

4 - Part 4.7 - Financial Regulations



AMBER VALLEY BOROUGH COUNCIL

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A Introduction

- A1. Financial Regulations provide the framework for managing the authority's financial affairs and contribute to good governance. In addition, they assist sound administration, reduce the risk of irregularities and support delivery of effective, efficient and economical services.
- A2. The Financial Regulations apply to all officers and members of the Council and anyone acting on behalf of the Council. It is the responsibility of Corporate Directors and Business Unit Managers to ensure that all staff in their departments are aware of their responsibilities according to the Financial Regulations and other internal regulatory documents (e.g. the Anti-Fraud and Corruption Policy) and comply with them.
- A3. Specific positions and/or officers are named in the Financial Regulations and it is their responsibility to ensure compliance. However, if the named officer wishes for reasons of practicality to delegate their authority to another appropriate officer in their area this is permissible as long as it has been agreed in advance with the Chief Financial Officer.
- A4. Where the Cabinet has been named in Financial Regulations it will be their responsibility to ensure compliance. The Cabinet can delegate such responsibility to one of its Cabinet members as set out in the Constitution procedures.
- A5. All members and officers have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised and provides value for money.
- A6. In order to assist members and officers, the Financial Regulations are set out in self-contained sections each covering a specific area of control. Where appropriate the Financial Regulations are supported by detailed procedure notes. These Financial Procedures, though printed under separate cover, must be treated as an integral part of the Financial Regulations.
- A7. Failure to comply with Financial Regulations, or Financial Procedures issued under them may lead to disciplinary action.
- A8. Any changes to Financial Regulations shall be subject to consideration by the

Governance and Audit Board which will make recommendations to Full Council.

- A9. These Regulations may be waived in the event of an emergency after consideration by the Head of Paid Service and Chief Financial Officer and in consultation with the Leader of the Council (in the absence of the Leader of the Council the consultation will be with the Deputy Leader and in the absence of both the consultation will be with the Mayor). Following the decision, a full report will be submitted to the next available Council meeting explaining the decision, the reasons for it and why the decision was treated as a matter of emergency.

B Responsibilities

- B1. Any major organisation requires a set of clearly understood rules and regulations for the management of its financial affairs. Section 151 of the Local Government Act (LGA) 1972 places a duty on the Council to make arrangements for the proper administration of its financial affairs, including the appointment of a Chief Financial Officer.
- B2. Section 114 of the 1988 LGA requires the Chief Financial Officer to report to the Council if the authority, one of its committees, the Cabinet or one of its officers:
- Has made – or is about to make – a decision which has or would result in unlawful expenditure;
 - Has taken, or is about to take, an unlawful action which has or would result in a loss or deficiency to the authority; or
 - Is about to make an unlawful entry in the Council's accounts.
- B3. In addition, the Chief Financial Officer is under a duty to report to Council if it appears that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.
- B4. No item shall be placed on an agenda without obtaining the Chief Financial Officer's assessment of its financial implications. Any report containing new proposals shall include independent financial implications as assessed by the Chief Financial Officer.
- B5. Chief Financial Officer – shall be the responsible officer for the proper administration of the financial affairs of the Council in accordance with Section 151 of the Local Government Act 1972 and all accounting procedures, systems and records of the Council and its officers shall be determined by the Chief Financial Officer.
- provision of financial advice for service delivery, strategic planning and policy making across the authority;
 - provision of advice on the optimum use of available resources on the management of capital and revenue budgets;
 - provision of financial management information;
 - preparation of statutory and other account, associated grant claims and supporting records;
 - provision of an effective internal audit function and assistance to management in

- providing safe and efficient financial arrangements;
 - provision of effective income collection and payments systems;
 - advising on treasury, investment and cash-flow management; and
 - advising on the safe custody of assets, including risk management and insurance.
- B6. The Chief Financial Officer may report any breach of Financial Regulations to the Governance and Audit Board.
- B7. Deputy Section 151 Officer - Section 114 of the 1988 LGA also requires the Chief Financial Officer to nominate a properly qualified member of staff to deputise, should the Chief Financial Officer be unable to perform the duties under Section 114 personally.
- B8. Executive Directors and Assistant Directors are responsible for ensuring that:
- Existing and new employees are informed of their responsibilities under Financial Regulation, Financial Procedure and Standing Orders relating to Contracts rules and are familiar with these documents.
 - Everyone in their department follows all Financial Regulations and Standing Orders relating to Contracts.
 - Only the Council's corporate systems are used for financial transactions.
 - Relevant records are maintained and retained.
 - All reports, including those seeking approval under delegated powers, record their resource implications, and that these are agreed in advance by the Chief Financial Officer. In particular, any report containing new proposals includes an independent financial assessment by the Chief Financial Officer.
 - Consultation takes place with the Chief Financial Officer on any matter that is liable materially to affect the finances of the Council, before any commitment is incurred or a bid for external funding is made.
 - Value for money is secured in relation to their activities and for achieving financial performance targets in accordance with Best Value principles.
 - Business Unit Managers provide services that meet the Council's overall policy objectives.
- B9. Business Unit Managers are responsible for ensuring the delivery of services by their respective Business Units and the day-to-day provision of services and the management of the associated budget. This includes ensuring that staff comply with Financial Regulations in performance of their duties.

(Note: 'Business Unit Managers' also includes managers and/or team leaders with budget and/or staff responsibilities.)

- B10. All Executive Directors, Assistant Directors and Managers shall be responsible for ensuring that all employees within their respective departments comply with all Standing Orders relating to Contracts, Financial Regulations, Financial Procedures and any other financial instructions the Chief Financial Officer may issue from time to time.

C Revenue Estimates

- C1. Annual revenue budgets shall be prepared jointly by Executive Directors, Assistant Directors and the Chief Financial Officer. The Chief Financial Officer shall then present a budget report to Council on the estimates for all services
- C2. No expenditure introducing major continuing liabilities to the Borough Council, particularly new projects which involve financial commitments in future years, new policy or extension of services may be incurred without prior consultation with the Chief Financial Officer and the approval of the Cabinet either through the budget or separately in the course of the financial year.

Virement

- C3. Virement between budgets (as shown in the circulated budgetary control prints) is an integral and important feature of budgetary control. It provides Executive Directors with the flexibility to adapt expenditure patterns which they consider appropriate in meeting changing locally determined service needs and objectives consistent with Council policy. The ability to exercise virement applies to all controllable budgets. It enables budgets to follow expenditure rather than have expenditure made to fit to existing budgets.
- C4. Virement may be necessary for several reasons. For example:
- Unforeseen cost increases,
 - Demand for a particular service, in line with existing policies, exceeding estimates,
 - A local requirement to provide a different service from that anticipated at budget time for a particular client or to meet a particular situation, or
 - Utilising efficiency or other savings.
- C5. Except where allowed under the scheme of virement only Full Council can approve changes to the revenue budget ¹it has previously agreed.
- C6. Virement may be made by Executive Directors provided:
- The amount does not exceed £10,000
 - It is within the overall policy framework;

¹ - See Glossary

- It does not involve an increasing commitment in future years, which cannot be contained within existing approved budget allocations.
- It does not involve a virement between expenditure and income.
- It does not involve Salaries and associated costs.
- The Chief Financial Officer has been consulted.

C7. For transfers exceeding £10,000 a report shall be taken to the Cabinet.

C8. All virement decisions must be notified to the Chief Financial Officer (and the financial information system updated) before expenditure is incurred.

Virement on Maintenance budgets

C9. The Head of Paid Service and Chief Financial Officer, are authorised to vire as necessary between maintenance budgets and the above Financial Regulation (C6) may be waived².

Supplementary Estimates

C10. It is the responsibility of Executive Directors to ensure that the budgets for controllable expenditure on each Service (as shown in the circulated budgetary control prints) are not exceeded. The Council set budgets in the context of a cash limit and therefore it is important that any additional commitments not covered in the revenue budgets are funded by savings elsewhere (see Virement section). In exceptional circumstances this may not be possible and if this is the case approval should be sought from the Council for additional funding.

C11. Where expenditure is required or anticipated which: -

- Has not been included in the Revenue Budget;
- Cannot be met by virement and
- Would cause the controllable expenditure on the particular service to be exceeded by more than £1,000.

then a Supplementary Estimate is required before that spending can proceed. Exceptions include expenditure resulting from planning appeals or other litigation which the Council

² Minute 1181 of Cabinet 16 March 2005.

is contractually obliged to meet.

- C12. Any request for a supplementary estimate shall be made to the Full Council after consultation with the Chief Financial Officer.
- C13. Additional income and savings that do not arise as a result of operational management decisions may be used to finance additional expenditure only after consultation with the Chief Financial Officer who may require a report to the Cabinet.

Salaries and Associated Costs

- C14. Where there is a proposal to change the approved staffing structure or establishment of a particular Service, Division or Business Unit of the Council, which has arisen as a result of a vacancy in that particular area, the Head of Paid Service may approve the change to the approved structure subject to: -
- A formal report being produced by the relevant service manager which considers all the implications of the proposals, and
 - The cost of the proposal, both in the current and future years, can be contained within the existing approved salaries budget for that Service, Division or Business Unit, and
 - The relevant Cabinet Portfolio Member for the service is consulted over the proposed changes.
- C15. Salaries and associated costs budgets may be amended, as regards permanent staff, by a report to, and approval from, the Management Team provided the Resource implications are cost neutral at the top of the grade. The report will require an explanation of how the amendment is to be funded.
- C16. In circumstances where C14 applies and the proposed amendment is not cost neutral a report to Cabinet will be required, detailing how the expenditure is to be funded.

D Salaries and Allied Payments

- D1. The payment of salaries, Members' allowances and allied payments shall be made only by the Chief Financial Officer, or under arrangements approved and controlled by the Chief Financial Officer.
- D2. Any pay records, shall be in a form agreed by the Chief Financial Officer and shall be certified by or on behalf of the Executive Director. A list of officers authorised to sign such records shall be sent to the Chief Financial Officer together with specimen signatures and any amendments to the list shall be notified in advance to the Chief Financial Officer in writing
- D3. No travel, subsistence or mileage payments shall be made to a person deemed to be an employee other than through the normal payroll procedure.
- D4. Executive Directors and Assistant Directors should give careful consideration to the employment status of individuals employed on a 'self-employed consultant or sub-contract' basis as these may well be employees and should be paid via the payroll.
- D5. There shall be a regular monitoring of payroll expenditure against approved budget as part of the Council's budget monitoring and control procedures. This to include a reconciliation of gross to net payroll calculations along with checks to ensure such expenditure is correctly recorded in the Council's Financial Information System.
- D6. Arrangements shall be made to ensure that appropriate payroll documents are retained and stored for the defined period in accordance with the Council's document retention policy.
- D7. The Chief Financial Officer is required:
- To ensure satisfactory arrangements and controls exist to provide secure and reliable payment of salaries, compensation or other emoluments to existing and former employees in accordance with procedures prescribed by the Chief Financial Officer, on the due date.
 - To record and control tax, superannuation and other deductions.
 - To make arrangements for payment of all travel and subsistence claims or financial loss allowance.

- To make arrangements for paying Members travel or other allowances upon receiving the prescribed form duly completed.

D8. Executive Directors are required:

- To ensure appointments are made in accordance with the regulations of the Council and approved establishments, grades, and scale of pay.
- To notify Personnel Services and Exchequer of
 - All appointments
 - Resignations
 - Dismissals
 - Information necessary to maintain records of service for superannuation, income tax, national insurance etc
 - Changes in remuneration, other than normal increments and pay awards and agreements of general application
 - Absences from duty, apart from normal annual leave
 - Suspensions
 - Secondments and transfers
 - Or variations that may affect the pay or pension of an employee or former employee

in the form and to the timescale required by the Chief Financial Officer. Employees should have one unique employee reference number and no employee should be issued with a second reference number without the agreement of the Chief Financial Officer.

- To ensure that adequate and effective systems and procedures are operated for personnel and payroll aspects, so that:
 - payments are only authorised to bona fide employees
 - payments are only made where there is a valid entitlement
 - conditions and contracts of employment are correctly applied
 - employees names listed on the payroll are checked at regular intervals to verify accuracy and completeness
 - there is an effective system of checking and certifying payroll forms, etc.
- To send an up-to-date list of the names of officers authorised to sign records to the Chief Financial Officer, together with specimen signatories.
- To ensure that payroll transactions are processed only through the payroll system. Executive Directors and Assistant Directors should give careful consideration to the employment status of individuals employed on a self-employed consultant or sub

contract basis. HM Revenues and Customs apply a tight definition for employee status and in cases of doubt advice should be sought from the Chief Financial Officer.

- To certify travel and subsistence claims and other allowances, where certification is taken to mean that journeys were authorised, mileage recorded accurately and expenses properly and necessarily incurred and allowances properly payable by the Council, making sure that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications and the Chief Financial Officer informed where appropriate.
- To ensure that the details of any employee benefits in kind are notified to the Chief Financial Officer to enable full and complete reporting within the Income Tax Self-Assessment system.

E Expenditure and Orders for Work, Goods and Services

(to be read in conjunction with the Council's Financial Procedures, Procurement Strategy, Section Z - Table of Thresholds and Value for Money Strategy)

- E1. Official orders shall be issued for all work in excess of £2,000 (excluding VAT) This includes orders via telephone, internet and any other electronic communication method, goods and services except for such items as recurring charges for public utilities, periodic payments, and any other exception approved by the Chief Financial Officer.
- E2. Executive Directors may place orders for routine consumable expenditure up to the amounts provided in the detailed Budget, provided that such orders conform to Orders relating to Contracts, Financial Procedures and these Financial Regulations.
- E3. Where the value of a single order, or a series of similar orders, exceeds £2,000 but is less than £50,000 (for emergencies see E8 below), then written quotations from 3 separate suppliers must be obtained. Executive Directors may accept the lowest quotation provided the cost can be accommodated within the Council's budget. Provided the Chief Financial Officer has agreed a process beforehand, quality may be incorporated into the assessment of the quotation. A quotation other than the lowest may only be awarded after the Chief Financial Officer has examined the assessment.
- E4. Although there is no longer a requirement to obtain verbal quotations for the procurement of goods and services below £2,000 Business Unit Managers must apply reasonable due diligence to protect the use of the Council's scarce resources.
- E5. Where the value of a single order, or a series of similar orders, is £50,000 or more then Standing Orders relating to Contracts apply.
- E6. In order to secure Value for Money, the authority may enter into collaborative procurement arrangements. Executive Directors and Assistant Directors must consult the Chief Financial Officer and the Chief Legal Officer where the purchase is to be made using collaborative procurement arrangements with another local authority, government department, statutory undertaker or public service purchasing consortium. Before entering into any such collaborative procurement arrangement, the Council needs to be satisfied that the organisation will be competitive.

- E7. Any contracts entered into through collaboration with other local authorities or other public bodies, will be deemed to comply with these Financial Regulations and no exemption will be required provided that a competitive process which complies with the Financial Regulations of the leading organisation has been followed.
- E8. The requirement to obtain quotations from 3 separate suppliers may be waived in the event of an emergency arising from an unforeseen circumstance such that standard consultation requirements are impracticable. The value of the single contract or order, or a series of similar orders, shall not exceed £10,000. The unforeseen circumstance shall not have arisen as a result of either a previous inaction or a lack of foresight. Both the incident and the action taken shall be reported to the Council's Duty Officer on call. The Manager within whose remit the emergency arises must prepare a written note justifying the action for their Executive Director. A signed copy of the note, in a format to be agreed by the Chief Financial Officer, shall be sent to the Chief Financial Officer.
- E9. Where the Executive Director considers it impracticable to seek the required number of quotations, Financial E4 (orders above £2,000 and less than £50,000) may be waived subject to prior agreement with the Chief Financial Officer. Arrangements shall then be in accordance with procedures agreed with the Chief Financial Officer. The manager should also prepare a note justifying their actions to their Executive Director. An authorised copy of the note, in a format to be agreed by the Chief Financial Officer, shall automatically be forwarded to the Chief Financial Officer.
- E10. Orders should not be placed, nor contracts awarded, for work relating to capital schemes:
- before that scheme has been included in the Capital Programme and approved by Council.
 - unless it is within the budgetary provision.
- E11. Official orders shall be in a form approved by the Chief Financial Officer. Responsibility for orders lies with the Executive Director. Acceptance of any order by a supplier forms a legally binding contract.
- E12. The Chief Financial Officer has a duty under law to make payments, whether or not provision has been made in the Budget, in the following cases: -

- Payments specifically required by statute.
- Payments under a Court Order.
- Payments under a contract properly made by an Executive Director.
- Where an official order has been issued.

- E13. No invoice shall be passed for payment until Executive Directors, Assistant Directors or their authorised nominees, are satisfied it is in accordance with the Council's Financial Regulations and Financial Procedures. Where such expenditure is not included in the Budget, may be required by the Chief Financial Officer to report the matter to the Cabinet.
- E14. Official orders shall not be raised for any personal or private purchases, nor shall personal or private use be made of Borough Council contracts or preferential terms enjoyed by the Council.
- E15. IT purchases shall require the approval of Chief Financial Officer.
- E16. Purchases of Health & Safety equipment shall require the prior approval of the Health & Safety Officer.
- E17. Executive Directors and Assistant Directors are required to check with subcontractors whether they are registered with Her Majesty's Revenue & Customs under the Construction Industry Scheme (see Taxation section).

Electronic Transactions

(to be read in conjunction with the Council's Financial Procedures)

- E18. E-commerce – the purchases of goods via electronic means shall be strictly controllable by the Chief Financial Officer and the necessary processes and controls must be in place to maintain the security and integrity of data.

F Partnerships

(to be read in conjunction with the Council's Code of Practice for Partnership working (also known as Partnership Handbook), the Council's Managing Improvement through Partnerships (self-assessment toolkit) and Partnership and Joint Activities VAT document). There is a section on the Intranet specifically for Partnerships (PA).

F1. Types of Partnerships:

- Executive Partnerships - where the partnership itself purchases the works and services needed for the purposes of the partner.
- Advisory Partnerships - where the partnership meets to discuss and agree what each partner is to do to meet the collective objectives of the partnership. Each individual partner should then go away and implement the decisions made through its existing organisational structures. Advisory partnerships procure few works or services directly themselves.
- Practical Working Arrangements - where two parties or more introduce procedures that all parties will use to meet their aims.
- Partnering Contracts - a combination of a traditional contracting arrangement and partnership principles (i.e. working together with the other party, rather than an adversarial relationship). A legal contract is made between two parties, but there is scope to resolve issues and alter the focus of the contract through joint working.
- Legal Contractual Partnerships – where the Council enters into a legal and/or contractual partnership arrangement. Usually subject to formal legal contracts.
- Client/Contractor relationship
- Internal Partnerships - partnerships within the Council where teams from across the authority are working together on specific projects.

F2. For the purposes of these Financial Regulations a partnership means a group consisting of representatives from both external organisations and the Council which has responsibility for the management of funds. These funds may then be distributed to grant receiving organisations in the form of grant awards.

F3. Partnerships are being increasingly used as a delivery mechanism for existing and new services and funding streams. As a partner the Council is responsible for the financial regularity, probity and value for money of the funding streams involved. It is important that appropriate procedures are put into place to protect the Council as far as is practicably possible. To this end it should be normal practice for the Council to enter into legal

agreements on behalf of partnerships

F4. The Chief Financial Officer is required:

- To ensure that appropriate internal and external audit requirements are in place.
- To ensure that payments are made to partnership organisations in accordance with any agreements in place.
- To ensure that the accounting arrangements to be adopted relating to partnerships are satisfactory.

F5. Executive Directors are required:

- To prepare a formal business case including duration, aims and objectives scheme appraisal for financial appraisal, and any financial estimates relating to partnership arrangements and to agree these with the Chief Financial Officer.
- To ensure that the arrangement is within the Councils powers by referring the scheme to the Councils Chief Legal Officer³.
- To ensure that appropriate insurance arrangements are made.
- To ensure that appropriate budget approval is sought before entering into a partnership arrangement that commits Council funding.
- To ensure that Cabinet approval is sought before entering into any partnership agreements.
- To ensure a Business Unit Manager / accountable officer is identified.
- To record the service in the Partnership register retained by the Regeneration Division
- To ensure that appropriate management procedures are in place to enable the Council to fulfil the requirements of any agreements entered into on behalf of the partnership.
- To ensure that monitoring arrangements are in place for both financial and non - financial performance measures.
- To ensure that the arrangements for financial monitoring and control operate to the satisfaction of the Chief Financial Officer.
- Keep records of all correspondence between the funding partners, especially those relating to agreement of specification, roles, risks and responsibilities.
- To ensure that accurate and appropriate Asset Registers are maintained in line with funding body requirements.
- To identify and address any conflicts of interest that may arise.

³ - See Glossary

- To secure and maintain the confidentiality of information received, as a result of partnership activities that are of a confidential or commercially sensitive nature.
- To ensure that appropriate agreements, in a format to be approved by the Chief Financial Officer, are in place with partnership or grant receiving organisations which must:
 - Require the identification of an accountable manager;
 - Identify the partners
 - Detail an exit strategy both during and at the end of the partnership
 - Identify who the funding bodies are and what they are committed to under the agreement e.g. allocation of contractual risks, roles and responsibilities, who will be responsible for any cost overruns, etc.
 - Detail how the specification will be agreed by all of the funding bodies, plus any 'exit' arrangements if the parties are unable to agree. The specification should include:
 - Aims and objectives
 - A description of the goods/services/outputs to be produced
 - Timescales
 - Testing / effects procedures
 - Ownership of any intellectual property (e.g. copyright, design rights etc) or physical property (e.g. goods, buildings) resulting from the agreement
 - Procedure for making variations to the agreement or the project
 - Measures of quality / success
 - How disputes between the funding partners will be dealt with
 - Written agreement to pay/physical fund transfer to the lead body (when and how this will be done)
- Reflect the conditions in any funding agreement entered into by the Council with the funding organisation;
- Include a clear definition of duties and responsibilities;
- Include the requirement for a sound system of financial control for any funding allocated to the organisation;
- Include a clear process for payment arrangements;
- Include appropriate monitoring requirements;
- Include procedures for dealing with any financial and non-financial irregularities;
- Include clear procedures for recovery of any misappropriations or

underspends of grant;

- Include identification of any ineligible expenditure;
- Include asset ownership issues resulting from the Partnership
- Include appropriate access for internal and external audit;
- Include arbitration/conciliation arrangements in the event of a dispute.
- Include appropriate access to information required under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, Data Protection Act 1998 and the Public Interest Disclosure Act;
- Include access rights to partners' documents and premises by the Council's Internal Audit Service and the Audit Commission;
- Comply with the Council's Standing Orders relating to Contracts.
- Comply with EC procurement / commissioning arrangements;
- Express agreement as to whether the Contracts (Rights of Third Parties) Act 1999 should apply to any contract subsequently entered into with a supplier by the lead partner on behalf of the partnership. This will allow the partners other than the lead body to both enforce their rights under the contract and to be held liable for default or risk under it. Please note that this clause must also be expressly stated in the contract with the supplier to be valid
- Include a requirement that any transfer of duties to a third party is subject to the same conditions.

Partnerships (where the Council is the Accountable Body)

F6. The Council can act as Accountable Body for large amounts of expenditure which is managed by various partnership boards.

Under these circumstances, in addition to those listed in Section F:

- F7. The Chief Financial Officer is required:
- To sign financial agreements on behalf of the partnership. These include:
 - Funding agreements with the funding organisation;
 - Agreements transferring duties to other partnership organisations;
 - Agreements to supply / commission other services from partnerships;
 - Agreements with organisations receiving grant payments from the partnership.
 - To check and sign grant claims and statements of grant expenditure on behalf of the partnership.

- To ensure that all funding notified by external bodies is received and properly recorded in the authority's accounts.

F8. Executive Directors are required:

- To ensure that the partnership agreement is in a format approved by the Chief Financial Officer and Chief Legal Officer

G Provision of Services to other bodies (e.g. shared services)

- G1. Current legislation enables the Council to provide a range of services to other bodies. Such work may enable the unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work are minimised.
- G2. Executive Directors are required:
- To ensure that the approval of the Council is obtained before any negotiations are concluded to work for third parties, subject to the limits set out in the Council's Standing Orders relating to Contracts.
 - To ensure that the approval of Council is obtained to the establishment of any company or incorporated body through which trading activities are to be undertaken.
 - To record the service in the Partnership register retained by the Regeneration Division
 - To ensure that appropriate insurance arrangements are made.
 - To ensure that the Council is not put at risk from any bad debts.
 - To ensure that no contract is subsidised by the Council.
 - To ensure that, wherever possible, payment is received in advance of the delivery of the service.
 - To ensure that the department has the appropriate expertise to undertake the contract.
 - To ensure that such contracts do not impact adversely upon the services provided for the Council.
 - To ensure that all contracts are properly documented.
 - To observe all accounting requirements as directed by the Chief Financial Officer.

H Capital Expenditure

(to be read in conjunction with the Council's Standing Orders relating to Contracts)

- H1. Capital expenditure covers the following areas: -
- Expenditure on tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year
 - Expenditure on non-financial assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights e.g. software licences.
 - Expenditure which legislation classifies as capital although it does not result in the creation of a fixed asset e.g. grants advances and financial assistance to others and expenditure on property not owned by the authority.
- H2. A more detailed definition of expenditure on tangible fixed assets is given below:
- Expenditure on the acquisition, creation or enhancement of tangible fixed assets should be capitalised on an accruals basis. Expenditure on the acquisition of such an asset or expenditure which adds to the value of an existing asset should be capitalised, provided it yields benefits to the Authority and the services it provides are for a period of more than one year.
- H3. Expenditure that should be capitalised will include expenditure on the:
- Acquisition, reclamation, enhancement or laying out of land
 - Acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures
 - Acquisition, installation or replacement of moveable or immoveable plant machinery, apparatus, vehicles and vessels
- H4. Enhancement means the carrying out of works, which are intended to
- Lengthen substantially the useful life of the asset, or
 - Increase substantially the market value of the asset, or
 - Increase substantially the extent to which the asset can or will be used for the purpose of the functions of the authority
- H5. All such expenditure must be included in the Council's Capital Programme before any commitment is given or expenditure incurred. The programme is subject to approval by Full Council and this will only be given after taking account of the ongoing revenue

consequence of such expenditure.

- H6. Resources available to finance capital expenditure are limited and the Council is required to comply with the requirements of the Prudential Code for Capital Finance in ensuring that its capital investment decisions are affordable, prudent and sustainable.
- H7. Individual schemes are considered and prioritised by Cabinet, who make recommendations on the content of the forthcoming year's Capital Programme to Council. Council is ultimately responsible for approving the Capital Programme.
- H8. The Capital Programme shall reflect the total cost and phasing of each approved scheme along with the proposed source(s) of funding.
- H9. The Capital Programme will demonstrate:
- The original and revised total estimated cost of each scheme
 - Actual expenditure to the end of the previous financial year
 - The original and revised estimate for the current year
 - The proposed expenditure for next and subsequent years
 - Any balance of expenditure to be incurred in future years for the completion of each scheme
 - The revenue budget implications for the next financial year and the ultimate total annual revenue costs
- H10. The Chief Financial Officer shall determine the method of funding for each capital scheme, having consulted with the relevant Chief Officer and working within the context of the various capital resources available.
- H11. All capital schemes must be included in the Capital Programme approved by Council. The approval by the Council of a programme of capital expenditure authorises the Executive Director to
- prepare such designs, detailed estimates and other professional reports necessary to allow schemes to commence, and to receive tenders or quotations as necessary in accordance with the Councils Standing Orders relating to Contracts.
 - Commence spending on individual schemes subject to the Executive Director being satisfied that appropriate legal, technical and professional matters have been dealt with, and that Councils Standing Orders relating to Contracts rules have been

observed and that budgetary provision is in place.

- H12. Where a tender is received that exceeds the capital budget steps will have to be taken to either transfer funds from other projects or revise the specification; subject to the Council's Standing Orders relating to Contracts.
- H13. The approved Capital Programme approves a funded level of spending for the current financial year only. Spending on schemes within the programme should not be exceeded unless separately approved.
- H14. Additional schemes added to the Capital Programme during the course of the year require approval of full Council where:
- the level of either planned total borrowing or unsupported borrowing will increase over the total level previously approved by the Council, either in the current year or in total within its medium term financial plans, once any other changes to the approved Capital Programme are also taken into account.
 - the scheme is being funded from revenue or capital reserves which have not previously been earmarked for specific uses consistent with the purpose of the capital scheme. In all other cases schemes added to the Capital Programme during the course of the year or variations require the approval of Council, and virement of funding to meet such programme variations also requires Council approval.

The scheme will then be added to the Capital Programme in its relevant ranking order.

- H15. Urgent additions may be made to the Capital Programme during the year subject to the delegated approval of the Chief Financial Officer and the relevant Cabinet Portfolio Holder. Such requests must be in a format approved by the Chief Financial Officer and should be able to demonstrate their urgent nature and the means of financing for the additional expenditure. All such additions should be retrospectively reported to Council.
- H16. Rolling programmes included in the Capital Programme can commence once a costed schedule of works has been approved by the Chief Officer and relevant legal, technical and finance officers, and subject to compliance with the Councils Standing Orders relating to Contracts rules.

- H17. Where a long-term development scheme is included in the approved capital programme, annual programming of works should be carried out for the overall scheme.
- H18. The Chief Financial Officer is required:
- To prepare capital estimates jointly with the Management Team and to report to the Council for approval. The Council will make recommendations on the capital estimates and on any associated financing requirements to the Council.
 - To ensure that the basis on which the Capital Programme is financed is consistent with the Councils approved revenue budget, the approved use of any revenue or capital reserves and the general capital strategy approved by Council.
 - To prepare and submit reports on the Councils projected expenditure and resources compared with the approved estimates, and to demonstrate that the programme satisfies the requirements of the Local Government Act 2003 in terms of satisfying medium term affordability and meeting other prudential indicators.
 - To issue guidance concerning capital schemes and controls. The definition of capital will be determined by the Chief Financial Officer, having regard to Government regulations and accounting requirements.
 - To monitor and report to Council on capital expenditure compared to estimates.
 - To monitor and report to Council on the availability of capital income and financing compared to estimates.
 - To ensure that adequate contract records are maintained in respect of all capital contracts.
- H19. Executive Directors and Assistant Directors are required:
- To comply with guidance concerning capital schemes and controls issued by the Chief Financial Officer.
 - To ensure that all bids for capital funding which if successful would create additional net financial commitments in current or future years, or borrowing commitments, are approved by Council. A report to Council will be necessary where, in the opinion of the Chief Financial Officer, the potential impact of the bid is such that they would constitute a material change to the Financial Plan. A bid is an action that is intended to solicit an offer of funding which the Council would then be expected to act on.
 - To proceed with projects only when there is adequate provision in the approved capital programme.
 - To prepare and submit reports, jointly with the Chief Financial Officer, to the Council of any variation in approved contract costs.

- To prepare and submit reports, jointly with the Chief Financial Officer, to the Council on completion of all contracts where the final expenditure exceeds the approved contract sum.
- To ensure that they do not enter into credit arrangements, such as leasing agreements, without the prior approval of the Chief Financial Officer and, if applicable, approval of the scheme through the capital programme.
- To consult with the Chief Financial Officer and to seek Council approval where the Chief Officer proposes to bid for additional borrowing approvals to be issued by Government Departments to support expenditure which has not been included in the current years capital programme.

H20. Consistent with revenue budget management, each capital scheme should have one nominated budget manager with responsibility for monitoring and reporting progress on the relevant scheme.

H21. The Chief Financial Officer shall ensure that an effective monitoring system is in place during the year to control capital expenditure. Executive Directors and Assistant Directors will be responsible for notifying the Chief Financial Officer if it seems likely that there will be a significant variation in spending on a scheme. Variations may be permitted only if they can be accommodated by virement within the total capital resources available.

H22. Any variation where there is a significant impact on the delivery of individual elements of the Capital Programme and/or on the overall capital strategy must be referred to the Council for approval.

H23. Transfers of funds, up to the lower of £10,000 or 10% of the budget, from one project to another in the Capital Programme may be made by the Management Team, in consultation with the appropriate Cabinet Portfolio holder. For transfers exceeding this limit a report shall be taken to the Cabinet for approval.

H24. Where expenditure is required or anticipated which: -

- Has not been included in the Capital Programme;
- Cannot be met by the transfer of budgetary provision from another project (see Transfer of Funds above) and
- Would cause the expenditure on the particular project to be exceeded by more than the lower of £10,000 or 10% of the current project budget.

then a Supplementary Capital Estimate is required before that spending can proceed. Any request for a supplementary estimate shall be made to the Full Council after consultation with the Chief Financial Officer.

I Taxation

11. Like all organisations, the Council is responsible for ensuring it complies with its statutory obligations. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers and members to be aware of their roles and responsibilities.
12. It is the responsibility of Executive Directors, Assistant Directors and Business Unit Managers to seek written advice from the Chief Financial Officer to ensure compliance with all tax regulations relating to their Business Units. This will include Income Tax, National Insurance, V.A.T. and tax accounted for under Construction Industry Scheme. If in doubt, Executive Directors should consult with the Chief Financial Officer. Business Units will be liable for the costs, including any penalties and interest charged for incorrect tax treatment.
13. Due consideration should be given to tax implications of travel and subsistence and other allowances and the Chief Financial Officer informed where appropriate.
14. Executive Directors and Assistant Directors must determine the employment status of individuals employed on a self-employed consultant or sub contract basis prior to appointment. HM Revenues and Customs apply a tight definition for employee status and in cases of doubt advice should be sought from the Chief Financial Officer.
15. Where payments are made to suppliers via non-tax invoices it is the responsibility of Business Unit Managers to ensure appropriate tax invoices are obtained to enable the Council to recover any VAT.

Construction Industry Scheme

(to be read in conjunction with Financial Procedures - Construction Industry Tax)

16. The construction industry scheme started on the 1st August 1999 and is a system introduced by HM Revenue and Customs to ensure contractors and sub-contractors working in the construction industry pay tax. They may be companies, partnerships or self-employed individuals. Subcontractors are those businesses that carry out building work for contractors.

17. Most 'contractors' and 'subcontractors' in the construction industry are affected, but these terms go much wider than the meanings they normally have. Contractors include not just construction companies and building firms but also Government Departments and local authorities, and many businesses normally known in the industry as 'clients'.
18. The Council is a deemed contractor as its annual spending on construction work has exceeded £1 million (in one of the last three financial years) on such construction work, and as a result is required to deduct construction industry tax on the labour element of payments made to contractors and subcontractors. Private householders and non-construction related businesses are not covered by the scheme.
19. Before they can get paid under the Scheme, subcontractors must first be registered with Her Majesty's Revenue & Customs.
110. Where a subcontractor is not registered, the contractor must make a deduction from all payments for labour of an amount on account of the subcontractor's tax and National Insurance contribution (NIC) liability. Otherwise the contractor can pay him or her gross, that is, with no amounts taken off.
111. Executive Directors and Assistant Directors are required:
 - To check with subcontractors whether they are registered with Her Majesty's Revenue & Customs under the CIS scheme.

J Income and Debtors Accounts

(to be read in conjunction with the Council's Financial Procedures and Good Practice Guidance Note 5 - Income Collection)

- J0. An annual review of fees and charges shall be undertaken by Executive Directors and Assistant Directors in consultation with the Chief Financial Officer and a report presented to the Council and/or appropriate body.
- J1. No new proposal to generate or change income levels shall be introduced without the approval of Full Council.
- J2. The Chief Financial Officer shall be notified promptly of all monies due to the Council. To this end, each Executive Director shall provide such information as the Chief Financial Officer shall specify to enable a correct record of sums due to be prepared and to ensure that accounts are raised promptly. All invoices for goods and services must be raised within 7 days of the goods being delivered or service being provided or relevant documentation having been received, and all external rules, particularly taxation, must be complied with.
- J3. All monies shall be received by an authorised officer⁴ of the Council and must be banked intact without delay. Official receipts shall be issued at the time of receipt of income. Only receipts supplied or agreed by the Chief Financial Officer shall be used. All completed receipt books are to be retained by the receiving officer and shall be retained for inspection by the Chief Financial Officer for up to 7 years (including the current year).
- J4. Where a hand-written receipt is issued, all monies received should be paid in at the nearest Town Centre Office without delay and a printed receipt obtained and attached to the hand-written copy receipt, and all the records retained for inspection by the Chief Financial Officer for up to 7 years (including the current year).
- J5. Personal cheques shall not be cashed.
- J6. Any transfer of money from one member of staff to another shall be supported by an official receipt or, where appropriate, by the signature of the receiving officer.

⁴ - See Glossary

- J7. Write off and irrecoverable debts:
- The Chief Financial Officer shall have the authority to write off debts of up to £1,000, and all credit balances, after due consideration of the circumstances.
 - The Chief Financial Officer be granted authority to write off debts of over £1,000 and up to £2,000, after consultation with the Cabinet Member responsible for Policy and Finance.
 - The write off of debts in excess of the limits specified above will require the approval of the Cabinet.

Write offs will be charged back to the Business Unit it was originally credited to.

- J8. The Chief Financial Officer, with the assistance of Business Unit Managers, shall take all reasonable steps for the recovery of debts including court proceedings that may be instigated in consultation with the Chief Legal Officer who shall advise and assist with legal requirements of taking such action.

- J9. Executive Directors and Assistant Directors shall within such a period as the Chief Financial Officer may specify after 31 March in each year supply such information as shall enable income for the previous financial year to be properly accounted for and resulting accounts raised promptly.

K Banking and Imprest Accounts

(to be read in conjunction with the Council's Financial Procedures)

- K1. All arrangements with the Council's bankers shall be made by the Chief Financial Officer who shall be authorised to operate such bank accounts, including Santander UK Ltd (giro bank) accounts, as the Chief Financial Officer feels necessary.
- K2. No details about the Council's bank accounts shall be released without the prior approval of the Chief Financial Officer or such other designated senior officer.
- K3. Standing order and direct debit payments may only be established by the Chief Financial Officer or such other designated senior officers.
- K4. The Chief Financial Officer shall maintain a list of identified senior officers who may give instructions to the Council's banker and countersign cheques.
- K5. All cheques shall be ordered by the Chief Financial Officer who shall make proper arrangements for their safe custody.
- K6. Cheques drawn shall bear the facsimile signature of the Executive Director (Operations) or of any other authorised officer⁵ whom the Chief Financial Officer may so designate.
- K7. Cheques should only be encashed under exceptional circumstances and under arrangements determined with the Council's bankers.
- K8. The Chief Financial Officer shall provide such imprest accounts as the Chief Financial Officer considers appropriate for the purposes of defraying petty cash or other expenses. Such accounts may be held as petty cash advances or as bank accounts as the Chief Financial Officer may decide and should be maintained on the imprest system. The overall limit of the imprest account and the upper limit of the allowable expense shall be determined by the Chief Financial Officer
- K9. No income received may be paid into an imprest account and the account holder shall not permit the account to become overdrawn.

⁵ - See Glossary

- K10. Payments from the imprest account shall be supported by the receipt or original invoice, which shall be a VAT invoice if appropriate.
- K11. Imprest accounts will only be used for incurring properly authorised expenditure of the Borough Council. They will not be used for personal expenditure, nor should any personal loans or advances be made from them.

L Controlled Stationery

(to be read in conjunction with the Council's Financial Procedures)

- L1. All cheques and other controlled stationery, including order books, receipt books, invoices, travel vouchers, and Electronic Fund Transfer forms may only be ordered by the Chief Financial Officer or an authorised representative who shall make proper arrangements for their safekeeping.
- L2. All controlled stationery should be retained securely when not in use.
- L3. After being fully used, controlled stationery should be returned to the administrative unit of the relevant department.

M Investments and Borrowing

- M1. All investments shall be made in the name of the Borough Council or in the name of nominees approved by the Cabinet.
- M2. All borrowings shall be in the name of the Borough Council.
- M3. The Chief Financial Officer shall arrange short-term and long-term borrowing and investments on the best available terms commensurate with risk.
- M4. All monies in the hands of the Council shall be under the control of the officer designated for the purposes of Section 151 of the Local Government Act 1972.
- M5. This organisation adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in section 4 of that Code
- M6. Accordingly, the organisation will create and maintain, as the cornerstone for effective treasury management:
- A treasury management policy statement, stating the policies and objectives and approach to risk management of its treasury management activities
 - Suitable Treasury Management Practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities
- M7. The content of the policy statement and TMPs will follow the recommendations contained in sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key recommendations.
- M8. This Council will receive reports on its treasury management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of the year, a mid-year progress report and an annual report after its close, in the form prescribed in its TMPs.
- M9. This Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Council, and for execution and administration

of treasury management decisions to the Chief Financial Officer who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

- M10. The Council nominates the Governance and Audit Board to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.
- M11. Should the Chief Financial Officer wish to depart in any material respect from the main principles of the code, the reasons should be disclosed in a report to the Council.

N Contracts and Agreements

(to be read in conjunction with the Council's Standing Orders relating to Contracts)

- N1. All contracts shall be made in accordance with Standing Orders relating to Contracts.
- N2. This regulation applies also to any other form of financial agreement intended to defer payment or provide for payment by instalments.
- N3. No officer shall authorise work to be undertaken or goods to be supplied which are to be the subject of a formal contract or other legal agreement until a document in a form approved by the Chief Legal Officer is completed and signed by the contractor and by the Council under seal or by an officer specifically authorised to sign on behalf of the Council.
- N4. All leasing agreements and contract hire arrangements not related to land and property shall be arranged by the Chief Financial Officer. This regulation applies also to any other form of financial agreement intended to defer payment or provide for payment by instalments, e.g. a hire purchase agreement. Disposal of such leased assets is subject to the prior approval of the Chief Financial Officer in consultation with the Chief Legal Officer, as appropriate.
- N5. All land and property transaction shall be arranged by the Executive Director (Resources).

O Authorised Lists and Signatories

(to be read in conjunction with the Authority's Financial Procedures and Guidance Notes on Overtime).

- O1. Only those authorised may commit the Council to expenditure in line with relevant procedure notes. These lists may require copies of their signatures.
- O2. Authorised lists are required for:
- Exchequer (Payroll):
 - Timesheets
 - Overtime
 - Mileage claims
 - Subsistence claims
 - Telephone claims
 - Exchequer (Invoice payments)
 - Orders
 - Invoices, credit notes and cancellations
 - Cheques
 - Cheques over a limit specified in Financial Procedures
 - Credit card transactions
 - Exchequer (Invoice debtors)
 - Credit notes
 - Ripley Town Centre Office
 - Petty cash purchases
 - Accountancy
 - Bank Accounts
 - Electronic payments via the authority's banking software
 - Direct Debits
 - General
 - Annual leave
 - Flexi adjustments
 - Environmental Services
 - Food export certificates
 - Duty Officer rota
 - Legal and Democratic Services
 - Election expenses

- Personnel and Development
 - Contracts of Employment (including regrading, variations, extensions, changes to terms and conditions) and associated correspondence.
 - Payments outside contractual terms of employment.
- Financial Services
 - Refunds (Council Tax, NNDR)
 - Emergency payments of Housing Benefit

O3. The Chief Financial Officer is required:

- To supply a list of authorised officers⁶, with specimen signatures and delegated limits, to the Council's bankers, together with any subsequent variations.
- To maintain a list of officers, with delegated limits, who are authorised to operate the Council's bank accounts.

O4. Executive Directors are required:

- To ensure that the department maintains and reviews periodically a list of employees approved to certify and authorise documents. Names of authorising officers together with specimen signatures and details of the limits of their authority must be forwarded to the Chief Financial Officer.
- To ensure that only those employees authorised by them sign orders. The signatory of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Value for money should always be taken into consideration.
- To ensure that an authorised officer⁷, if possible a different officer from the person who signed the order and in every case a different officer from the person certifying the invoice, authorises invoices.
- To reply to any request from the Chief Financial Officer to confirm that any details are correct

O5. More than one officer should be involved in the authorising process e.g. it should not be the same officer who authorises the order and invoice that certifies receipt of the goods or service.

O6. Financial limits may be prescribed for officers. The Chief Financial Officer shall determine the limits in consultation with the Council's insurers.

⁶ - See Glossary

⁷ - See Glossary

P Assets

- P1. The Council holds assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. It is important that assets should be safeguarded and used efficiently in the delivery of services, and that there should be arrangements for the security of both assets and service operations.
- P2. The Chief Financial Officer is required:
- To maintain a database for all land and property currently owned or used by the Council.
- P3. Executive Directors are required:
- To ensure that lessees and other prospective occupiers of Council land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the Chief Legal Officer, has been signed by the Chief Financial Officer.
 - To provide information required for accounting, costing and financial records to the Chief Financial Officer in advance of the leasing agreement being signed and in sufficient time to allow the financial implications and accounting treatment to be determined.
 - To ensure the proper security of all buildings and other assets under their control.
 - Where land or buildings are surplus to the requirements a recommendation for the sale of land should be the subject of a report to the Council.
 - Where the use of buildings or land is subject to appropriation between services, to refer the appropriation for approval by the Council taking into account the alternative possible uses of the land.
 - To pass title deeds to the Chief Financial Officer who is responsible for custody of all title deeds.
 - To ensure that no Council asset is subject to personal use by an employee without proper authority.
 - To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the Council.
 - To ensure that the department maintains a register of moveable assets in accordance with arrangements defined by the Chief Financial Officer.
 - To ensure assets are identified, their location recorded and that they are appropriately marked and insured.
 - To consult the Chief Financial Officer in any case where security is thought to be

defective or where it is considered that special security arrangements may be needed.

- To ensure cash holdings on premises are kept to a minimum.
- To ensure that keys to safes and similar receptacles are kept in a secure location; loss of any such keys must be reported to the Chief Financial Officer as soon as possible.
- To record all disposals of assets that should normally be by competitive tender or public auction, following consultation with the Chief Financial Officer and the Chief Legal Officer.
- To arrange for the valuation of assets for accounting purposes to meet requirements specified by the Chief Financial Officer.
- To ensure that all their employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value and its disclosure or loss could result in a cost to the Council in some way.

Sale of Assets

P4. Where a Chief Officer wishes to dispose of any obsolete and/or defective assets which are surplus to requirements, other than land and fixed assets, and the value of all the items concerned is estimated to be more than £1,000, then tenders shall be invited by public notice unless other arrangements, satisfactory to the Chief Financial Officer, are made for the disposal.

Disposal of Assets Under £1,000

P5. Where the value of the items concerned does not exceed £1,000 the Executive Director, in consultation with Chief Financial Officer, may make such arrangements as may be considered proper for the disposal. In doing so, the Executive Director has a duty to obtain the best consideration for the Council.

Q Insurance

Q1. The Chief Financial Officer is required:

- To effect all insurance cover in consultation with other officers where necessary
- To include all appropriate employees of the Council in a suitable fidelity guarantee insurance.

Q2. The Chief Legal Officer is required:

- To ensure that all third parties using the Councils buildings are appropriately insured
- To negotiate all claims in consultation with other officers where necessary.

Q3. Executive Directors and Assistant Directors are required:

- To notify the Chief Legal Officer and the Chief Financial Officer immediately of any loss, liability or damage which may lead to a claim against the Council, together with any information or explanation required by the Chief Financial Officer or the Councils insurers.
- To notify the Chief Financial Officer promptly of all new risks, properties, assets, activities or vehicles which require to be insured and of any alterations affecting existing insurances.
- To consult the Chief Legal Officer and the Chief Financial Officer regarding the terms of any indemnity which the Council is requested to give.
- To ensure that Council employees do not admit liability, which may prejudice an insurance claim.
- To take responsibility for risk management having regard to advice from the Chief Financial Officer and other specialist officers such as Crime Prevention, Fire Prevention, Health and Safety.
- To maintain inventories and record an adequate description of furniture, fittings and equipment, plant and machinery and to carry out an annual check of all items on the inventory in order to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, cameras and video recorders should prudently be identified with security markings as belonging to the Council.
- To ensure that the Councils property is not removed except in accordance with the ordinary course of the Councils business and it is not used except for the Councils purposes unless the Chief Officer concerned has issued specific directions.
- To make arrangements for the care and custody of stocks and stores in the

department.

- To ensure stocks are maintained at reasonable levels and subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion.

Q4. Claims against the Council by its employees where there is no legal liability may be settled by the Head of Paid Service up to a limit of £250 in any case, in respect of damage to or loss of personal property occurring in the course of their duties.

R Risk Management

(to be read in conjunction with the Authority's Risk Management Strategy)

- R1. Executive Directors shall be responsible for the maintenance of a risk register, which covers their service areas.
- R2. The format of the register and risk profile assessment shall be determined by the Chief Financial Officer.
- R3. Executive Directors and Assistant Directors shall be responsible for the completion of a risk profile for each proposal to amend or introduce new services. A brief summary of the potential risks and the method of managing the risks will be included under the 'Risk Identification and Management' heading in the 'Implications' section of the report. A copy of the report will be made available to the Chief Financial Officer in order to assess where additional insurance cover or the strengthening of internal control procedures may be required in order to protect the Council's interests.
- R4. In order to demonstrate effective Risk Identification and Management the Governance & Audit Board will maintain and review the following:
- Risk management strategy and objectives
 - Risk profile of the Council
 - Risk management activities

S Corporate Governance

- S1. Corporate governance relates to the system by which Local Authorities direct and control their functions and relate to their communities.
- S2. Three principles underpin Corporate Governance:
- Openness and inclusivity
 - Accountability
 - Integrity
- S3. Five dimensions are covered in the Council's Code of Corporate Governance:
- Community focus
 - Service delivery arrangements
 - Structures and processes
 - Risk management and internal control
 - Standards of conduct
- S4. The Code itself should be reviewed on a three-yearly basis and compliance with it assessed annually. The system of internal control should be reviewed yearly.

T Internal Audit

(see also Good Practice Guidance Note 4. - Minimising the Possibility of Fraud, Anti-Fraud Strategy, Anti Money Laundering Policy and Anti-Fraud and Corruption Strategy).

- T1. In accordance with the Accounts and Audit Regulations, the Borough Council shall maintain an adequate and effective internal audit of the accounts, accounting records and control systems.
- T2. The Council has delegated this function to the control of the Chief Financial Officer who shall, therefore, in accordance with relevant legislation, arrange for a continuous and current internal audit of all areas of Council activities.
- T3. The Governance & Audit Board shall approve a detailed annual Audit Plan prepared by the Chief Financial Officer and shall consider variations to this plan during the course of the year.
- T4. The Chief Financial Officer, or his authorised representative, shall have a right of access at all times to such records and documents, including computer data, of the Borough Council as appear to the Chief Financial Officer to be necessary for the purposes of the audit and shall be entitled to require from any officer of the Borough Council such information and explanation as the Chief Financial Officer deems necessary for that purpose. The Chief Financial Officer shall provide relevant reports and advice to the officers concerned.
- T5. The Council should ensure that Internal Audit remains independent organisationally.
- T6. All Internal Audit work will be carried out in accordance with best practices prescribed in the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom. All work carried out shall have due regard for the requirements of the Human Rights Act 1998, the Data Protection Act 1998, the Freedom of Information Act, the Public Interest Disclosure Act, the Regulation of Investigatory Powers Act and other legislation current at the time of the audit.
- T7. Internal Audit is authorised to appraise the adequacy of procedures employed by Executive Directors and Assistant Directors to secure economy, efficiency and effectiveness in the use of resources.

- T8. Cases of suspected fraud, misappropriation of money, materials or equipment, or any mismanagement of money or other assets, or any other financial irregularities, shall be reported immediately to the Chief Financial Officer, who shall consider any legal proceedings and disciplinary action in consultation with the appropriate Executive Director and Chief Legal Officer.
- T9. The Chief Financial Officer shall approve any new systems for the maintenance of financial records, or records of assets of the authority or any changes to such systems.
- T10. It is the responsibility of Internal Audit to review, appraise and report upon
- The soundness, adequacy and application of internal controls.
 - The extent to which the Organisation's assets and interests are accounted for and safeguarded from losses of all kinds arising from:
 - Fraud and other offences
 - Waste extravagance and inefficient administration, poor value for money or other cause
 - The suitability and reliability of financial and other management data developed within the organisation.
 - The soundness and adequacy of the systems operating to collect and report on performance information
 - The risk management processes of the organisation both at Corporate and Service Level
- T11. The Chief Financial Officer's authorised Internal Audit representatives shall be empowered to:
- Enter at all reasonable times any Council premises or land
 - Have access to all records, documentation and correspondence relating to any financial and other transactions as considered necessary
 - Have access to records belonging to third parties such as contractors when required
 - Require and receive such explanations as are regarded necessary concerning any matter under examination
 - Require any employee of the Council to account for cash, stocks or any other Council property under his/her control or possession
- T12. Executive Directors are responsible for responding to Internal Audit reports and the

implementation of agreed recommendations within an appropriate timescale.

- T13. It is the duty of any Officer or Member to follow the corporate Anti-Fraud and Corruption Policy. Any officer or member who suspects that an irregularity involving cash, materials or any other property of the Council may have occurred to inform the Chief Financial Officer or report the matter directly to the Deputy Section 151 Officer. Confidentiality will be respected in any dealings with Audit Services, wherever possible.
- T14. The Section 151 Officer shall report to the Management Team and Cabinet, if appropriate, any matter of a significant nature.
- T15. Any decision to refer a matter to the Police should be taken with the Assistant Director (Legal and Democratic Services) in consultation with the Section 151 Officer. Where a Member is involved the Monitoring Officer and, where appropriate, the Council's External Auditor, will also be consulted.

U Stocks and Inventories

(to be read in conjunction with the Council's Financial Procedures)

U1. Executive Directors are required to:

- Make arrangements for the care and safe custody of stocks and inventory items in the department.
- Maintain an inventory of all assets in their control and for carrying out a check of inventory items at least once a year.
- Maintain records in accordance with advice issued from time to time by the Chief Financial Officer
- Carry out a check of stocks at least once a year and shall provide the Chief Financial Officer with a stock certificate at the end of each financial year
- Ensure stocks are maintained at reasonable levels and subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion.
- Authorise or write-off disposal of obsolete or redundant stocks and equipment. Procedures for disposal of such stocks and equipment should be by competitive quotations or auction, following consultation with the Chief Financial Officer.
- Seek Full Council approval for the write-off of redundant stocks and equipment in excess of £1,000.

U2. Any stock discrepancies shall be subject to internal audit scrutiny.

V Information and Access to Information

(to be read in conjunction with the Council's Access to Information Guide)

- V1. Executive Directors are responsible for the security of all information within their service area. Information can be stored on computers, transmitted across networks including the Internet, printed out or written down on paper and spoken in conversation.
- V2. Executive Directors must ensure:
- Compliance with the Council's IT Security Policy to ensure:
 - Confidentiality of information
 - Integrity of information
 - Availability of information
 - All software installed and used is properly licensed and appropriate for business use.
 - That appropriate registrations under the Data Protection Act are in place to cover the use of information within their service areas. The Data Protection Act 1998 makes provision for the regulation of information relating to individuals, including obtaining, holding, use or disclosure of such information.
 - Provide appropriate access to information required under the Freedom of Information Act 2000;
 - That all their employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value and its disclosure or loss could result in a cost to the Council in some way.
- V3. The Council's Data Protection and Freedom of Information Officers must be informed and consulted at all times.

Retention of Records

(to be read in conjunction with the Council's Guide to the Retention of Records, Retention of Records consultation and Retention of Documents Schedule)

- V4. Each Executive Director will be responsible for the retention of records in accordance with the requirements of the Council's 'Guide to the Retention of Records and Retention of Documents Schedule.

W Presentation of Accounts

- W1. The Chief Financial Officer is responsible for the preparation of the authority's statement of accounts, in accordance with proper practices as set out in the format required by the Code of Practice on Local Authority Accounting in the United Kingdom for each financial year ending 31 March.
- W2. The Chief Financial Officer is required
- To select suitable accounting policies and to ensure that they are applied consistently. The accounting policies are set out in the statement of accounts. The purpose of stating these policies is to explain the basis for the recognition, measurement and disclosure of significant transactions and other events in the accounts
 - To make and disclose the judgments which have been made in applying the accounting policies used.
 - To make estimates that are reasonable and prudent in preparing the accounts.
 - To comply with the Code of Practice and to make the necessary disclosures of material events and balances.
 - To sign and date the statement of accounts, stating that they present a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March.
 - To draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.
- W3. Executive Directors and Assistant Directors are required:
- To comply with accounting guidance provided by the Chief Financial Officer and to supply the Chief Financial Officer with information when required and in accordance with the deadlines set.
 - To adhere to the accounting policies and guidelines approved by the Chief Financial Officer.
 - Provide access to all financial records on request
 - Provide details of debtor and creditor accruals, prepayments and the value of stocks and inventories as at 31 March for each financial year.

X Gifts, Hospitality and Beneficial Interest

(to be read in conjunction with the Council's Good Practice Guidance Note 6 - Gifts and Hospitality and Code of Conduct for Local Authority Employees)

- X1. The receipt of personal gifts should be discouraged. If an officer, during the course of, or as a result of, official duties, receives or is offered any personal gift, other than one of only token value, the matter must be reported to the Executive Director. The Executive Director will decide if the item is to be returned, or forwarded to some charitable cause. The Executive Director should inform the donor of what has happened to the gift, and explain the reason why gifts should not be sent in the future. A record should be made of the destination of all gifts whether accepted, donated, refused or returned.
- X2. Hospitality must only be given or accepted when it is on a scale appropriate to the circumstances, reasonably incidental to the occasion, not extravagant, and justifiable as in the public interest. It must be apparent that no cause could reasonably arise for adverse criticism or suggestions of improper influence about the accepting of the hospitality. The circumstances and the type of hospitality should be agreed by the appropriate Executive Director who shall ensure that a record is kept of all hospitality offered or accepted.
- X3. Officers who are, in accordance with the conditions of service, permitted to carry out private or other paid work must not do so during Council time. Officers must declare to their Executive Director, in writing, the nature and duration of such private work. It should be approved and recorded as such by the Monitoring Officer.
- X4. Officers must:
- Take decisions solely in terms of the Council's interest. They must not do so in order to gain a beneficial interest for themselves, their family, or their friends.
 - Have due regard to any national and local Codes of Conduct.
 - Have due regard to the Council's 'Anti-Fraud/Corruption Strategy'.
 - Not work for any current or prospective supplier or contractor to the Council.
 - Avoid any arrangements that might prevent fair competition.
 - Avoid any arrangements which might give rise to a conflict of interest
 - Respect the confidentiality of information and must not use information received for personal gain.
 - Not use any Council premises, resources or facilities for the execution of private work. No stationery or publicity material is to indicate that the person is a Member

or Council employee nor should the address or any telephone number of the Council be stated. Members and Officers should pay due notice to the relevant section of the Local Government Act 1972.

- Not accept services. Any approach should be politely but firmly refused and if required an explanation made. The offer and rejection should also be recorded.

X5. Each Executive Director must maintain a register for the recording of gifts and hospitality received by members of staff, in a form approved by the Management Team.

X6. The Chief Financial Officer shall maintain a register of elected members recording the same information.

X7. These registers shall be open to inspection by elected members of the Council.

Y Glossary

Assistant Director – means a member of the Councils Officer Management Team other than an Executive Director and shall be interpreted as meaning any of the following as appropriate: -

- Assistant Director (Landscape Services)
- Assistant Director (Legal and Democratic Services)
- Assistant Director (Planning and Regeneration)
- Assistant Director (Well Being)

or such Senior Officers as the Borough Council may from time to time designate in its senior management structure.

Authorised Officer - means an employee to whom an Executive Director has delegated authority under these rules.

The Council – means the full Council who provide the political and strategic direction of the authority. They approve the policies of the authority, including those for strategy and the budget.

The Cabinet – means the Leader and Cabinet who propose to Council policy and budget strategies.

The Chief Financial Officer - means the Officer from time to time appointed by the Council as the Chief Financial Officer pursuant to Section 151 of the Local Government Act 1972. This is currently the Executive Director (Resources).

Chief Legal Officer - means the Assistant Director (Legal and Democratic Services) or in his/her absence the Solicitor (Planning).

Executive Directors - means a Director or other head of a department and includes the Head of Paid Service and shall be interpreted as meaning any of the following as appropriate: -

- Executive Director (Resources)
- Executive Director (Operations)

or such Chief Officers as the Borough Council may from time to time appoint to carry out all or any

part of the functions of any of these officers.

The Head of Paid Service - means the Officer from time to time assigned by the Council as the Head of Paid Services pursuant to Section 4 of the Local Government and Housing Act 1989.

Revenue Budget – means the General Fund Revenue Budget approved and / or amended by Full Council for the financial year specified.

Z - Table of Thresholds

[The Table of Thresholds can now be found in Part 4.8 - Standing Orders relating to Contracts - Appendix 2]