEMBERS ALLOWANCES**

### **WHY IS THIS REGULATION IMPORTANT?**

Staffing costs are the largest single item of expenditure for most Council services. It is therefore important that payments are accurate, timely, made only where they are due and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for, and that Members' allowances are paid in accordance with the scheme adopted by the Council.

Like all organisations, the Council is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax can be severe. It is therefore important for all Officers to be aware of their role.

### **General**

1.145 Terms and conditions of employment are determined by the Council.

1.146 The Chief Finance Officer is responsible for the administration of all arrangements for the payment of salaries, wages, pensions, travel and subsistence claims and other emoluments to existing and former employees, and for all related matters.

### **Deductions from Pay**

1.147 The Chief Finance Officer shall make proper arrangements for all statutory and other deductions from pay, including tax, national insurance and pension contributions, and payment over of such sums to the bodies concerned.

### **Terms of Employment**

1.148 Chief Officers, in consultation as necessary with the Chief Officer responsible for Human Resources, shall promptly notify the Chief Finance Officer regarding:

- (i) the terms and conditions applying to new contracts of employment;
- (ii) any changes or events affecting the salaries, wages or emoluments of the Council's employees, other than normal incremental progression, pay awards and agreements of general application;
- (iii) all appointments, resignations, dismissals, suspensions, secondments, transfers, retirements and terminations of employment.

## **Provision of Information**

1.149 Chief Officers shall provide to the Chief Finance Officer:

- (i) all relevant information, including notifications of sickness absence or other reasons that may affect the accurate payment of all elements of pay;
- (ii) information necessary to maintain records of service for the purposes of superannuation, income tax, national insurance and other statutory and voluntary deductions from pay.

## **Travelling and Subsistence**

1.150 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be submitted, duly certified, in a form approved by the Chief Finance Officer. These shall be made up to a specified day of each month and submitted within the agreed timescales for the processing of the monthly payroll.

1.151 The certification by, or on behalf of, the relevant Chief Officer shall be taken to mean that 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 in respect of Officers' claims. In all cases, claims must be supported by receipts and supporting documentation

1.152 Where appropriate, payments to Members, including co-opted members of the Council or its Committees who are entitled to claim travelling or other allowances, will be made by the Chief Finance Officer upon receipt of the prescribed form, duly completed and authorised

## **Late claims**

1.153 Members' and Officers' claims submitted more than three months after the expenses were incurred will be paid only with the express approval of the Chief Officer responsible for Human Resources, acting on behalf of the Chief Finance Officer

## **Members' Allowances**

1.154 Payments to elected Members of the Council shall be made by the Chief Finance Officer in accordance with the Council's approved scheme.

## **Delegation**

1.155 Chief Officers shall notify the Chief Finance Officer of the names of any Officers in their department authorised to act on their behalf in relation to the specific responsibilities set out in this Financial Regulation, together with details of any limitation on the authority delegated to them.

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## **FINANCIAL REGULATION NO. 13 – ASSETS, INVENTORIES AND STORES RECORDS**

### **WHY IS THIS REGULATION IMPORTANT?**

The authority holds assets in the form of land and buildings, fixed plant, vehicles and machinery, furniture and equipment, software and data, cash and other items of value such as stocks and stores, tickets and vouchers. It is important that assets are used efficiently in service delivery, that they are adequately insured and that there are arrangements for the security of both assets and information required for service operations. Up to date records are a prerequisite for sound asset management. See also *Financial Regulation 14 - Insurance*.

### **Proper Use of the Council's Resources**

1.156 Resources are to be used solely for the purposes of the authority, unless authorised otherwise by the Council, and are to be properly accounted for.

### **ASSETS**

#### **Asset Register**

1.157 Chief Officers are responsible for the compilation and maintenance of an asset register in respect of the assets held within the service areas that they are responsible for, including land and property and other fixed assets.

#### **Inventories**

1.158 Each Chief Officer is responsible for maintaining an inventory of moveable assets under procedures determined by the Chief Finance Officer

1.159 Inventories are to be reviewed at least once each year and an updated copy supplied to the Chief Finance Officer.

#### **Security**

1.160 Chief Officers shall make proper arrangements for:

- (i) the security of all buildings and other assets under their control
- (ii) the safe custody of all documents held as security.

#### **Disposal of Assets**

1.161 The Council has a duty to obtain the best price that is reasonably obtainable when any assets are disposed of.



- 1.162 The Chief Finance Officer must also be consulted on the proposed method of disposal for all assets in order to ensure that such methods meet the best interests of the Council and will maximise any financial return to the Council.
- 1.163 Each Chief Officer is responsible for ensuring that asset disposals are in accordance with these procedures.

## **STOCKS AND STORES**

### **Receipt, Control and Custody of Stocks and Stores**

- 1.164 Chief Officers will make adequate and effective arrangements for the custody, care and physical control of all stocks and stores in their departments.

### **Stocks and Stores Records**

- 1.165 In consultation with the Chief Finance Officer, Chief Officers will maintain adequate records of all issues and other movements of stocks and stores
- 1.166 Chief Officers will provide to the Chief Finance Officer each year, as necessary, a stock certificate detailing stocks and stores in hand at 31 March.

### **Maintenance of Stocks**

- 1.167 Chief Officers will maintain stocks at reasonable levels and subject them to a regular independent physical check. All discrepancies will be investigated, pursued to a satisfactory conclusion and removed from the authority's records by making stock adjustments as necessary. Gains and losses resulting from stock adjustments will only be written off, or adjusted in the records, under arrangements approved by the Chief Finance Officer.

### **Disposal of Surplus, Obsolete or Redundant Stocks**

- 1.168 Chief Officers will ensure that all stocks and stores no longer required are disposed of economically under arrangements approved by the Chief Finance Officer.

### **Delegation**

- 1.169 Chief Officers shall notify the Chief Finance Officer of the names of any Officers in their department authorised to act on their behalf in relation to the specific responsibilities set out in this Financial Regulation, together with details of any limitation on the authority delegated to them.

## FINANCIAL REGULATION NO.14 - INSURANCE

### WHY IS THIS REGULATION IMPORTANT?

The provision of insurance cover is one of the major methods of responding to corporate and service risks identified under the Council's risk management arrangements. Cover can be arranged either externally (with major insurance companies) or through an internal insurance pool. Accurate record keeping and timely provision of information are essential if the Council's insurance cover is to be effective.

- 1.170 Subject to any direction from the Council, the Chief Finance Officer in liaison Chief Officer responsible for Audit and Risk, will arrange all insurance cover and liaise with the Council's insurers to agree all claims by, or against the Council, in consultation with other Officers where necessary.
- 1.171 Chief Officers will notify the Chief Finance Officer and the Chief Officer responsible for Audit and Risk immediately in writing:
- (i) of all new risks, properties, vehicles or other assets that require insurance, (and update the appropriate inventories);
  - (ii) of any alterations to such risks or assets affecting existing insurances;
  - (iii) should any of the authority's assets be damaged, lost or stolen;
  - (iv) of any loss, liability, damage or personal injury that may lead to a claim against the authority, and provide any related information or explanation required within time scales determined by the Chief Finance Officer.
- 1.172 Chief Officers shall ensure that no employee, or other person covered by the authority's insurances, admits liability (orally or in writing) or makes any offer to pay compensation, as this may prejudice a proper assessment of the Council's liability.
- 1.173 The Chief Finance Officer must **approve any settlement agreement above £5,000** in respect of all types of insurance claim. Below this level, the responsibility is delegated to the Officer responsible for Audit and Risk.
- 1.174 Chief Officers will maintain proper records relating to insurances effected by the authority, under arrangements approved by the Chief Finance Officer.
- 1.175 Chief Officers shall consult the Chief Finance Officer, and seek legal advice from the Monitoring Officer, on the terms of any indemnity that the authority is requested to give.

- 1.176 Chief Officers shall consult the Chief Finance Officer and the Chief Officer responsible for Legal Services to determine the minimum level of insurance cover required of any person or body (including all Council contractors) to indemnify the Council or to effect insurance cover in accordance with the Council's requirements.
- 1.177 Procedures for self-insurance must be approved by the Chief Finance Officer who may give that approval where in their opinion, and after consulting with the relevant Chief Officer and Executive Member, self-insurance is deemed to be the most economically advantageous option.

### **Delegation**

- 1.178 Chief Officers shall notify the Chief Finance Officer of the names of any Officers in their department authorised to act on their behalf in relation to the specific responsibilities set out in this Financial Regulation, together with details of any limitation on the authority delegated to them.

## FINANCIAL REGULATION NO.15 – SECURITY

### WHY IS THIS REGULATION IMPORTANT?

The authority holds assets in the form of property, vehicles, cash, equipment, furniture, data and other items. It is important that such assets are safeguarded and that there are arrangements for the security of both assets and the information required for service operations.

- 1.179 Chief Officers are responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, vehicles, cash etc. under their control. They must consult the Chief Finance Officer in any case where security is thought to be defective, or where it is considered that special security arrangements may be needed.
- 1.180 Where an Officer's employment with the Council is terminated, or a Member's term of office ends, the Chief Officer responsible for the service area in which the Officer worked is responsible for the safe and prompt return of all security badges, keys and equipment, as a matter of urgency to the relevant team (e.g. Human Resources and Facilities). In addition, the Chief Officer must also notify the Chief Officer responsible for ICT who will ensure that all ICT equipment has been accounted for and returned to the ICT Team and that access to all systems has been terminated.
- 1.181 Maximum limits for cash holdings will be agreed by the Chief Finance Officer and will not be exceeded without their authority. These limits must not exceed any limits set for insurance purposes, and the cash holdings must be held securely in a safe, or locked cabinet, with access limited to authorised Officers.
- 1.182 Chief Officers will ensure that the adequate security of keys to safes and similar receptacles is maintained at all times. The loss of any such keys must be immediately reported to the Chief Finance Officer.

### Delegation

- 1.183 Chief Officers shall notify the Chief Finance Officer of the names of any Officers in their department authorised to act on their behalf in relation to the specific responsibilities set out in this Financial Regulation, together with details of any limitation on the authority delegated to them.

## FINANCIAL REGULATION NO.16 – IRREGULARITIES

### WHY IS THIS REGULATION IMPORTANT?

The authority will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside of the authority.

The Council's expectation of propriety and accountability, is that Members and Officers at all levels will lead by example in ensuring the adherence to legal requirements, rules, procedures and practices.

The Council also expects that individuals and organisations (e.g. suppliers, contractors and service providers) with whom it comes into contact, will act with integrity and without thought or actions involving fraud and corruption.

- 1.184 Chief Officers, Members and Officers must immediately notify the Internal Audit Service on behalf of the Chief Finance Officer upon discovery or suspicion of any financial or accounting irregularities, or suspected irregularities, or of any circumstances which may suggest the possibility of irregularities, including those affecting assets, cash, stores, property, remuneration or allowances.
- 1.185 Any potential irregularities shall be dealt with in accordance with the Council's Anti-fraud and Corruption Strategy, and the Whistle-blowing and relevant Human Resources policies.
- 1.186 The Chief Finance Officer shall notify the Head of Paid Service in all significant cases

## FINANCIAL REGULATION NO. 17 – EXTERNAL AUDIT AND INSPECTION

### WHY IS THIS REGULATION IMPORTANT?

The External Auditor has rights of access to all documents and information necessary for audit purposes.

The basic duties of the External Auditor are defined the Local Audit and Accountability Act 2014. In auditing the accounts they must be satisfied;

- that the accounts comply with the requirements of the enactments that apply to them;
- that proper practices have been observed in the preparation of the statement of accounts; and that the statement presents a true and fair view; and
- that the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

In fulfilling their responsibilities, the external auditor works to a set code of audit practice.

The authority may from time to time also be subject to audit, inspection or investigation by various other external bodies. Government department inspectorates and bodies such as HM Revenue and Customs, have statutory rights of access. A Right of Access may also be granted sometimes under contractual arrangements, including partnerships where the Council is not the lead body.

1.187 The authority must appoint a local auditor to audit its accounts for a financial year no later than 31 December in the preceding financial year.

1.188 The authority may appoint an auditor to audit its accounts for more than one financial year, however in such cases, it must undertake an exercise to make a further appointment at least once every 5 years.

1.189 The Chief Finance Officer will facilitate effective liaison between the work of the internal auditor and the external auditors.

1.190 The Chief Finance Officer will work with the External Auditor and advise the Council, the Executive and Chief Officers on their responsibilities in relation to external audit.

1.191 Chief Officers will provide the External Auditors and inspectors access at all reasonable times to premises, personnel, documents and assets which they consider necessary for the purposes of their work.

1.192 Co-ordination of all other inspection and independent review work shall be the responsibility of the relevant Chief Officer.

## FINANCIAL REGULATION NO. 18 – INTERNAL AUDIT

### WHY IS THIS REGULATION IMPORTANT?

The requirement for an Internal Audit function for local authorities is implied in Section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit Regulations 2015 more specifically require that a “relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.

Accordingly, Internal Audit provides one aspect of an independent and objective assurance in the review of the system of internal control as a contribution to the proper, economic, efficient and effective use of resources. In fulfilling this responsibility, the Internal Audit Service complies with best practice as set out in the Public Sector Internal Audit Standards and the associated CIPFA Local Government Application Note.

- 1.193 Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance. It objectively examines, evaluates and reports on the adequacy of the internal control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 1.194 The Council’s statutory duty to maintain an adequate and effective system of internal audit in accordance with the Accounts & Audit Regulations is delegated to the Chief Finance Officer as part of the role’s responsibilities for proper financial administration.
- 1.195 Internal Audit operates in accordance with the Public Sector Internal Audit Standards
- 1.196 Internal Audit should:
- (i) review the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
  - (ii) review the systems established to ensure compliance with those policies, plans, procedures, laws, regulations and contracts which could have a significant impact on operations and reports and should determine whether the Council is compliant with these;

- (iii) review the means of safeguarding assets and, as appropriate, verify the existence of such assets;
- (iv) appraise the economy, efficiency and effectiveness with which resources are employed;
- (v) review operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned.

### **Access to records and explanation**

- 1.197 The Chief Finance Officer will, to the extent it is considered necessary, conduct or arrange for the examination and audit of the accounts of the Council and of its Officers, Members and Agents.
- 1.198 The Chief Finance Officer will have authority to enter at all reasonable times any offices, premises or land under the control of the Council and shall have unrestricted access to all records, documents and correspondence relating to any matter under consideration, without limitation.
- 1.199 All staff shall provide such information and explanations as the Chief Finance Officer considers necessary and must produce upon demand cash, stores, documents or other property of the Council under their control.
- 1.200 The internal audit service has direct access to the Head of Paid Service, to all levels of management and to elected Members.

### **Irregularities**

- 1.201 Chief Officers, Members and Officers shall immediately notify the Internal Audit Service on behalf of the Chief Finance Officer upon discovery or suspicion of any financial irregularity, whether affecting cash, stores, property, financial records or otherwise. The Chief Finance Officer shall notify the Head of Paid Service in all significant cases.
- 1.202 The Council sets out in policy documents its approach to fraud and corruption and to “whistleblowing”.



## FINANCIAL REGULATION NO. 19 – CONTRACTS AND PURCHASING

### WHY IS THIS REGULATION IMPORTANT?

The letting of public contracts should be done with demonstrable transparency and in accordance with Council policies. It is essential for maintaining public confidence that the Council and its Officers are seen to act with complete fairness and impartiality in the letting of contracts.

The Council has a statutory duty to achieve best value, partly through economy and efficiency. There is also a local performance indicator measuring and reporting on the time taken by the Council to pay its creditors.

The Council's procedures should help to ensure that services obtain value for money from their purchasing arrangements. These Regulations must be read in conjunction with the Council's Contract Procedure Rules.

### GENERAL

- 1.203 Every Member and Officer engaged in contractual or purchasing decisions on behalf of the Council must declare to the Monitoring Officer any links or personal interest they may have with purchasers, suppliers and contractors, and must comply with the appropriate codes of conduct
- 1.204 Chief Officers are responsible for ensuring that any written contracts, agreements, awards and other instruments involving payment or receipt of money by the Council adhere to the Council's Standing Orders and Contract Procedure Rules.
- 1.205 A Contract must only be awarded and signed by a person authorised to do so, as set out in the Council's Contract Procedure Rules.
- 1.206 The Authoriser must ensure that there is sufficient, approved budget in place to sustain the contract prior to award.
- 1.207 Each Chief Officer must maintain their own record of all contracts entered into by their department. Chief Officers should also notify the Procurement Team of all contracts awarded for inclusion in the Council's Contracts Register.
- 1.208 Chief Officers are obliged to report to the Chief Finance Officer all significant variations in a contract during its course, or any other factor, circumstances, event, etc. which may have an effect on the cost of the contract.

- 1.209 The purchase of equipment, goods, services and materials shall be affected through the most economical advantageous and practical means, making use of co-ordinated purchasing and contracting agreements, where these are available. To this end, the Chief Finance Officer will issue such instructions as they deem necessary and shall be entitled to make such enquiries and to receive such information and explanations as they may reasonably require.
- 1.210 All requests for Payments on Account in respect of a contract are to be made by means of a certificate in a form agreed with the Chief Finance Officer and certified by an authorised Officer.
- 1.211 Invoices and claims for payment, including final accounts of contracts, shall be examined and verified by the Chief Officer, or by their authorised representative, before payment is made.

### **ORDERS FOR WORK, GOODS AND SERVICES**

- 1.212 All official Orders must be placed on the Council's financial system and must only be approved, electronically, by Officers authorised by the relevant Chief Officer who is responsible for all official Orders issued from their service areas.
- 1.213 Official Orders shall be issued for all work, goods or services to be supplied to the Council **prior** to the delivery of goods or services, or the completion of works, except for the supplies of public utility services, periodical payments, petty cash purchases or other such exemptions as the Chief Finance Officer may approve.
- 1.214 Official Orders must not be raised for any personal or private purchases, nor must personal or private use be made of Council contracts.
- 1.215 The Chief Officer of each service area must notify the Chief Finance Officer of the names of all Officers approved to electronically authorise official Orders for goods and services, identifying in each case the limits of their authority. They must also notify the Chief Finance Officer of any amendments to the authorised Officers immediately any changes take place.
- 1.216 The Council's Standing Orders contain specific instructions relating to the letting of contracts, the issue of Variation Orders on contracts, and the purchase of goods and services; these must be followed at all times.

### **PAYMENT OF ACCOUNTS**

- 1.217 Chief Officers will ensure that as far as is practicable, that the duties of ordering works, supplies or services, receiving them and certifying payment of them, are not performed by the same Officer.

## **Payment**

- 1.218 The preferred method of payment of money due from the Council is by BACS/automated bank transfer; any exception to this will be by agreement with the Chief Finance Officer.
- 1.219 Payments may only be made by direct debit or corporate credit card with the prior approval of the Chief Finance Officer.
- 1.220 Minor items of expenditure, up to a limit set by the Chief Finance Officer, may be paid under petty cash procedures.
- 1.221 Excluding the petty cash arrangements above, no Officer must use their own personal monies to procure works or supplies of goods and services on behalf of the Council, other than in instances of extreme emergency and with the approval of the relevant Chief Officer.

## **Approval for Payment**

- 1.222 The Chief Finance Officer shall issue such procedures and instructions as are necessary for the verification and passing for payment of invoices and claims.
- 1.223 Chief Officers issuing petty cash and other payments from imprest accounts are responsible for examining, verifying and certifying the related vouchers arising from their service areas. Such certification will be by, or on behalf of, the Chief Officer. The names of officers authorised to certify such records will be provided to the Chief Finance Officer by each Chief Officer.
- 1.224 Before certifying an account, the Certifying Officer must satisfy themselves that:
- (i) the work, goods or services to which the account relates have been received, carried out, examined and approved, and that a Goods Received Note has been entered onto the financial system. This check should, where possible, be carried out by a different Officer from the person who authorised the Order;
  - (ii) the prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct;
  - (iii) the relevant expenditure has been properly incurred, and is within the relevant estimate provision; and,
  - (iv) the account has not been previously passed for payment, is a proper liability of the Council, and is in accordance with Council Policy and Standing Orders.

- 1.225 Duly certified accounts will be reviewed by the Chief Finance Officer, or an Officer designated by them, who shall examine them to the extent that they consider necessary, for which purpose they will be entitled to make enquiries and to receive whatever information and explanations they may reasonably require to be satisfied as to the validity of accounts and claims presented for payment.
- 1.226 The primary responsibility for ensuring the correctness of the account or claim for payment however, remains with the Certifying Officer.
- 1.227 Each Chief Officer will, as soon as possible after the 31st March and no later than the deadline specified in the annual closure of accounts timetable, notify the Chief Finance Officer of all outstanding expenditure relating to goods and services received in the previous financial year.

### **Delegation**

- 1.228 Chief Officers will notify the Chief Finance Officer of the names of any Officers in their department authorised to act on their behalf in relation to ordering and paying for works, goods or services, and details of any limitation on the authority delegated to them.