

FINANCIAL REGULATIONS

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FINANCIAL REGULATIONS

INTRODUCTION

1.1 What This Section Covers

1.1.1 These Regulations form part of the Council's Constitution, which makes up the Council's regulatory framework alongside Standing Orders. They are mandatory and as such must be followed by all officers of the Council whether directly employed, contracted or employed through an agency in their conduct of financial and related matters. They cover the following areas of financial management and control:

- [principles of financial management](#)
- revenue budgets
- the capital programme
- financial systems and accounting
- procurement, contracts & leasing
- orders & payments
- expenditure items
- income and debt
- external arrangements
- risk management and control of resources
- retention of documents

1.2 To Whom the Regulations Apply

1.2.1 For the purposes of this document, the Director of Finance is the Director appointed by the Council in accordance with Section 151 of the Local Government Act 1972. [The Council formally adopts the CIPFA Statement on the Role of the Chief Financial Officer in Local Government as setting out the requirements for the Director of Finance.](#) (Further details of roles and responsibilities are set out in Part 3 of the Constitution).

1.2.2 These Regulations apply to all officers [and members](#) across the council responsible for or engaged in undertaking financial activity. Failure to comply may constitute misconduct and lead to formal disciplinary action.

1.2.3 The following describes the overall framework and the main roles and responsibilities in respect of these Regulations. This is not exhaustive and there will be overlaps. The Director of Finance is responsible for reviewing these Regulations and the reporting of any significant breaches to the Cabinet or Full Council:

- [The Chief Executive is responsible for ensuring the long term financial sustainability of the council's finances by ensuring that officers propose realistic and achievable budgets and financial plans, and ensuring that officers take prompt action to address significant financial risks, such as ensuring that action is taken to mitigate losses due to undelivered savings.](#)
- [The Leader and Cabinet members have a key role to play by ensuring that council policy and decisions ensure the financial sustainability of the council over the long term.](#)
- The Director of Finance puts in place financial standards and practices across the Council to deliver a framework for financial control, provide accurate, timely and consistent monitoring information, and sound advice on financial decisions to be made by officers and members.

- **Member of the Councils Management Team Strategic and Operational Directors** and officers are fully accountable for budgets under their control. They must ensure that the service promotes, enacts and monitors adherence to the financial control framework, that effective budgetary control systems are in place and that spending is within their aggregate cash limit, indicating where necessary, conflicts between current service policy and plans and resource allocation. **Each Member of the Council Management Team Strategic or Operational Director must ensure that the formal records of officers authorised to act upon their behalf in respect of managing budgets, income collection, requisitioning, placing and approving orders, approving variations and write offs, are kept up to date with both old authorisations removed, and new ones added.** Where appropriate the record should show limits of their authority. **Further detail of the role of service areas in self-service is detailed in section 1.4.**
- Finance maintains the council's financial and procurement system, collates and reports financial information, monitors the implementation of the financial control framework, advises & supports service area officers in fulfilling their financial responsibilities, and gives assurance to management and members that adequate controls exist to produce sound financial administration. **Further detail of the role of Finance in self-service is detailed in section 1.4.**
- Audit and Investigations provide the Council's internal audit function and anti-fraud services. They are authorised representatives of the Director of Legal, HR, Audit and Investigations to report on the Council's internal controls to the leadership team and the audit and standards committees. ~~Finance to assist him to discharge his statutory duties and~~ They also provide Managers with advice and guidance on the system of internal control. They are responsible for investigations into financial irregularities across all Council services.

1.2.4 These Regulations are supplemented by, and should be read in conjunction with:

- Scheme of Transfers & Virements. This must be complied with as part of the Council's Constitution. Any variation from this scheme requires the approval of Full Council
- Required Financial Practice Notes. This represents mandatory financial practice within the Council and must be followed by all officers. They set out in detail the key financial controls and supporting processes.
- Specific guidance, procedure and process notes on good financial practice that are issued periodically by the Director of Finance.

1.3 Principles of Financial Management

1.3.1 Council staff and members are required to apply the following principles of financial management to their work

- **Organisational leadership** – the council's leadership should demonstrate a clear strategic direction based on a vision in which sound financial management is embedded into organisational culture.
- **Accountability** – the council will drive its Annual Budget process based on its medium-term financial planning. Across the council, managers and their teams are responsible for ensuring effective risk management, internal control, maintenance of quality supporting data and use of whole life, whole council costing to support the budget and planning process.
- To enable **transparency** in its Financial management, council staff must ensure that accurate, meaningful and intelligible data is recorded, and reported frequently.

- Council staff and members must **proactively** report and take action to address significant financial issues and risks, such as overspends or poor contract management.
- Adherence to professional **standards**, as set out in these Financial Regulations and the Required Financial Practice Notes, must be promoted by the Leadership Team and evidenced. All officers and elected members must follow the council's agreed procedures, and seek to develop their understanding of good financial practice.
- Officers must utilise effective sources of **assurance** as a tool to deliver good financial management. This includes management oversight and controls, political scrutiny and the results of external audit, internal audit and inspection.
- Officers and members should prioritise the long-term **sustainability** and **value for money** of local services as the heart of all financial management processes and be able to evidence this by prudent use of public resources.

1.3.2 Further details on specific measures required based on these principles are detailed in the sections below.

1.4 Responsibilities for Finance Self-Service

1.4.1 The council operates a self-service model of recording financial transactions. Self-service is an important part of financial control as the financial standards the council is required to follow require that income and expenditure are recorded when goods and services are delivered, not when they are paid for. The following sets out the role of finance and service area managers in self-service.

1.4.2 Finance are required to:

- a) provide relevant training for managers;
- b) publish 'how to' and similar guides for standard financial and related administrative processes, such as managers' roles in paying invoices;
- c) ensure that training, including 'drop-in' sessions if these are popular, is available for managers and staff on processing financial transactions;
- d) provide reasonable tools to enable managers to fulfil their financial responsibilities (such as generally available salary forecasting models);
- e) provide a clear framework within which budget monitoring will take place, including timetables and dates;
- f) assist managers and colleagues (especially in strategic commissioning) to carry out key analytical tasks (for example unit or activity based costing exercises to support business process re-engineering);
- g) provide support on monitoring complex budgets, (the budgets that require additional support are to be agreed by Director of Finance, these should principally be budgets that are high risk, or require additional analytical support as per 1.4.2.g above)
- h) advise Directors if their managers have not provided monitoring returns by agreed dates;
- i) run automated background checks against budgets and spend to identify apparent exceptions, which services will be expected to address;
- j) consolidate returns to produce council-wide financial information;
- k) advise on major decisions and complex financial issues;
- l) help to draft the narrative content of consolidated financial returns, but ordinarily managers with transactions, results or forecasts to report will be expected to provide at least initial drafts; and
- m) help resolve specific transactions that are 'stuck' in the system and require sophisticated troubleshooting to resolve, (but responsibility for ensuring that transactions are properly processed ordinarily rests with managers up to the point of payment);

- n) seek to minimize the amount of time taken in correcting trivial errors, such as miscoding, in order that resources can be focused on addressing the most material financial issues that affect the council.

1.4.3 Responsibilities of Service area managers:

- a) monitoring against budgets in line with the timetable published by the Director of Finance, with support from finance only for training and complex budgets (as agreed with Director of Finance per 1.4.2.g);
- b) to address any exceptions identified in their transactions by Finance;
- c) monitoring of salary budgets, and ensuring that their service can afford the recorded HR establishment and any agency staff hired;
- d) actively managing their budgets to deliver an outturn within their agreed budget, and following the rules set out in sections 2.3 & 3.2 for any potential overspends on revenue and capital
- e) to ensure that their teams prepare and manage purchase orders, with prompt recording of purchases and receipts, and clear descriptions of what has been purchased and received, in order that these records form the primary audit trail for the council's expenditure;
- f) to ensure that all income due to the council is recorded promptly with appropriate descriptions, using a financial system approved by the Director of Finance for this purpose;
- g) to ensure that their teams, and anyone processing transactions on their behalf have the right information to be able to record transactions correctly first time;
- h) to manage relationships and communications with suppliers and customers; and
- i) to ensure that all the information they are responsible for is recorded correctly and promptly so that suppliers are paid within 30 days of the receipt of a valid invoice where the invoice is not disputed.

2. REVENUE BUDGETS

2.1 General Provisions

2.1.1 The Budget is proposed by the Cabinet and agreed by Full Council. The Budget and Policy procedure rules are set out in Standing Orders. It is the Council's financial representation of its policies.

2.1.2 The Director of Finance is responsible for:

- Developing and maintaining a resource allocation process that ensures due consideration of Full Council's policy framework.
- Preparing a consolidated budget for all Revenue Account activities and for reporting on the robustness of budget estimates and the adequacy of financial reserves.
- Preparing a policy for approval by full council on the reserve levels required to ensure the financial sustainability of the council.
- Developing a long term financial strategy for the council, that should be developed alongside the council's Borough Plan and submitted to Full Council for approval alongside the Borough Plan.
- Preparing a medium term financial strategy based on the long term financial strategy and borough plan to ensure the sustainability of the council's finances. This medium term financial strategy must include both revenue and capital strategies.
- Preparing a budget monitoring statement to the Cabinet on a quarterly basis. Budgetary control action should be specified and where the action is endorsed

by the Cabinet which would make changes to the Policy Framework and the Budget then it will require agreement by Full Council ([detailed further under “THE POLICY FRAMEWORK AND THE BUDGET”](#) in Part 2 5 of the constitution). Officers cannot implement these changes until such endorsement is obtained.

- Preparing and maintaining a Scheme of Transfers and Virements to be approved by Full Council and approving Transfers and Virements where required under the Scheme.
- Preparing and maintaining the Required Financial Practice Notes ([RFPNs](#)), [which require review and approval by CMT prior to issue](#).
- Ensuring that systems are in place to measure activity and collect accurate information for use in performance indicators and performance plans.
- Determining what constitutes revenue expenditure and income and which relevant account in which a transaction should be properly recorded.

2.2 Setting the Revenue Budget

- 2.2.1 The Director of Finance is responsible for preparing annual budget preparation guidelines [for authorisation by the Chief Executive via the Council Management Team \(CMT\)](#) and publishing a detailed budget book covering council spending.
- 2.2.2 [Members of the Council Management Team Strategic](#) and Operational Directors are responsible for preparing and submitting draft budget estimates and accompanying schedules as required. Service plans must be supported by adequate budgets.
- 2.2.3 The inclusion of an item within the Revenue Budget as approved by the Full Council provides the necessary authorisation to responsible officers to spend up to that sum for the specified purposes for that budget.
- 2.2.4 Finance will ensure the robustness of Department budgets by working with ~~Strategic and Operational Directors and~~ budget holders to prepare budgets and to report any weakness or concern covering budget construction or its adequacy to cover service provision.
- 2.2.5 [Development of the annual revenue budget should be underpinned by medium and long term financial strategies that consider the sustainability of the council's financial position and help to prevent short term decisions significantly damaging the long term sustainability of the council.](#)

2.3 Revenue Budget Monitoring, Forecasting and Overspends

- 2.3.1 [Members of the Council Management Team Strategic](#) and Operational Directors and their officers are not authorised to exceed the cash limited budget under their control and must identify and set performance measures linked to service plans. They must make suitable arrangements to ensure that identified overspends are controlled and implement corrective action within the overall constitution.
- 2.3.2 [Members of the Council Management Team Strategic](#) and Operational Directors are responsible for preparing accurate financial forecasts and must report forecast overspends or forecast reductions in income to the DOF along with a detailed plan of action aimed at controlling the situation.
- 2.3.3 [Members of the Council Management Team Strategic](#) and Operational Directors shall identify budget holders who will prepare budgets, keep spending within cash limits, maintain forecasts, monitor and report performance data.

- 2.3.4 Finance will identify Finance Business Partners to work with and support Departments in ensuring the robustness of the monitoring and forecasting arrangements. They must report to the Council Management Team (CMT) any significant failures to adhere to those arrangements or any overspends identified and will ensure the completeness and accuracy of the budget and transactional data input and held in the general ledger. Material failures are to be reported to Cabinet (materiality will follow the same levels and criteria as used by external audit for the Statement of Accounts).
- 2.3.5 Finance will co-ordinate a process to monitor delivery of savings across the council and report any delays or issues in delivering savings to Cabinet. Directors will be required to submit information for their service areas on savings delivery. Where there is a shortfall in savings, the Director of Finance will work with Directors to propose alternative saving(s) for agreement by Cabinet.
- 2.3.5 The Director of Finance ~~Strategic Finance Group~~ will review the monitoring information and provide summary information and exception reports to the Council Management Team (CMT). CMT will examine proposed recovery plans and take any other necessary action to deliver spending within those overall resources.

3. THE CAPITAL PROGRAMME

3.1 Authorisation and Financing

- 3.1.1 The Full Council will approve the Capital Programme and make budget allocations to Departments as part of the Policy Framework and the Budget.
- 3.1.2 The Director of Finance will prepare for approval by Full Council a capital programme report detailing the capital budget and will ensure that all reporting requirements under the Prudential Code are met and that prudential indicators are maintained. The Director of Finance will also determine the method of financing of capital schemes.
- 3.1.3 Members of the Council Management Team ~~Strategic Directors~~ will prepare capital schemes for inclusion within the capital programme report. ~~programmes and seek appropriate approval for programmes and schemes within.~~
- 3.1.4 The Director of Finance must set aside an amount of minimum revenue provision (MRP) which is prudent and also prepare an annual statement of their policy on making MRP to Full Council.

3.2 Capital Programme Monitoring

- 3.2.1 Members of the Council Management Team ~~Strategic Directors~~ will make adequate arrangements for the management and monitoring of their capital programme. They must report scheme progress, slippage and forecast underspends and overspends, detailing the action they propose to control the overspend and to set out the arrangement by which it will be funded from within the Department's programme. In cases where this proposed action will stop or significantly change any previously agreed projects or programmes then this may require the approval of the Cabinet and Full Council as set out in the Council's Scheme of Virements and Transfers.
- 3.2.2 Members of the Council Management Team ~~Strategic Directors~~ shall identify Budget Holders responsible for ensuring expenditure is contained within the capital resources allocated in each financial year and that the overall cost of the scheme

does not exceed the budget allocated. They must ensure that all external funding streams are validated and collected.

- 3.2.3 **Members of the Council Management Team**~~The Strategic Director~~ must identify those officers responsible for issuing and approving variations to orders for works and building contracts. This process must adhere to best practice and guidance.
- 3.2.4 Finance through the Finance Business Partner will ensure the robustness of the monitoring and forecasting arrangements. They must report to CMT any significant failures to adhere to those arrangements or any overspends identified. They must ensure the completeness and accuracy of the budget and transactional data input and held in the general ledger. Material failures are to be reported to Cabinet (materiality will follow the same levels and criteria as used by external audit for the Statement of Accounts).

3.3 Capital Expenditure

- 3.3.1 Finance will ensure all capital expenditure meets the required definition for charging capital expenditure, any expenditure incorrectly badged as capital expenditure will be moved to the revenue cost centre(s) of the relevant service area manager.
- 3.3.2 Budget holders are responsible for ensuring that payments made are in accordance with the terms and conditions of the contract provisions in relation to stage, interim and retention payments. They must keep a contract payment register to provide a record of all interim payments and any outstanding retention amounts and also make proper arrangements for the identification of expenditure liable for construction industry scheme tax.

4. FINANCIAL SYSTEMS AND ACCOUNTING

4.1 Accounting Systems and Procedures

- 4.1.1 The Director of Finance will propose determine the main accounting system that shall be used by the Council, which will need approval as per Contract Standing Orders in Part 2 of the Constitution and propose the financial processes that shall be operated for review by XXX prior to issue. The Director of Finance is to will ensure adequate controls and segregation of duties exist within the system, that adequate security arrangements have been made and that adequate procedures are in place to enable financial records to be reconstructed in the event of system and procedure failures.
- 4.1.2 Finance will determine and maintain the allocation of user responsibilities within the system.
- 4.1.3 Where Members of the Council Management Team and Operational Directors require ancillary financial systems to be provide specialised functions not available in the main financial system, they must seek written permission from the Director of Finance for use of such systems prior to tender and entering into any contracts for ancillary financial systems. Each ancillary financial system requires a director to be responsible for its operation. The Director of Finance is to maintain a record of approved ancillary financial systems and the responsible directors. Procurement of such financial systems requires Contract Standing Orders in Part 2 of the Constitution to be followed, in addition to approval by the Director of Finance.
- 4.1.4 The director responsible for each ancillary financial system is for ensuring:
- adequate controls and segregation of duties exist within the system,

- that adequate security arrangements have been made,
- that adequate procedures are in place to enable financial records to be reconstructed in the event of system and procedure failures, and
- determining and maintaining the allocation of user responsibilities within the system.

4.1.5 Finance will advise directors on how to discharge these responsibilities, and Internal Audit will review the adequacy of such arrangements.

4.2 Accounts and Accounting Policies

4.2.1 The Director of Finance will determine the:

- Council's accounting policies and ensuring that the annual statement of accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the UK and for ensuring proper arrangements are made for the audit of the accounts in accordance with the Accounts and Audit Regulations.
- Treatment of balances where a provision and/or liability recorded in the balance sheet is deemed no longer appropriate.
- Arrangements and procedures for preparing the annual accounts; requirements for Service Area Managers and Budget Holders will be proposed to the Chief Executive via CMT for sign off.

4.3 Balance Sheet Monitoring

4.3.1 The Director of Finance shall publish procedures and a timetable for sign off by the Chief Executive via CMT to ensure that the items record on the council's balance sheet are reviewed at least quarterly.

4.3.2 Officers with responsibility for balance sheet transactions, such as the operation of debtors systems (e.g. council tax collection), shall ensure their staff follow these procedures and timetable.

4.3.3 Council officers are required to ensure that all entries that they are responsible for in the balance sheet are updated prior to this review, and correctly accounted for in line with the accounting standards adopted by the council.

4.3.4 The Director of Finance must communicate any significant risks identified by this balance sheet review to the CMT as part the quarterly report to CMT. Any material risks identified must be reported to Cabinet in the quarterly report to cabinet.

5. PROCUREMENT, CONTRACTS & LEASING

5.1 Procurement

5.1.1 The Member of the Council Management Team responsible for Procurement in consultation with the Director of Finance ~~will determine and maintain~~ propose the council's procurement system(s) (subject to approval as per Contract Standing Orders in Part 2 of the Constitution) and ensure this is maintained after procurement. ~~and the processes therein.~~

5.1.2 Procurement covers a range of activities from sourcing through the tender process to receipting purchase orders, these activities are governed as follows:

- Sourcing, Tendering and Contract Award as per Contract Standing Orders (Part 2 of the Constitution)

- Contract Management – as per the Contract Management Policy issued by Member of the Council Management Team responsible for Procurement following approval by the Chief Executive via CMT
 - o The Contract Management Policy must include details of how the council's contract register is to be maintained.
- Purchase orders and Receipting as per RFPNs issued by the Director of Finance (approved as per paragraph 2.1.2).

~~5.1.2 The Director of Finance will put in place arrangements which ensure the requirements of the Prudential Framework and that relevant Accounting Standards are complied with and make arrangements for a register to be maintained of all contracts awarded or entered into.~~

5.1.3 All Officers are required to procure using the procurement system and following the policy and procedures set out in 5.1.2. ~~the contracts, arrangements and processes set up therein.~~

5.1.4 Procurement and contracts require co-ordination across Finance, Procurement and Legal, therefore the Monitoring Officer, Director of Finance and the Member of the Council Management Team responsible for Procurement should be consulted prior to issuing changes for approval by the Chief Executive via CMT or where appropriate Full Council.

5.1.5 The Member of the Council Management Team responsible for Procurement shall maintain a contract register for the council based on the information provided under the Contract Management Policy covered in 5.1.2.

~~5.4 All Officers must comply with:~~

- ~~• the Council's Standing Orders on Contracts (Part 2 of the Constitution) for entering into contracts. Contracts of £150,000 in value or more must be executed in accordance with the Council's Standing Orders.~~
- ~~• the requirement that contracts or procurement of less than £150,000 in value shall be signed only by officers authorised to do so.~~
- ~~• Required Financial Practice Notes~~
- ~~• Contract Procurement and Management Guidelines (the "Blue Book")~~
- ~~• the requirement to maintain the Contracts Register held by the Procurement team,~~
- ~~• the requirement to ensure variations and amendments are properly authorised~~

5.1.6 Members of the Council Management Team ~~Strategic Directors~~ must ensure that adequate monitoring and review arrangements are in place to cover contracts for externally provided services and sign off any variations or amendments to contracts.

5.2 Contract Management

5.2.1 Officers are required to follow this framework when managing contracts. It is the responsibility of Directors to ensure that arrangements in their service units deliver effective contract management to secure value for money for the council, and that there is appropriate reporting on the performance of contracts within their services, and that the Leadership Team is informed of significant issues.

5.2.2 Members of the Council Management Team and Operational Directors must also ensure that contract management and budget monitoring are appropriately linked to contract management by their staff, so that the value of goods and services recorded as supplied to the council correctly matches the actual value of goods and services supplied to the council; and that any applicable deductions in the contract are recorded and applied correctly.

5.3 Assets used by the council and its contractors and leasing

5.3.1 Accounting rules require the council to recognise leases in a wide range of contracts that are not explicitly called leases. Service area managers and budget holders must request a formal written review from Finance of whether proposed tenders and contracts contain a lease. Where a proposed tender or contract does contain a lease, the financial implications of this must be determined by Finance, and summarised in the financial implications section of any paper required for decision making.

5.3.2 The Director of Finance is to maintain a register of the leases identified by the process detailed in the previous paragraph.

6. ORDERS AND PAYMENTS

6.1 Members of the Council Management Team ~~Strategic Directors~~ must ensure that all officers procure using the procurement system, or an appropriate ancillary financial system as set out in section 5.1. They must allocate and then maintain a record of officers' roles and approval levels within the procurement system. This record is called the system scheme of delegation and covers officers authorised to make requisitions and approve requisitions.

6.2 Budget Holders must ensure that value for money has been obtained in the purchasing of all goods and services, the requisition is lawful expenditure, and the correct code has been used to charge that expenditure.

6.3 Budget holders must ensure that an up to date audit trail with clear descriptions is recorded in the council's procurement system of what has been ordered and what has been delivered.

6.4 The Director of Finance will set a policy as part of the RFPNs (subject to approval as above) for how long purchase orders will be kept open, and the cleansing of the purchase orders, receipts and invoices from the financial systems.

7. EXPENDITURE ITEMS

7.1 GPC / Business credit cards/Pre pay cards

7.1.1 The Director of Finance is responsible for putting in place arrangements for the use of these cards to be detailed as part of the RFPNs (subject to approval as detailed in 2.1.2).

7.1.2 Members of the Council Management Team ~~Strategic Directors~~ must ensure that only authorised officers have access and use of these cards.

7.2 Payroll

7.2.1 The Director of Finance shall approve arrangements for the payment of all salaries, wages, pensions, compensation, other emoluments and the deductions from salaries for tax, superannuation and other deductions to and/or from all employees and former employees of the Council. All redundancy and early retirements have to be approved by the Director of Finance. [Policy for these payments is to be detailed in the RFPNs \(subject to approval as detailed in 2.1.2\).](#)

7.2.2 [Members of the Council Management Team Strategic](#) or Operational Directors must authorise the recruitment of permanent or temporary staff and the undertaking of overtime or additional payments. They must ensure that and that adequate budget provision is available. Within Service Areas the budget holders must ensure that all appointments, resignations, absences, overtime or other circumstances affecting the salary, wage or emoluments of an employee included in their budget is acted upon immediately and notified to Finance.

7.3 Officer Expenses Claims

7.3.1 Budget holders are responsible for authorising officer expenses and for ensuring the correct method of reimbursement is used.

7.4 Petty Cash and cash/cheque handling

7.4.1 Petty cash is not allowable unless approved by the Director of Finance.

7.4.2 [In the rare cases, where staff or contractors must handle cash or cheques on behalf of the council, the directors responsible for the staff and/or contract under which cash is handled must ensure that there are written cash and cheque handling procedures, and that these are approved by the Director of Finance.](#)

7.5 Internal Trading & Recharges

7.5.1 The Director of Finance is responsible for approving all internal trading and recharging initiatives. Where necessary approval of the Cabinet or Full Council will be obtained. [The relevant policies are to be detailed in RFPNs \(subject to approval as detailed in 2.1.2\).](#)

7.5.2 Budget holders must ensure that the agreed budgeting, accounting and charging procedures [for internal trading and recharging](#) are adhered to.

7.6 Income and Expenditure Taxation Returns

7.6.1 [It is council policy to fully comply with HMRC's requirements on taxation.](#)

7.6.2 The Director of Finance will make arrangements and issue guidance for the completion of all returns to the HM Revenue and Customs. [The relevant policies are to be detailed in RFPNs \(subject to approval as detailed in 2.1.2\).](#)

7.6.3 Finance are responsible for ensuring [that the council's financial systems enable](#) all input and output invoices [to be tax ~~are~~ VAT](#) compliant in every respect.

7.6.4 [Budget holders are responsible for seeking advice from Finance on the tax implications of their plans for income and expenditure, and complying with rules and procedures set out by Finance to ensure tax is recorded and accounted for correctly.](#)

7.6.5 Budget holders, must provide information on employee benefits in the format and timetable required by central finance.

- 7.6.6 Budget holders must ensure that the required employment status and Construction Industry Scheme checks are undertaken prior to approving new suppliers or requisitions.

8. INCOME AND DEBT

8.1 Income – General

- 8.1.1 The Director of Finance is responsible for approving all debt recovery arrangements including performance monitoring and any on-line income collection or payment facilities. Council wide policy is to be documented in RFPNs (subject to approval as detailed in 2.1.2).
- 8.1.2 Members of the Council Management Team ~~Strategic Directors~~ shall review all charges within their area at least annually. Such reviews shall take account of any criteria agreed by Full Council except where such charges are fixed by statutory provision.
- 8.1.3 Budget holders are required to record all outstanding debts on one of the financial systems approved by the Director of Finance. They are responsible for ensuring that the correct instructions are communicated to customers so that payments from customers can be efficiently allocated to the relevant debt(s). ~~are responsible for the raising of invoices for any income due and the subsequent safe custody and banking of any income received to their service~~
- 8.1.4 Finance is responsible for setting policy for the collection of all debt over 31 days old and ensuring records are maintained ~~maintaining records~~ relating to income collection and debt write-offs.

8.2 Income – Grants

- 8.2.1 The Director of Finance is responsible for signing grant claims unless otherwise required by the grant giving body. The DOF will maintain a grants register.
- 8.2.2 Members of the Council Management Team ~~Strategic Directors~~ are responsible for signing off grant applications and ensuring that where the grant application requires matching resources to be input, that the matching amount is available from within existing budgets or verified other sources.
- 8.2.3 Budget Holders are responsible for claiming and recovering grant due. Copies of grant notifications, remittances and claims must be sent to the appropriate finance officer nominated by the Director of Finance.
- 8.2.4 Finance will scrutinise claims and review working papers.

8.3 Income – Bad Debts and Write Offs

- 8.3.1 The Director of Finance will put in place arrangements for the collection and write off of bad debts. This policy is to be documented in RFPNS, and subject to approval as per 2.1.2.
- 8.3.2 Members of the Council Management Team ~~Strategic Directors~~ must ensure adequate bad debt provision exists to cover debt within their service. They have delegated powers to authorise the write-off of debts only in relation to their own operational budgets up to the value of £1,000 per debt, a schedule of which must

be submitted to the Director of Finance in an approved format. The Director of Finance will set a policy for how these delegated powers are to be exercised to increase consistency across the council. Any single debt above £20,000 is to be agreed individually in advance by the Director of Finance. Those debts over £20,000 ~~£3,000~~ will be reported to the Cabinet bi-annually.

- 8.3.4 Finance Services will ensure that following approval to write-off debt the appropriate accounting and budgeting adjustments are made and the debt recovery team are informed.

9. EXTERNAL ARRANGEMENTS

9.1 Accountable Body and Partnership Arrangements

- 9.1.1 The Director of Finance must be informed and written approval from the Director of Finance obtained before entering into any proposed accountable body or partnership arrangements

- 9.1.2 Members of the Council Management Team ~~Strategic Directors~~ must ensure that the objectives of the arrangement are consistent with the Council objectives and priorities. Within Service Areas the budget holders are responsible for managing & controlling such arrangements and the expenditure incurred and income received.

- 9.1.3 Prior to entering into any proposed accountable body or partnership arrangements the tax implications of such an arrangement must be formally reviewed by Finance, and summarised in the financial implications of any papers requesting a decision to be made on such an arrangement.

- 9.1.4 The officers and members responsible for the management of the Accountable Body and Partnership Arrangements must ensure that these arrangements:
- Focus on long term value over short term savings
 - Reflect the nature and extent of risk inherent to these arrangements so risk is managed
 - Create a culture of openness and mutual respect
 - Promote collaborative, problem- solving approach
 - Are adaptable to evolving circumstances
 - Embrace creativity, drawing on combined skills, experience and expertise
 - Maintain transparent and accountable arrangements for effective scrutiny and oversight
 - Include an agreed way to measure the performance of the arrangements
 - Provide that the Council/partner seeks regular feedback from service users and potential service users

- 9.1.5 Finance is responsible for monitoring and validating such arrangements.

9.2 Provisions of Goods, Services and works to Other Bodies

- 9.2.1 Members of the Council Management Team ~~Strategic Directors~~ can enter into such arrangements providing they have written legal advice that the Council has power

to make such arrangements. Specific Cabinet approval (or if appropriate the General Purposes Committee) will be required if:

- the contract value would exceed £1m per annum;
- the gross cost to the Council of providing the relevant goods or services under the contract is estimated to exceed £1m per annum having consideration to the full costs over the term of the contract. It is not acceptable to split contracts into smaller parcels to avoid exceeding the £1m per annum threshold above;
- a company is to be set up for the purposes of the arrangements; or
- the contract ~~exceeds £500,000 per annum in value~~ it shall be in a formal document under the seal of the Council where the value exceeds the threshold set in Standing Orders for the sealing of documents.

9.2.2 Budget holders are responsible for the maintenance and control of such contracts.

9.2.3 Members of the Council Management Team must seek tax advice on such arrangements before making a decision to proceed with them. The tax implications must be included in the financial implications of any report for decision in respect of a proposal to provide goods, services and/or works to other bodies.

9.3 Grants to Outside Bodies

9.3.1 Members of the Council Management Team ~~Strategic Directors~~ are responsible for ensuring that grants to outside bodies are only given where the Council has the statutory powers to do so. Legal opinion must be given before grant is awarded.

9.3.2 The Budget Holder is responsible for administering, monitoring and enforcing the terms and conditions of that grant. They must kept records of how they have ensured that the grant is being used in line with its terms and conditions.

10. RISK MANAGEMENT AND CONTROL OF RESOURCES

10.1 Risk Management and Insurance

10.1.1 The Member of the Council Management Team responsible for Audit and Investigations ~~Director of Finance~~ shall be responsible for the preparation and promotion of the Council's risk management policy statement.

10.1.2 Subject to any liability imposed on the Council by statute or other legal obligation, all insurance shall be effected by the Director of Finance or under arrangements approved by him/her.

10.1.3 Members of the Council Management Team ~~Strategic Directors~~ must:

- ensure that adequate risk management controls are implemented, monitored and reviewed and that assets under their control have appropriate insurance cover within the overall guidance issued.
- notify the Director of Finance immediately of any loss, liability or damage that may lead to a claim against the Council and of all new risks, properties or vehicles that require insurance and of any alternations affecting existing insurances;
- consult with the Director of Finance and the Member of the Council Management Team responsible for Audit and Investigations ~~Solicitor~~ to the Council on any terms or any indemnity that the Council is requested to enter into.

10.2 Internal Controls

10.2.1 The **Member of the Council Management Team responsible for Audit and Investigations** ~~Director of Finance~~ shall make arrangements for the production and publications of an annual independent statement on internal control and risk management.

10.2.2 **Members of the Council Management Team** ~~Strategic Directors~~ must ensure that adequate systems of internal control are established, adhered to, tested and reviewed in order to be confident in the areas set out in the annual assurance matrix and that all staff have a clear understanding of the consequences of lack of control and knowledge of Financial Regulations.

10.3 Assurance

10.3.1 In the first instance, it is the responsibility of management, especially **Members of the Council Management Team and Operational Directors**, to ensure that they have assurance that the council's services are well managed and there is good financial management. A number of approaches can be used to provide assurance to senior management that management controls and oversight ensure good financial management, including (but not limited to):

- Review of controls by the service area itself
- Peer review by colleagues from inside or outside the council
- Appropriate training on risks/controls
- Advice from specialists within the council such as Finance or IT
- External review by appropriately qualified and experienced experts

10.3.2 It is the responsibility of each director to ensure they have adequate assurance from such methods to ensure that the council's services are well managed and there is good financial management in each service area.

10.3.3 Further assurance is provided by reviews of internal controls by the internal audit service.

10.4 Audit Requirements

10.4.1 The Director of Finance, or authorised representative, shall have authority to:

- Enter any building, land or area where records relating to any activity of the Council, its partners, contractors or any body partly or wholly funded by the Council, are, or may be, held. This includes all schools who receive funding from the Council. If necessary, to conduct searches of those areas, including cabinets, workspaces, desks for the purposes of locating documents or other material relevant to any matter under investigation. Where necessary to remove and examine IT equipment.
- Have access to all records, data, computer systems, correspondence and any other source of information relating to any matter under examination and remove any documents and records as deemed necessary. This will include documentation held by Council Officers in respect of organisations who are partners of the Council receiving funding from the Council or are providing services on behalf of the Council.
- Require and receive such explanations as are considered necessary concerning any matter under examination.

- Require any person holding or controlling cash, stores or any other Council property to produce such items for examination. These may be removed as deemed necessary.

10.4.2 The [Member of the Council Management Team responsible for Audit and Investigations](#) ~~Director of Finance~~ will ensure that a strategic and annual audit plan is prepared by the Head of Audit and Investigations which takes account of the characteristic and relative risks of the activities involved. The [Member of the Council Management Team responsible for Audit and Investigations](#) ~~Director of Finance~~ is responsible to the Audit and Standards Committee for ensuring that adequate arrangements are made for the effective delivery of this plan.

10.4.3 The [Member of the Council Management Team responsible for Audit and Investigations](#) will ensure that members, and in particular the audit committee, and chief officers receive suitable reports setting out the findings of internal audit reports.

10.4.4 The Director of Finance will ensure that members, and in particular the audit committee, and chief officers receive suitable reports setting out the findings of internal and external audit reports.

10.4.5 [Members of the Council Management Team](#) ~~Strategic Directors~~ must:

- consider and ensure Managers respond promptly to recommendations in both internal and external audit reports;
- ensure that agreed actions arising from the audit recommendations are carried out in a timely and efficient fashion;
- report to members the reasons for any failure by Managers to implement those audit recommendations.

10.5 Financial Irregularities

10.5.1 All officers have a responsibility to report any irregularities concerning cash, stores or other property of the Council or any suspected financial irregularity in the exercise of the functions of the Council

10.5.2 [Directors must ensure that their staff follow the council's Gifts and Hospitality policy.](#)

10.6. Money and Banking

10.6.1 [Members of the Council Management Team](#) ~~Strategic Directors~~ must ensure the adequacy of security arrangements for the holding of cash including controlling access to safes and other receptacles. They must also approving the authorised signatories to all bank accounts within their control

10.6.2 The Director of Finance is responsible for opening and amending details of any bank account, [and maintaining the authorised signatories to all bank accounts within the council's control.](#)

10.7. Money Laundering

10.7.1 It is the responsibility of the [Head of Audit and Investigations](#) ~~Director of Finance~~ to put in place anti-money laundering policies.

10.7.2 All officers have a responsibility to identify possible money laundering activities, and report possible money laundering in line with the council's anti-money laundering policies.

10.8. Property, Stock and Equipment

- 10.8.1 Officers responsible for property, stock and equipment must ensure adequate security arrangements are made. They must maintain an inventory of, and ensure the care and custody of valuable goods and equipment.
- 10.8.2 The Director of Finance shall maintain an appropriately valued asset register of all the Council's land and buildings.
- 10.8.3 The [Member of the Council Management Team responsible for Property](#) ~~Strategic Director Regeneration & Environment~~ shall ensure records are maintained of all properties owned or managed by the Council and that where commercial rents are payable to the Council a regular review of such rents is carried out to ensure they are set at an appropriate level. The terms of any leases should generally reflect market rents. An annual review of property should be undertaken for the purpose of identifying surplus or inefficient properties. [These records shall include details of all properties that the council has opted to tax for VAT purposes.](#)

10.9. Sale of Council Assets – General Requirements

- 10.9.1 Officers disposing of assets must at all times have regard to the [RFPNs Required Financial Practices](#) and must obtain the required consent before any disposal takes place
- 10.9.2 The treatment for amounts received in excess of the costs of disposal shall be determined by the Director of Finance.
- 10.9.3 [Prior to any disposal of assets in excess of £1,000, the Director of Finance must be informed of the proposed disposal, and its legal structure. As many contracts that do not have the legal form of a lease are leases from an accounting perspective, the Director of Finance must review if this disposal contains a lease, as defined by the CIPFA Code of Practice on Local Authority Accounting, and determine the financial implications of disposing of the asset accounted for as a lease. The financial implications of any disposal accounted for as a lease must be formally recorded, and summarised in the financial implications provided to the relevant decision maker\(s\).](#)
- 10.9.4 [The Director of Finance is to maintain a register of the leases identified by the process detailed in the previous paragraph.](#)

10.10 Disposal of Equipment and Stock

- 10.10.1 [Members of the Council Management Team](#) ~~Strategic Directors~~ can authorise disposals up to the value of £1000. The Director of Finance must be consulted on any disposals expected to exceed this sum.
- 10.10.2 Disposal of IT hardware and software must be approved by the [Member of the Council Management Team responsible for IT](#) ~~Head of ITU~~.

10.11. Disposal of Land and Buildings

- 10.11.1 All disposals must be agreed by the Council's Cabinet except in circumstances specified in the Council's Constitution.
- 10.11.2 The [Member of the Council Management Team responsible for Property](#) ~~Strategic Director Regeneration & Environment~~ shall make arrangements for the disposal

of all land and property [except in circumstances specified in the Council's Constitution](#).

10.12 Treasury Management

10.12.1 The Director of Finance is responsible for the execution and administration of treasury management decisions. The Director of Finance will act in accordance with the Treasury Policy Statement, Treasury Management Practices and CIPFA's Standard of Professional Practice on Treasury Management.

10.12.2 The Director of Finance shall effect all borrowings and investments (or make arrangements to do so), report periodically to the Council, be responsible for the safe custody of securities held by or on behalf of the Council, and approve all Trust Funds.

10.12.3 The Director of Finance shall be responsible for maintaining adequate cashflow forecast and for ensuring that the Council has adequate liquidity at all times.

10.13 Business Cases and evaluation of financial implications

10.13.1 Financial sustainability depends on difficult and complex decisions being made. The authority's decisions must be supported by clear business cases based on application of appropriate option appraisal techniques. The appraisal methodology used must be documented along with working papers showing the details of any calculations and assumptions. The methodology used must be suitable to demonstrate value for money in the council's decisions.

10.13.2 As part of the evaluation of different options, officers should:

- engage with relevant stakeholders,
- seek appropriate professional advice and
- use realistic, evidence based targets (not overly optimistic ones that may not be achievable in practice)

10.13.3 For complex, multiple year option appraisals these appraisals should be undertaken by appropriately qualified and experienced staff and comply with the [IFAC/PAIB Project and Investment Appraisal for Sustainable Value Creation guidance](#).

10.13.4 Complex and/or multi-year option appraisals will also need to consider different scenarios to ensure that the options considered are value for money, and to evaluate the risks that may emerge from foreseeable events. In these cases, this scenario analysis must be clearly summarised and communicated to the relevant decision makers, along with key assumptions made.

10.13.5 Business cases must consider the taxation implications of any options appraised, with appropriate advice as necessary.

10.13.6 To deliver accountability in the decision making process, any business case must consider the whole council, whole life cost of a decision, and not just the isolated impact on a particular service or financial year.

10.13.7 Business cases must be reviewed by Finance prior to starting to write reports with financial implications, in order to reduce the risk that time is wasted on proposals with weak business cases, and to help identify flaws with business cases. Where Finance has prepared business case, the business case should be reviewed by a member of Finance with minimal involvement in preparation of the business case to avoid self-review.

10.14 Financial Implications within Reports

10.14.1 All officers involved in the origination of reports must consult with the DOF before preparing reports to committee. They must ensure that reports they present to Full Council, the Cabinet, or any other committee of the council should contain a section covering the Financial Implications prepared in accordance with the [RFPN](#) ~~Required Financial Practice~~ requirements.

10.14.2 The Director of Finance may, where considered necessary, issue a concurrent report on matters requiring the Members' attention or where the financial implications of a report are considered invalid he/she may:

- require the report to be withdrawn;
- supply alternative financial implications under his own name to be circulated to Members; or
- indicate to Members the reasons why he believes the financial implications are incomplete and/or incorrect and the consequences of proceeding on that basis (i.e. that the expenditure would be unauthorised).

11. RETENTION OF DOCUMENTS

11.1 All officers are responsible for ensuring compliance with Required Financial Practice and the requirements of the Freedom of Information Act 2000 in determining their local retention policies. They should consult the Brent Retention and Disposals Policy and the council's Information Asset Register to determine retention records. If any records are missing they must notify the Information Governance Team.