

FINANCIAL REGULATIONS (amended February 2011)

Contents

(i). Introduction

Section A: Financial Management *(click link)*

1. Responsibilities

Section B: Financial Planning *(click link)*

2. Medium Term Financial Strategy (MTFS)
3. Annual Budget Setting
4. Budget Virements
5. Budget Monitoring
6. Closure of Accounts

Section C: Risk Management & Control of Resources *(click link)*

7. Audit & Internal Control
8. Fraud, Corruption and Theft
9. Risk Management
10. Insurances
11. Security
12. Controlled Stationery and Resources
13. Treasury Management Framework
14. Write Off and Disposal of Assets and Debts
15. Payments of Accounts
16. Income Accounts and Debtors

Section D: Systems and Procedures *(click link)*

17. General
18. Records and Procedures
19. Payments to Employees and Members
20. Financial Approval Limits
21. Tax
22. VAT
23. Trading Accounts

Section E: External Arrangements *(click link)*

24. Joint Venture
25. External Funding
26. Work for Third Parties

Appendix A: Interpretation *(click link)*

(i) Introduction

In order to conduct its self efficiently and effectively, the Council needs to establish and adhere to financial management policies – and this entails the establishment of financial regulations that set out in writing the financial rules and policies of the Authority.

The financial regulations set out and govern the way the Council undertakes financial planning, annual budget setting, budget monitoring, and closure of the accounts. The regulations provide clarity about the overarching financial accountabilities and responsibilities of individuals, including the Assembly, Cabinet, the Chief Financial Officer, Corporate Directors, Divisional Directors (Heads of Service) and Managers.

The financial regulations also govern the way day-to-day financial administration is conducted and financial controls are exercised. These regulations should be read in conjunction with all other (financial) policies of the Council including contract standing orders, the scheme of delegation, the roles of committees, and employee codes of conduct.

Any failure to comply with these rules will be followed by disciplinary action as appropriate.

Interpretation – please refer to Appendix A

Section A: Financial Management

1. Responsibilities

1.1. Assembly

1.1.1. The Assembly is responsible for adopting the Authority's constitution and members' code of conduct, and for approving the policy framework and budget within which the Cabinet operates.

1.2. Cabinet

1.2.1. The Cabinet is responsible for the regulation and control of the finances of the Council, and for discharging executive functions in accordance with the policy framework and budget.

1.2.2. The Cabinet is responsible for the approval of draft estimates for submission to the Assembly, and for monitoring financial performance throughout the year. The Cabinet shall also submit

recommendations to the Assembly for the levying of general or special rates or taxes.

1.3. Committees

1.3.1. Scrutiny committees are responsible for scrutinising any aspect of the finances of the Council, including monitoring and challenging the decisions of the Cabinet. They scrutinise executive decisions, before or after they have been implemented, and for holding the Cabinet to account.

1.3.2. The Public Accounts and Audit Select Committee (PAASC) is an advisory body and reports to Assembly. It is responsible for providing independent assurance of the risk management framework and the associated systems of internal control. It provides scrutiny of financial and non-financial performance, and oversees the financial reporting process. It also has a specific responsibility to maintain an overview of the Council's constitution in respect of contract procedure rules and Financial Regulations.

1.4. Head of the paid Service (Chief Executive)

1.4.1. The Head of Paid Service is responsible for the corporate and overall strategic management of the authority as a whole. He or she must report to and provide information to Cabinet, the Assembly, and other Committees.

1.5. Monitoring Officer

1.5.1. The monitoring officer is responsible for:

- i. promoting and maintaining high standards of financial conduct;
- ii. reporting any actual or potential breaches of the law or maladministration to the Assembly and/or Cabinet;
- iii. ensuring that procedures for recording and reporting key decisions are operating effectively;
- iv. ensuring that executive decisions and the reasons for them are made public;
- v. advising all councillors and officers about who has authority to take a particular decision;
- vi. advising the Cabinet or Assembly about whether a decision is likely to conflict with the Authority's policy framework or budget; and
- vii. for maintaining an up-to-date constitution.

1.6. The Corporate Director of Finance & Resources

1.6.1. The Corporate Director of Finance & Resources, as the statutory Chief Finance Officer (and “Section 151 Officer”), is the Officer responsible for the proper administration of the Council’s financial affairs under Section 151 of the Local Government Act 1972, and Sections 112-114 of the Local Government Finance Act 1988.

1.6.2. The Corporate Director of Finance and Resources has a duty under Section 114(2) of the Local Government Act 1988 to make a report if it appears that the Council, Cabinet, or any Committee has carried out a decision which (a) involves the Council incurring expenditure which is unlawful, or (b) involves a course of action which if pursued would be unlawful and likely to cause a loss or deficiency to the Council.

1.6.3. The Corporate Director of Finance and Resources has a duty under Section 114(3) of the Local Government Finance Act 1988 to make a timely report (in consultation with the Chief Executive and the Monitoring Officer) to every Member where it appears that the expenditure incurred or likely to be incurred in a Financial year exceeds resources available to meet the expenditure.

1.6.4. The Corporate Director of Finance & Resources is also responsible for:

- i. Providing financial advice and information
- ii. Maintaining the Council’s principal accounting records
- iii. Preparing the Council’s annual statement of accounts
- iv. Providing information and financial returns to external bodies
- v. Preparing the revenue budget and capital programme
- vi. Internal audit and control
- vii. Treasury management and banking

1.7. Corporate Directors and Chief Officers

1.7.1. Each Chief Officer is responsible for observing the Council's financial regulations; monitoring financial performance within their department; and managing the service within the available budget.

1.7.2. Each Chief Officer is responsible for ensuring that any expenditure incurred within their service is in accordance with both the purpose and objectives of the services being provided. Expenditure must not be incurred or charged to any budget where such expenditure bears no relation to the service being provided.

1.7.3. It is the responsibility of chief officers to ensure that a proper scheme of delegation has been established within their area and is

operating effectively. The scheme of delegation should identify staff authorised to act on the chief officer's behalf, or on behalf of the Cabinet, in respect of payments, income collection and placing orders, together with the limits of their authority.

- 1.7.4. Each Chief Officer, or failing them, the Chief Financial Officer, shall report to the Cabinet immediately where they are not complying with these Rules.
- 1.7.5. Each Chief Officer is responsible for the control and accountability of employees and the security, custody and control of all of the resources, including plant, buildings, materials, cash and stores, appertaining to his/her department.
- 1.7.6. Each Chief Officer shall consult the Chief Financial Officer as Section 151 Officer or Nominated Deputy on any matter which is liable to materially affect the finances of the Council before any form of commitment is incurred and before reporting the matter to the Cabinet.
- 1.7.7. Each Chief Officer shall ensure that all reports contain appropriate financial implications agreed with the Chief Financial Officer as Section 151 Officer or Nominated Deputy.

Section B: Financial Planning

2. Medium Term Financial Strategy (MTFS)

- 2.1. Each year the Council is required to produce a MTFS. The purpose of this document is to provide a framework for the Council to plan and manage its resources over the next three year period. It therefore supports and guides the Council's annual budget setting process (set out in sub-section 3 below). The MTFS supports the corporate planning process, including the external environment expected to be faced over the next three years; and facilitates effective service delivery.

3. Annual Budget Setting

- 3.1. All Chief Officers are responsible for submitting bids to the Finance Service to meet the departmental savings target set by Cabinet on the advice of the Corporate Director of Finance & Resources.
- 3.2. The Public Audit & Account Select Committee (PAASC) is responsible reviewing and providing scrutiny on the draft budget ahead of it going to Cabinet.
- 3.3. Finally, on the advice of the Corporate Director of Finance & Resources, the budget will be proposed by Cabinet and approved by the Assembly.

The draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds.

3.4. *Key timescales:* The draft budget is to be submitted to and considered by Cabinet at its meeting in January, and then again with any amendments incorporated, at its meeting in February. The final draft budget is then to be approved and adopted by Assembly at its meeting in March prior to the financial year.

3.5. Revenue Budgets

3.5.1. Estimates of revenue income and expenditure for the current year Revised Budget and the following year Base/Original budget shall be prepared by Chief Officers in consultation with the Chief Financial Officer as Section 151 Officer or Nominated Deputy in accordance with any financial plan(s) approved by the Assembly.

3.5.2. The Chief Financial Officer as Section 151 Officer or Nominated Deputy shall collate the estimates and submit them for approval to the Cabinet for submission to the Assembly.

3.6. Capital Budgets

3.6.1. Proposals for new capital schemes for the following financial year and future three years shall be prepared by Chief Officers in consultation with the Chief Financial Officer as Section 151 Officer or Nominated Deputy in accordance with any financial plan's of the Council. After approval, this Programme will be reported to the Cabinet for submission to the Assembly.

3.6.2. The Programme shall include all schemes which are within the definition of prescribed capital expenditure, and shall show:

- i. Existing schemes for the period of the programme;
- ii. New schemes to be started in the period of the Programme;
- iii. The estimated capital expenditure which will arise on each new scheme and the relevant form of funding, as well as the full revenue affects of any proposed capital investment;
- iv. Slippage on schemes in progress but not expected to be completed in the current year.

3.6.3. Project appraisals for capital schemes (together with any supporting information) are to be submitted to the Capital Programme Management Office (CPMO) for assessment and inclusion in the Programme.

4. Budget Virements

4.1. General

4.1.1. Following approval of the annual budget, Chief Officers may approve virements subject to the agreement of the Chief Financial Officer as Section 151 Officer or Nominated Deputy in accordance with the limits set out below. Virements for greater amounts and all supplementary estimates must be approved by the Cabinet. Virements must not be fragmented to circumvent these rules.

4.1.2. A virement is defined as impacting purely on the current financial year and a permanent budget virement relates to the current and future year budgets.

4.2. Revenue Budgets

4.2.1. The following limits apply in respect of (a) transfers between subjective headings within a service; (b) different services within a Chief officers budget; and (c) between different departments / Directorates of the Council:

- i. Individual specific virements of up to £100,000 in any one year
- ii. Individual specific and permanent budget transfers up to £100,000

4.3. Capital Budgets

4.3.1. Capital virements: Transfers of any amount between schemes should be approved by Cabinet.

4.3.2. Capital re-profiles: Subject to there being no additional funding and no revenue or capital cost implication arising from such a re-profiling then delegated authority is given to Corporate Directors in consultation with the Corporate Director of Finance & Resources to re-profile the capital budget of a scheme up to a value of £250,000. A series of smaller re-profiles should not be carried out in order to circumvent the total.

5. Budget Monitoring

5.1. Revenue Budgets

5.1.1. Corporate Directors, Chief Officers, and Budget Managers are responsible for monitoring their budgets, and must take appropriate action to ensure they do not exceed their budget for any one financial year.

5.1.2. On a monthly basis, finance meetings are to be held with each portfolio holder and budget monitoring reports to be submitted to Cabinet, setting out the overall financial position of each service and the current projected year-end outturn together with corrective actions as necessary.

- 5.1.3. Where it appears that an approved Revenue Budget (defined as the individual CIPFA summary subjective analysis for each service, as shown in the annually approved budget book) will overspend by £50,000 or 5% of the Gross Budget (whichever is the smaller) then the responsible Chief Officer will notify the Chief Finance Officer, the relevant Cabinet Member and Committee, and will immediately take steps to rectify the situation.
- 5.1.4. Where a Service / Department is forecasting an overall net overspend of £100,000, then this should culminate in an action plan to Cabinet, which sets out proposals for offsetting it, together with an assessment of the impact these corrective actions will have on service delivery and performance targets.
- 5.1.5. If an overspend in excess of £100,000 is forecast, then that Corporate Director or Chief Officer must notify the Chief Financial Officer and submit an action plan. Corporate Directors / Chief Officers must also advise if the problem relates solely to the current financial year or if it is a recurring pressure.
- 5.1.6. Where a particular Service has (or is projecting to have) an unspent balance, the relevant Chief Officer must apply to the Cabinet if they wish to earmark these savings for a planned purpose in the next financial year. The Cabinet may agree the use of any under spending, subject to the advice of the Chief Finance Officer as to the overall financial position of the Council.

5.2. Capital Budgets

- 5.2.1. Before expenditure can commence on any individual scheme within the Capital Programme, the approval of the Cabinet and the Capital Programme Management Office (CPMO) will be required.
- 5.2.2. If an approved capital scheme is forecast to overspend then the relevant Corporate Director or Chief Officer must notify the Chief Financial Officer immediately, and also present options for offsetting the overspend.

5.3. Use of Contingency

- 5.3.1. The contingency as set in each year's budget may be called upon by Chief Officers in consultation with the Chief Financial Officer as Section 151 Officer or Nominated Deputy, for individual items of expenditure of up to £100,000. Any call in excess of that sum must be referred to the Cabinet for approval.

6. Closure of Accounts

- 6.1. The Chief Financial Officer as Section 151 Officer or Nominated Deputy is ultimately responsible for making arrangements for closing the

accounts and producing the annual Statement of Accounts, including all matters relating to their audit and public inspection.

- 6.2. Each Chief Officer is responsible for ensuring that they and their staff adhere to the instructions and timetable requirements set out by the Finance Service to enable the closure of accounts.
- 6.3. Each Chief Officer / budget manager shall, as soon as possible after the 31 March in each year, notify the Chief Financial Officer as Section 151 Officer or Nominated Deputy of all outstanding expenditure (creditors), income (debtors), payments in advance (PIA), and receipts in advance (RIA) relating to the previous financial year.
- 6.4. Each Chief Officer / budget manager must provide on time any information and evidence (working papers) the Chief Finance Officer requires to produce the Statement of Accounts; complete claims for external funding; and to produce records to meet external audit requirements.
- 6.5. The Statement of Accounts will be prepared in accordance with the CIPFA Code of Accounting Practice, which includes the timescales for its production, and the requirement to produce an Annual Governance Statement (AGS).
- 6.6. The Annual Audit Letter presents the audit opinion of the accounts, as well as comments and recommendations on the Councils financial standing, the legality of financial transactions and internal control. This will be reported to the Public Audit & Account Select Committee (PAASC) each year, with an appropriate management action plan.

6.7. Key Timescales*

- | | |
|--|-------|
| ○ Outturn report to Cabinet | 16/06 |
| ○ Statement of accounts issued to PAASC | 30/06 |
| ○ Deadline for approval of accounts | 30/06 |
| ○ Audit Committee approve final accounts | 15/09 |
| ○ Accounts signed by external auditors | 30/09 |
| ○ Accounts issued for publication | 30/09 |

* *These timescales are correct for the 2010/11 closure of accounts and are indicative for all other years (and can be overridden by guidance from Finance Services).*

Section C: Risk Management & Control of Resources

7. Audit and Internal Controls

- 7.1. Internal control refers to the systems of control devised by management to help ensure the Authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that

the Authority's assets and interests are safeguarded by the prevention and/or detection of error and fraud.

- 7.2.** The Council shall be responsible for ensuring that the financial management of the authority is adequate and effective; and that there is a sound system of internal control. The internal controls need to facilitate the effective exercise of the Council's actions and include the arrangements for managing risk.
- 7.3.** Each Chief Officer is ultimately responsible for the internal controls and risk management arrangements within their service. Chief Officers shall immediately inform the Chief Internal Auditor in any case where financial irregularities are suspected, who shall in turn determine what appropriate investigations are required.
- 7.4.** Under the Accounts and Audit Regulations 2006 the Council has a statutory obligation to have an adequate and effective system of internal audit, which includes an audit of its accounting records and of its system of internal control. The Chief Internal Auditor has the delegated authority for providing and maintaining this service.
- 7.5.** An annual review will be conducted into the effectiveness of internal audit which will be considered by the Public Accounts and Audit Select Committee (PAASC). Such a review will form part of the annual review of the effectiveness of the overall system of internal control.
- 7.6.** The Chief Internal Auditor shall have authority to:
 - 7.6.1.** enter at all reasonable times into Council operational premises or onto Council land, (this can also that of the Council's supplies and contractors where permitted by the contract agreement);
 - 7.6.2.** have access to all records, documents and correspondence relating to any financial or other transactions of the Council;
 - 7.6.3.** require such explanations as are necessary concerning any matter under examination; and
 - 7.6.4.** require any employee of the Council to produce cash, stores or any other Council property under his control.

8. Fraud, Corruption, and Theft

- 8.1.** Under Section 151 of the Local Government Act 1972 the Council has a statutory obligation to ensure the protection of public funds and to have an effective system of prevention and detection of fraud, corruption, and theft.
- 8.2.** The primary responsibility for the prevention, detection, and deterrence of fraud or money laundering activity lies with each Divisional Director. However all Council employees have a duty to act to prevent and report occurrences of fraud and theft. Each Council employee should

immediately inform the Chief internal Auditor in any case where fraud/irregularity is suspected, who shall in turn determine what appropriate investigations are required.

9. Risk Management

- 9.1.** Cabinet is responsible for approving the Authority's risk management policy statement and strategy and for reviewing the effectiveness of risk management. Cabinet is also ultimately responsible for ensuring that proper insurance exists where appropriate.
- 9.2.** The Corporate Director of Finance & Resources is responsible for the Authority's risk management policy statement and for promoting it throughout the Council.
- 9.3.** Chief Officers are responsible for maintaining risk registers in accordance with the Risk Management policy, issued by the Council's Risk Manager. Chief Officers will regularly review the risks and advise the Council's Risk Manager appropriately of any material changes as they arise.
- 9.4.** All managers are responsible for managing risk, including taking action to mitigate the occurrence of the risk, and for maintaining contingencies (including a business continuity plan) should the risk actually materialise. Managers will need to take into account the matrix rating of the risk and the costs of any mitigating action.
- 9.5.** Risk Management and effective Corporate Governance requires the management of all types of risk, financial and non-financial.
- 9.6.** All risks should be identified on a 'likelihood / impact' matrix, where each is assessed in terms of having a low, medium or high likelihood and severity, by quantifying the financial impact where possible.
- 9.7.** The Council is obligated to run a whistleblower scheme, which all staff should be made aware of by their Manager / Chief Officer and actively encouraged to use when appropriate.

10. Insurances

- 10.1.** The Chief Financial Officer shall effect and periodically review all insurance cover in consultation with other Chief Officers who shall provide such information as may be required.
- 10.2.** Chief Officers shall promptly notify the Chief Financial Officer of all new risks and any alterations, terminations, loss or liabilities that affect existing insurances. Where appropriate, Chief Officers should also inform the Police of any losses as soon as possible and advise the Chief Internal Auditor.

- 10.3.** Chief Officers shall consult the Chief Financial Officer in respect of the terms of any indemnity which the Council is required to obtain or provide.

11. Security

- 11.1.** Each Chief Officer is responsible for maintaining security at all times for all Council property, stocks, stores etc. under his/her control. He/she shall consult the Chief Internal Auditor in any case where security is thought to be defective or where special arrangements may be needed.
- 11.2.** Maximum limits for cash holding shall be agreed with the Chief Internal Auditor and shall not be exceeded without express permission.
- 11.3.** Keys to safes and other similar receptacles must be kept in a secure place or carried by a responsible person at all times. Any loss of keys must be reported to the Chief Internal Auditor as soon as possible.
- 11.4.** Each Chief Officer will be responsible for the privacy and security of all information held or accessed by computer equipment within his/her department.

12. Controlled Stationery and Resources

12.1. Banking and Cash

- 12.1.1.** Where a bank account is opened, these accounts must not be overdrawn, unless with the prior approval of the Corporate Director of Finance & Resources. If this occurs, the Council's Bankers will report the matter to the Council accordingly.
- 12.1.2.** The Chief Financial Officer or Nominated Deputy must approve all banking and card acquiring arrangements across the Council.

12.2. Imprest Accounts and Petty Cash

- 12.2.1.** In conjunction with corporate policy, the use of Purchasing Cards (P-cards) are to be used across the Council where possible in order to minimise the use of cash. The Oracle based I-Expenses system is also to be used wherever possible for the staff reimbursement of business expenditure in order to minimise the use of petty cash claims and physical cash.
- 12.2.2.** The Chief Financial Officer as Section 151 Officer, or Nominated Deputy, shall provide such Imprest Accounts as he/she considers appropriate, and to be used when P-cards and I-Expenses are not possible.

12.2.3. There should be regular reimbursement of the petty cash up to an imprest level; and the holder should ensure there is adequate physical security of the cash.

12.2.4. No income received on behalf of the Council may be paid into an Imprest Account but must be banked or paid to the Authority in accordance with these Rules.

12.2.5. Payments shall be limited to minor items of expenditure and such other specific payments as the Chief Financial Officer as Section 151 Officer or Nominated Deputy may approve and shall be supported by a receipt. This excludes the payment of salaries and wages. No individual item purchased on petty cash shall exceed £50 in value and the total of any petty cash transaction shall not exceed £100 without the Chief Financial Officer as Section 151 Officer or Nominated Deputy's prior approval to individual payments or to specific areas of payment.

12.2.6. The usage of the automated i-expenses system will have authorisation levels to be adhered to as follows:

Officer below Group Manager	up to £200
Group Manager	up to £500
Divisional Director	up to £1,000

12.2.7. Chief Executive and Corporate Directors to self approve with weekly report to the Chief Financial Officer as Section 151 Officer or Nominated Deputy.

12.2.8. An employee responsible for an Imprest Account shall provide the Chief Financial Officer as Section 151 Officer or Nominated Deputy a certificate to the state of the account, annually and also when required otherwise.

12.2.9. On leaving the employment of the Council, or otherwise ceasing to be entitled to hold an Imprest Account, an employee shall account to the Chief Financial Officer as Section 151 Officer or Nominated Deputy for the amount advanced to him/her. No imprest account must be overdrawn

12.3. Cheques

12.3.1. The Councils preferred payment method is by BACS, and cheques should only be raised where BACS is not possible.

12.3.2. All cheques, except those drawn on authorised Imprest Accounts, shall be ordered by the Chief Financial Officer as Section 151 Officer or Nominated Deputy, who shall make proper arrangements for their safe custody.

12.3.3. Means of payment other than by cheque, e.g. bank credit, shall be subject to arrangements approved by the Chief Financial Officer as Section 151 Officer or Nominated Deputy.

12.3.4. Cheques above financial limits set by the Chief Financial Officer shall be manually countersigned by delegated officers authorised to do so by the Chief Financial Officer.

12.4. Investments, Borrowing and Trust Funds

12.4.1. All investments and borrowings of money shall be under the control of the Chief Financial Officer as Section 151 Officer or Nominated Deputy and shall be made by him/her under arrangements approved by them in the name of the Council. These arrangements are detailed in the Council's treasury management strategy and its appendices.

12.4.2. All securities, the property of which are in the name of the Council or its nominees and the title deeds of all property and its ownership shall be held in the custody of the Council's Legal Service (or the Council's bankers, Custodian, Nominees or stockbrokers as appropriate).

12.4.3. The Chief Financial Officer as Section 151 Officer or Nominated Deputy, or the Council's bankers with the approval of the Council, shall be the Council's registrar of stocks, bonds, loans and mortgages and shall transact as well as maintain records of all borrowing and investments of money by the Council.

12.4.4. All trust funds shall wherever possible be in the name of the Council.

12.4.5. All employees acting as trustees by virtue of their official positions shall deposit all securities etc. relating to the trust with the Chief Financial Officer as Section 151 Officer or Nominated Deputy unless the deed otherwise provides.

12.5. Stocks, Stores and Inventories

12.5.1. Each Chief Officer is responsible for keeping all accounts of stocks and stores within their Service.

12.5.2. Each Chief Officer shall arrange for the storekeeper to keep the necessary records, after consultation with the Chief Financial Officer as Section 151 Officer or Nominated Deputy.

12.5.3. Each Chief Officer shall arrange for a system of continuous stocktaking to ensure that all items are checked at least once every year.

12.5.4. Any discrepancy or surplus, obsolete or unusable stock at any depot or stores where the total variation or expected loss does

not exceed £500 (or 1% of the total value of stock held at that depot, whichever is the greater) shall be dealt with by the Chief Officer in consultation with the Chief Financial Officer as Section 151 Officer or Nominated Deputy. Where any variation or expected loss exceeds this amount a report must be submitted to the Cabinet.

12.5.5. Inventories shall be maintained by all departments in a form and with such details determined by the Chief Officer with the concurrence of the Chief Financial Officer as Section 151 Officer or Nominated Deputy.

12.5.6. Each Chief Officer shall be responsible for maintaining an annual check of all inventory items, and for taking appropriate action with regard to surpluses or deficiencies after consultation with the Chief Financial Officer as Section 151 Officer or Nominated Deputy.

12.5.7. Council property shall not be used for anything other than Council business without the prior approval of the Chief Officer.

12.6. Leases

12.6.1. Each Chief Officer is responsible for the leases within their Service.

12.6.2. Leases need to be accounted for correctly in compliance with new International Financial Reporting Standards (IFRS).

12.6.3. Where there has been an acquisition of a new lease or a change in an existing one, Chief Officers should liaise with the Finance Service in order to agree the appropriate action and treatment of the lease.

13. Treasury Management Framework

13.1. The Council adopts and adheres to the Key recommendations of the Revised CIPFA Treasury Management Code of Practice 2009, Cross-Sectoral Guidance Notes 2009 and Revised CIPFA Prudential Code

13.2. The treasury management policy statement (TMPS) shall be reviewed and maintained annually by the Assembly. This statement shall set out the policies and objectives of the Council's treasury management activities.

13.3. The Chief Financial Officer shall create and maintain suitable Treasury Management Practices (TMPs), which shall set out the manner in which the Council will seek to achieve the policies and objectives set by the Assembly.

13.4. The Chief Financial Officer shall report to the Assembly annually and at regular intervals on all treasury management policies, practices and

activities including an annual strategy at the start of the year and annual report at year end.

- 13.5.** The Chief Financial Officer will set Prudential Indicators for the forthcoming and following two financial years. The Chief Financial Officer will provide regular reports to the Cabinet and Assembly and report any breaches or amendments of the code.
- 13.6.** The Chief Financial Officer shall ensure that all legislative amendments and changes in treasury or capital limits are approved by the Assembly.
- 13.7.** The Chief Financial Officer will be responsible for adopting the changes outlined and compliance with any practices or limits in 15.7 above.

14. Write Off and Disposal of Assets and Debts

- 14.1.** Write offs: If assets have been lost, stolen or damaged and the loss is not recoverable from insurance or other sources, they may be written off by the Chief Officer in conjunction with the Chief Financial Officer as Section 151 Officer or Nominated Deputy.
- 14.2.** Chief Officers may write off other non repeating sums to the value of £2,000. Sums above this limit may be written off in agreement with the Chief Financial Officer as Section 151 Officer or Nominated Deputy up to a value of £10,000. Other write offs proposed in excess of this sum must be subject to a report by the relevant Chief Officer to the Cabinet, supported by the Chief Financial Officer as Section 151 Officer or Nominated Deputy.
- 14.3.** Debts in relation to Revenues and Benefits may be written off in accordance with the debt write off strategy as agreed from time to time by the Cabinet.
- 14.4.** Write offs in excess of £2,000 will be reported to the Cabinet on a quarterly basis.
- 14.5.** Disposals: Any asset of the Council deemed obsolete or surplus to requirements shall, where the residual value does not exceed £5,000, be disposed of by the Chief Officer in consultation with the Chief Internal Auditor. Where the residual value exceeds £5,000 a report shall be submitted to the Cabinet stating the reason for disposal and the recommended method of disposal. The Capital Finance team are also to be informed of the disposal, as it may affect the Fixed Asset Register.
- 14.6.** Any proposals to sell or lease land/property, etc. at less than market value must follow the procedure as laid down in the "Land Acquisitions and Disposal Rules", which requires full consultation and agreement on the financial implications as approved by the Chief Financial Officer.

- 14.7.** All land sales need to approved by the Assembly; and should adhere to the 'Land Acquisition and Disposal Rules' within Part D of the Council's constitution.

15. Payment of Accounts

- 15.1.** All staff and managers are required to ensure that the most appropriate method of payment is used for each item of expenditure (whether through I-Expenses, P-cards, a purchase order, cheque, or petty cash).
- 15.2.** Payments must be in accordance with the Contract Procedure Rules set out within the constitution, in respect of financial limits and Cabinet approval (see also 20.1), tendering for contracts, contract extensions and variation orders, and the use of approved supplier lists.
- 15.3.** For all items of expenditure, it is a requirement that a requisition / purchase order (PO) be raised first, inline with the corporate policy and rollout of I-procurement*.
- 15.4.** Chief Officers will ensure to the satisfaction of the Chief Financial Officer as Section 151 Officer or Nominated Deputy that procedures and documentation are in place:
- 15.4.1.** To verify that expenditure has been properly incurred, and accurate and timely payments are being made (i.e. within 30 days of the invoice being received by the Authority). Where supplier deadlines for payments are specified and they are shorter than 30 days, and especially where early payment discounts are offered, then these timescales should be met where possible).
- 15.4.2.** To verify that the goods, services, or works in question have been received or carried out, and are to the quality expected. Goods and services should be ordered through the I-procurement system* and 'goods received' upon delivery.
- 15.4.3.** To ensure there is adequate provision in the Budget.
- 15.4.4.** To avoid duplicate payments.
- 15.4.5.** Incorrect invoices should not be amended but returned to the supplier.
- 15.5.** All accounts shall be certified for payment by the budget responsible officer. The names of authorised employees and specimen signatures shall be authorised by the Chief Officer and passed to the Chief Financial Officer as Section 151 Officer or Nominated Deputy.
- 15.6.** All accounts shall be sent to the Chief Financial Officer as Section 151 Officer or Nominated Deputy as soon as possible and all discounts or other rebates highlighted, as well as any disputes.

15.7. Specific limits in relation to the authorisation of purchase orders and the certification of invoices shall be set out in the Scheme of Financial Delegation.

15.8. The Chief Financial Officer as Section 151 Officer or Nominated Deputy may require, where necessary, evidence that appropriate checks have been undertaken before payment.

* *At time of writing, I-Procurement will not be available for approximately another 6 months – therefore these procedures cannot be carried out until this time.*

16. Income Accounts and Debtors

16.1. Chief Officers must ensure that accounts are rendered promptly for the recovery of all income due. Elevate East London (ELL) will raise all accounts as requested by Chief Officers, who will provide details of goods supplied or services / works rendered.

16.2. All money received by an employee on behalf of the Council shall be paid to the Chief Financial Officer as Section 151 Officer or Nominated Deputy, or as he/she may direct, to the Council's bank account. All cash received on behalf of the Council shall be receipted. No deduction may be made from such money without the Chief Financial Officer as Section 151 Officer or Nominated Deputy's authority.

16.3. Each employee who banks money shall enter on the paying-in slip the name of his/her department, office or establishment and, where payment is made by cheque, a reference to the related debt (such as the receipt number or the name of the debtor) or otherwise to indicate the origin of the debt, on the reverse of each cheque.

16.4. Every transfer of the Council's money from one employee to another will be evidenced in the records of the department concerned by the signature of the receiving employee.

Section D: Systems and Procedures

17. General

17.1. The Corporate Director of Finance & Resources is responsible for the operation of the authority's accounting systems, the form of accounts and the supporting financial records. Any changes made by Chief Officers to the existing financial systems or the establishment of new systems must be approved by the Corporate Director of Finance & Resources. However, Chief Officers are responsible for the proper operation of financial processes in their own departments.

17.2. Chief Officers must ensure that, where appropriate, computer and other systems are registered in accordance with data protection

legislation. Chief Officers must also ensure that staff are aware of their responsibilities under freedom of information legislation.

18. Records and Procedures

18.1. A Chief Officer shall keep such records and adopt such procedures as, in the opinion of the Chief Financial Officer as Section 151 Officer or Nominated Deputy, are necessary to record correctly all financial operations of his/her department and to ensure accuracy and proper recovery of all sums due to the Council.

18.2. An effective system should be established for the examination and checking of accounts and cash transactions so that, as far as practicable:-

18.2.1. The provision of such examination and checking of accounts and cash transactions shall be separated from the duties of collecting and disbursing of monies.

18.2.2. Officers examining and checking accounts and cash transactions shall not themselves be employed in any of these transactions.

18.2.3. Where the principles set out in 8.2 are not practicable the appropriate Chief Officer and the Chief Financial Officer shall be advised.

18.3. All arrangements with the Council Bankers, including the opening of new bank accounts, shall be made by the Chief Financial Officer as Section 151 Officer or Nominated Deputy, or under arrangements approved by him/her. All bank accounts should also be fully reconciled as at 31st March each year.

19. Payments to Employees and Members

19.1. The Corporate Director of Finance & Resources is responsible for the payment of all salaries, wages and pensions, compensation and other emoluments due to current or former employees of the Council, and to Members.

19.2. Each Chief Officer shall notify the Divisional Director of Human Resources as soon as possible, of all matters affecting the payment of such emoluments i.e. appointments, resignations, absences from duty etc.

19.3. The names of employees authorised to sign any documents affecting pay shall be sent to the Chief Financial Officer as Section 151 Officer or Nominated Deputy by each Chief Officer together with specimen signatures and shall be amended on the occasion of any change. The Chief Officer must sign this notification.

19.4. Payments should be paid directly into employees / Members bank account on the specified pay date; and should only paid to the person concerned, unless otherwise authorised.

19.5. All payments made should be in accordance with established pay grades, and rates of pay.

20. Financial approval limits

20.1. The approval of contracts / contractors should be carried out in accordance with the Contracts Procedure Rules, which form part of this constitution. This entails, proposed contacts greater than £400,000 being reported to Cabinet before any procurement process begins.

20.2. The approval of all payments, (including purchase orders, invoice authorisations, termination payments) should be carried out in accordance with the Councils scheme of delegation and approved authorised signatory lists within each service.

21. Taxation

21.1. The Corporate Director of Finance & Resources is responsible for maintaining the Authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate. He / she is also responsible for advising Chief Officers, on all taxation issues that affect the Authority.

22. VAT

22.1. The Finance & Resources department are to provide a corporate resource that will advise on VAT implications across the Council. Where more technical advice is required departments will be required to fund the cost of that advice.

23. Trading Accounts

23.1. The Corporate Director of Finance & Resources is responsible for advising on the establishment and operation of trading accounts and business units.

Section E: External Arrangements

24. Joint Venture

24.1. Cabinet is responsible for approving delegations, including frameworks for partnerships. Cabinet can delegate functions relating to partnerships to officers, but where functions are delegated, Cabinet remains accountable for them to the Assembly.

24.2. The Chief Executive as head of the paid service represents the authority in the Joint Venture.

- 24.3.** The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in the Joint Venture that apply throughout the Authority.
- 24.4.** The Corporate Director of Finance & Resources must ensure that the accounting arrangements to be adopted relating to the Joint Venture are satisfactory. He or she must also consider the overall corporate governance arrangements and legal issues associated with contractual arrangements entered into. He or she must ensure that the risks have been fully appraised before agreements are entered in to.
- 24.5.** Chief Officers and their staff, have a client role in respect of the Joint Venture, and should monitor outputs and service levels accordingly, to ensure are that they are inline with the agreed standards.

25. External Funding

- 25.1.** External funding covers bids to Government and other organisations that are offering funding for projects that meet certain criteria, as well as contributions from organisations and individuals (public or private).
- 25.2.** Chief Officers are ultimately responsible for the external funding within their service, including exploring feasible options and proposals to maximise its availability to the Council and ensuring it is received and properly recorded.
- 25.3.** Chief Officers must provide the Chief Financial Officer, or nominated deputy, with details of all bids for external funding. This should also include details of any matched funding; whether it is revenue or capital; and any future/ongoing revenue implications.
- 25.4.** Chief Officers / Budget Managers must not commit expenditure on projects requiring matched funding contributions until the external funding has been confirmed, unless approval has been given by the Chief Financial Officer.
- 25.5.** Chief Officers / Budget Managers must ensure that monies are received from the funding body, and where possible this should be before any planned financial commitments are entered into by the Council. Corporate Directors / Divisional Director must also advise the Chief Financial Officer or nominated deputy of all grant and subsidy notifications as soon as they are received.
- 25.6.** Chief Officers / Budget Managers are also responsible for ensuring that all conditions associated with external funding are met, and that all appropriate information and evidence required to complete grant/subsidy claims is provided on time.
- 25.7.** Where the external funding notified is higher than the budget, the surplus amount should be returned to the central contingency unless regulations specify restrictions on its use, in which case it should be

used to offset other uncontrollable pressures within the service. Where the funding is less than the budget, the Corporate Director / Divisional Director should notify the Chief Financial Officer or nominated deputy of options for containing the potential overspend.

- 25.8.** Some services may be funded (wholly or partly) through time-limited external funding. If / when the possibility of expenditure / commitments slipping past the funding deadline is forecast, the responsible budget manager or Chief Officer should notify the Chief Financial Officer, or nominated deputy, immediately and provide options for reducing expenditure and/or identifying alternative funding. Where there is a risk of external funding being reduced or stopped, budget managers should have an exit strategy in place, which will prevent any impact on other internal Council budgets.

26. Work for Third Parties

- 26.1.** Cabinet is responsible for approving the contractual arrangements for any work for third parties or external bodies.

APPENDIX A

Interpretation

- A.1 Any reference to an Act of Parliament, Regulation or other legislation shall include a reference to that legislation as amended, applied, consolidated or re-enacted by virtue of any subsequent legislation.
- A.2 The expression 'Chief Officer' includes their authorised representatives.
- A.3 The expression "The Chief Financial Officer", is also known as the Council's Section 151 Officer.
- A.4 The "Assembly" means the Council acting as or through the Assembly, and includes any person or body to which the Assembly delegates functions
- A.5 The "Council" means the London Borough of Barking and Dagenham
- A.6 The expression "Cabinet" includes any person or body to which the Cabinet delegates functions
- A.7 "Code of Practice" is the Contracts Code of Practice approved by the Assembly and set out in the Appendix to these Rules
- A.8 "Value" shall mean, where known, the precise value or, where not known, the estimated value, of the works, services, goods or materials that will be payable by the Council over the entire contract period (including any extension period). Where the anticipated value is near the turning point between two classifications, the value of the contract shall be treated as if it were in the higher classification
- A.9 "Partnership" means public sector partnerships in which the Council participates as a constituent participant or lead authority within a separate organisation.
- A.10 The term "contract" shall include all the contracts, agreements and orders for the carrying out of work, the provision of services and the supply of goods or materials to, for, or by the Council, by the purchase, lease, rental or hire purchase, including the provision of services to the public on the Council's land or premises. It shall not include contracts for the employment of staff, or for the sale, purchase, lease or licence of land or buildings.
- A.11 These Rules are to be interpreted subject to United Kingdom and European Union legislation, regulations, orders and directives. EU Procurement legislation in particular prohibits discrimination on grounds of national standards or in support of the promotion of local economic interests. These EU Treaty provisions apply to all contracts including those below the EU Public Procurement thresholds.
- A.12 Chief Officers will refer to the Chief Executive any questions relating to the interpretation of the Rules.
- A.13 These Rules should be applied in accordance with the Code of Practice.