

**AUDIT AND RISK COMMITTEE 29 NOVEMBER 2011**  
**AGENDA ITEM 8(ii)**

**REPORT TO CABINET**

<b>Open</b>		Would any decisions proposed :		
<b>Any especially affected Wards</b>	Mandatory/Operational	(a) Be entirely within cabinet's powers to decide NO		
		(b) Need to be recommendations to Council	YES	
		(c) Be partly for recommendations to Council and partly within Cabinets powers –	NO	
Lead Member: Cllr Nick Daubney E-mail: cllr.nick.daubney@west-norfolk.gov.uk		Other Cabinet Members consulted:		
Lead Officer: Kate Littlewood, Audit Manager E-mail: kate.littlewood@west-norfolk.gov.uk Direct Dial: 01553 616252		Other Members consulted:		
Financial Implications YES		Policy/Personnel Implications YES	Statutory Implications (incl S.17) YES	Equal Opportunities Implications NO
		Other Officers consulted: Executive Director, Finance and Resources Chief Accountant		
		Risk Management Implications YES		

Date of meeting: 6<sup>th</sup> December 2011

**REVIEW AND UPDATE OF FINANCIAL REGULATIONS**

**Summary**

This report presents proposed amendments to the Financial Regulations to reflect recent changes in the Management Team.

**Recommendation**

For Cabinet to recommend that Council approve the amended Financial Regulations.

**Reason for Decision**

To ensure the regulations remain relevant and fit for purpose.

**1. Background**

1.1 Financial Regulations were last reviewed in January 2009. Since then changes to the service structure and Management Team have meant that responsibility for certain functions in the regulations have been re-allocated. It was therefore considered necessary to update some references and at the same time review the regulations as a whole to ensure that they remain relevant and fit for purpose.

1.2 The draft revised version of 'Financial Regulations' is attached as **Appendix 1** to this report.

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**2. Summary of Changes**

- 2.1 Throughout the document some wording and order of sections has been amended simply to make the document easier to read and to aid clarity.
- 2.2 The title 'Chief Finance Officer' has been used to denote the Executive Director, Finance and Resources/ Deputy Chief Executive to more accurately reflect the role undertaken in this document.
- 2.3 The current Financial Regulations are ambiguous on the authorisation or reporting required for additional costs arising from the capital programme. The revisions clarify the differing treatments for unanticipated revenue implications arising from a capital schemes, and urgent or unanticipated capital needs to ensure that both are reported at an appropriate level.
- 2.4 The section referring to Third Party Cheques has been removed as the Council no longer accept them in payment.
- 2.5 Previously the writing off of irrecoverable debts below £5,000 had been delegated to the Executive Director, Revenues and Customer Services. This has now been delegated to the Revenues and Benefits Manager.
- 2.6 A new section has been inserted on the 'Use of Credit Cards' to reflect the increased use of corporate cards in Council business. The allocation and circumstances under which these cards can be used is limited.
- 2.7 Some of the wording and the order of the section on 'Orders for Work and Goods' has been revised to emphasise the need to comply with Contract Standing Orders. In addition the requirement to use the electronic Purchase Order Programme (POP) instead of manual orders has also been emphasised.
- 2.8 A separate section for 'Disposals (except Land and Property Assets)' has been inserted to clarify the necessary procedures. This is to ensure that items identified as being surplus to requirements are disposed of in a properly controlled manner. Land and Property Assets are already dealt with in a separate section.
- 2.9 Finally, the current regulations have an appendix 'Recommended Retention Periods for Documents'. This has been removed and a new 'Document Retention Policy' is being produced as a separate document, which will be presented for approval. This is considered necessary as the retention policy is not just a finance related document, but has wider implications in respect of Data Protection.

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**3. Policy Implications**

- 3.1 Financial Regulations govern the financial systems throughout the Council.
- 3.2 Removal of the appendix relating to Document Retention will result in a new policy document.

**4. Financial Implications**

- 4.1 There are no direct financial implications, but the document affects all financial systems throughout the Council.

**5. Statutory Consideration**

- 5.1 To ensure the Council meets its statutory obligations under s151 Local Government Act 1972 and s114 Local Government Finance Act 1988, which place a responsibility on the Chief Financial Officer for the proper administration of the Council's financial affairs.

**6. Risk Assessment**

- 6.1 Financial Regulations must be kept up-to-date and relevant to reduce the risk of improper use of financial systems and resources.

**7. Access to Information**

- 7.1 The current version of Financial Regulations is available through the Constitution.
- 7.2 The revised version is attached to this report as **Appendix 1**.

**APPENDIX 1**

Borough Council of  
**King's Lynn &  
West Norfolk**



# **FINANCIAL REGULATIONS**

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**Next Review due – June 2013**

**APPENDIX 1**

**1. INTRODUCTION**

- 1.1 These Regulations are intended to ensure that the Council meets its statutory requirements regarding financial management, especially as regards the financial aspects of Corporate Governance and the requirements of the Accounts and Audit Regulations, which requires that there are arrangements in place to ensure that the Council has a sound system of internal control, which includes:
- Arrangements for the management of risk, in accordance with the Council's Risk Management Policy; and
  - Arrangements to conduct a review at least once a year of the effectiveness of its system of internal control, including an Annual Governance Statement with the annual statement of accounts, produced in accordance with the Accounts and Audit Regulations.
- 1.2 Throughout these regulations, references to:
- Chief Finance Officer refers to the Executive Director, Finance and Resources
  - Cabinet, Council Body, Leader, Portfolio Holder, Executive Director, Monitoring Officer are as defined in the Council's Constitution;
  - Members of staff or employees includes individuals who are acting on the Council's behalf, as consultants or contractors;
  - Management Team is the Chief Executive and Executive Directors as defined in the Council's Constitution.
- 1.3 These regulations apply to all employees and Members of the Council as well as any consultant or contractor acting as if they were Council employees. All Members and employees have a general responsibility to provide for the security of council assets under their control and for ensuring that the use of resources is legal, properly authorised and achieves best value.
- 1.4 Financial Regulations are to be used in conjunction with Contract Standing Orders and the Scheme of Delegation. The Chief Finance Officer, in consultation with the Monitoring Officer, shall determine any matter on which conflict may arise.
- 1.5 Every Executive Director must consult the Chief Finance Officer on any matter which would result in a variation to the overall budget agreed by Members at the annual budget meeting before any provisional or actual commitment is incurred.
- 1.6 The Chief Finance Officer, for the purposes of Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988 is responsible, under the general direction of the Cabinet, for the proper administration of the Council's financial affairs.
- 1.7 As the Council's financial and economic adviser, the Chief Finance Officer will report on the level of resources proposed to be utilised in each financial year and keep the Council informed regarding the Council's finances and financial performance.
- 1.8 The Council is responsible for periodically making and amending Financial Regulations as it considers necessary and desirable for supervising the finances, accounts, income, expenditure and assets of the Council. In accordance with the Council's Scheme of Delegation, minor amendments to these Regulations can be made by the Chief Executive, in consultation with the Leader.
- 1.9 Nothing in these Financial Regulations will prevent the Chief Executive, in consultation with the Leader, the Chief Finance Officer and the Monitoring Officer from incurring expenditure required to meet any immediate needs created by a sudden emergency under Section 138 of the Local Government Act 1972, subject to such action being reported to the Council as soon as practicable thereafter.

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- 1.10 The Chief Finance Officer will, after consultation with the Head of Paid Service (the Chief Executive) and the Monitoring Officer, report to the Council's Standards Committee any identified unauthorised case of non-compliance with these Financial Regulations by a Council Member. In addition, the Standards Board for England may investigate the matter. The Chief Finance Officer and the Monitoring Officer will review with the Council's Standards Committee the application of Financial Regulations as part of the ethical health of the Council.
- 1.11 It is the responsibility of each Executive Director to ensure that all staff within their service area are aware of and comply with the requirements of these Financial Regulations. Failure to observe these Regulations may be classified as misconduct justifying disciplinary action.

**2. INTERNAL AUDIT**

- 2.1 Under S151 of the Local Government Act 1972, the Chief Finance Officer must ensure that there is a continuous internal audit function to carry out an examination of accounting, financial, and other operations of the Council.
- 2.2 The Council will maintain an adequate and effective system of internal audit of its systems of internal control and of its accounting procedures and records in accordance with the proper audit practices.
- 2.3 Any officer or Member of the Council must, if required:
- Make available such documents or assets of the Council which appear to the auditor to be necessary for the purposes of the audit or investigation;
  - Supply any auditor (whether internal or external) with such information and explanations as the auditor considers necessary for their purpose;
  - Allow entry to auditors (whether internal or external) at all reasonable times to any Council premises or land;
- 2.4 Whenever any matter arises which involves or is thought to involve financial or other irregularity, the relevant Executive Director concerned must immediately notify the Chief Finance Officer, Monitoring Officer or the Audit Manager. These members of staff will take such steps as they consider necessary to investigate the matter, including notifying the police.
- 2.5 Where a member of staff identifies a potential fraud or irregularity, they should follow the guidance in the Council's Whistleblowing Policy and Anti-Fraud and Anti-Corruption Strategy.
- 2.6 Any such matter which involves, or is thought to involve, a Member of the Council, will be discussed by the Chief Finance Officer or Audit Manager with the Monitoring Officer and the Chief Executive, who together will decide what course of action then needs to be followed.

**3. BUDGETS**

- 3.1 The Council shall approve the Council's policy framework and budget in accordance with Article 4 of the Constitution.

**PRUDENTIAL MANAGEMENT**

- 3.2 The Chief Finance Officer is responsible for the soundness of the Council's financial systems, the form of accounts and the supporting financial records. Changes made by any level of

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management to the existing financial systems or the establishment of new systems must be approved by the Chief Finance Officer.

- 3.3 The Chief Finance Officer, in consultation with Management Team, must each year produce and make public:
- A medium-term plan showing a three year forward assessment of all revenue commitments and
  - A medium term plan showing a three year projection of capital resources in line with the CIPFA Prudential Code.
- 3.4 These must reflect any known changes in service level resulting from changes in Council priorities arising from changes in legislation or policy, demographic trends or resources. Budgets must aim to ensure that resources are matched to agreed Council priorities and prudent level of reserves are maintained.
- 3.5 Executive Directors must, having consulted the Chief Finance Officer, ensure that Cabinet reports proposing new or increased spending contain the following information:
- the revenue consequences of any decision over at least a three year period;
  - in the case of capital expenditure, a comparison between the chosen method of financing and other financing methods considered appropriate for the project;
  - the implications of the proposal on the medium-term plan (see Financial Regulation 3.1 above)
- 3.6 Council approval is required for all proposals that would increase expenditure or reduce income to the Council.
- 3.7 Where an Executive Director or portfolio holder proposes:
- (a) a new policy, or
  - (b) a variation of existing policy, or
  - (c) a variation in the means or timescale of implementing existing policy
- that affect or may affect the Council's finances, they must submit a report to the Cabinet which will then report the matter to the Council.
- 3.8 All budgets, whether **capital** or **revenue**, are subject to cash limits. In the event of any budget likely to be overspent or income not achieved, the Executive Director, in consultation with the relevant portfolio holder, will be responsible for providing for a transfer of funding from elsewhere within their budgets to compensate for any deficit or to gain agreement for a transfer of funding from another Executive Director and/ or other relevant portfolio holder. This procedure will also be followed where an Executive Director wishes to utilise a saving on expenditure or additional income. The transfer of funding will be subject to the guidelines set out in Appendix 1 to these Regulations.
- 3.9 The Chief Finance Officer must ensure that the accounting arrangements to be adopted relating to any **partnership, joint venture** or **shared service arrangement** are satisfactory. In conjunction with the Monitoring Officer, he must also consider whether the appropriate Executive Director has adequately considered the overall corporate governance and legal issues and that risks have been fully appraised when arranging contracts or formal agreements with external bodies.
- 3.10 Executive Directors shall control income and expenditure within their service area and monitor performance, taking account of the financial information provided by the Chief Finance Officer and advice received from the accountancy staff. They shall report on variances within their own areas and take action to avoid exceeding their budget allocation, and alert the Chief Finance Officer to any problems.

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**REVENUE BUDGETS**

- 3.11 The Chief Finance Officer will approve the detailed corporate form and content of revenue service estimates, in line with the general directions of the Cabinet and after consultation with Management Team.
- 3.12 The Chief Finance Officer must prepare revenue estimates of income and expenditure in conjunction with the Executive Directors. The estimates will be collated and submitted by the Chief Finance Officer to Management Team and then to the Cabinet with Management Team's comments. The report(s) will show how the estimates comply with the Council's approved financial plan. Approval of the budget is the function of the Council.
- 3.13 Copies of all proposed Cabinet reports must be passed to the Chief Finance Officer in sufficient time for him to adequately consider the budget implications of any proposals.
- 3.14 The Chief Finance Officer will provide each Executive Director and portfolio holder with details of receipts and payments under their control by means of a corporate financial management system. This is for the purpose of monitoring the budget heads under their control.
- 3.15 Portfolio holders may transfer monies in accordance with the Ground Rules for Budget Transfer (Appendix 1 of these Regulations).

**CAPITAL BUDGETS**

- 3.16 Prior to the annual consideration of revenue estimates, the appropriate Executive Director and the Chief Finance Officer, in consultation with the relevant portfolio holder, must prepare and submit to the Cabinet a programme of estimated capital expenditure for consideration (the Capital Programme).
- 3.17 The Cabinet will make recommendations as appropriate to the Council for final approval. The programme will provide full details of the revenue implications of schemes expected to start in the next ensuing two financial years (i.e. years two and three) and identify the methods of financing the recommended capital programme.
- 3.18 Once Council has approved the Capital Programme, the Executive Director concerned will be authorised:
  - (a) to instruct the Property Services Manager to acquire, in due time, any land necessary for the purposes of the programme. .
  - (b) to prepare a detailed scheme and estimate including associated revenue expenditure. Any unanticipated Revenue implications, arising after approval of the scheme, must be dealt with in line with the Ground Rules for Budget Transfer (Appendix 1 of these Regulations).
- 3.19 If an urgent or unanticipated capital need arises, the proposal will be reported to Members as part of the monthly Budget Monitoring Report. The Council will receive a report at the earliest opportunity.
- 3.20 The Chief Finance Officer will provide Executive Directors with monthly financial monitoring statements in respect of each approved capital project including details of any known commitments.
- 3.21 Executive Directors shall ensure that:



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- Their staff receive relevant training on the use of the financial systems as approved by the Chief Finance Officer.
- Staff have been identified and authorised to act on that person's behalf in respect of payments, income collection and placing orders, together with limits of their authority.

#### **4. ACCOUNTING**

- 4.1 The Chief Finance Officer must approve all accounting procedures and records. Where these are maintained in a service area other than that of Finance and Resources, these will be agreed in consultation with the appropriate Executive Director.
- 4.2 Any member of staff intending to revise or replace any accounting procedure or record (including local procedures or records) must obtain the approval of the Chief Finance Officer beforehand.
- 4.3 Where local accounting records are maintained, these must be reconciled to the general ledger at regular intervals, in order to ensure that the two records accurately show the financial and associated information recorded in them are correct. At all times, the central accounting system will take precedence.
- 4.4 All accounts and accounting records of the Council (including local accounts or accounting records) will be compiled by or be under the direction of the Chief Finance Officer, with the annual accounts being produced within the time limit required by the relevant Accounts and Audit Regulations.
- 4.5 An Executive Director or other responsible member of staff must ensure that expenditure and income under his/her control is properly accounted for and allocated to the correct budget. Budget holders must monitor their cost centre's performance throughout the year and discuss any major unanticipated discrepancies (either favourable or adverse) with the Chief Finance Officer at the earliest opportunity.
- 4.6 In order to provide an adequate separation of duties, the following principles must be observed in the allocation of accounting duties:
- (a) Individuals who identify, calculate, or record sums due to or from the Council should not, as far as is practically possible, collect or disburse them;
  - (b) Staff examining or checking the accounts of the above transactions must not themselves undertake any of the duties shown in 4.6 (a) above.
- 4.7 All invoices or documents relating to financial transactions must be retained for the minimum period set out in the Corporate Retention Policy in order to ensure that the necessary records are available for audit or examination by external agencies, as required.
- 4.8 Executive Directors must supply required information in the form and within the time-scale required by the Chief Finance Officer for accounting purposes, in order to ensure that the financial transactions of the Council are recorded as soon and as accurately as possible.

#### **5. BANKING ARRANGEMENTS AND CHEQUES**

- 5.1 The Chief Finance Officer is responsible for all banking arrangements. No other employee or Member is authorised to open or operate a bank account on the Council's behalf.
- 5.2 The Chief Finance Officer is responsible for ordering and maintaining the safe custody of all cheque stationery and credit cards until allocated to authorised individuals.

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- 5.3 Cheques on the Council's main bank accounts, including Girobank accounts, will bear the facsimile signature of the Chief Finance Officer or be signed by him or her or such other officer who has been authorised by him to do so.
- 5.4 Cheques for all payments exceeding £50,000 must be counter-signed by one of the employees authorised to do so by the Chief Finance Officer.
- 5.5 Alterations to cheques must be certified by an employee authorised to do so by the Chief Finance Officer. Alterations to cheques are limited to the removal of a crossing (subject to the amount of the cheque not exceeding £1,500), to the correction of the date, and/or to the correction of a mis-spelling of the name of the payee.
- 5.6 Where an error has been identified on a cheque valued at more than £1,500, the cheque must be replaced.

### **6. TREASURY MANAGEMENT**

- 6.1 Treasury Management will operate in accordance with the procedures and reporting requirements set down in CIPFA's "Code for Treasury Management in Local Authorities" and other appropriate codes.
- 6.2 All executive decisions on borrowing, investment or financing are delegated to the Chief Finance Officer or through him to his staff, who is required to act in accordance with the Council's Treasury Management Policy, within the limits set under the CIPFA Prudential Code.
- 6.3 In accordance with the Code, the Chief Finance Officer must inform Cabinet of the activities of the treasury management operation at least half-yearly and on the exercise of treasury management powers delegated to him by 30th September of the succeeding financial year.
- 6.4 Also, in accordance with the Code, Council must approve the Council's policy statement on treasury management for the forthcoming financial year. This statement will need to incorporate, amongst other things, the strategy on borrowing, investment and managing cash flow, approved methods of raising finance and approved sources of borrowing.
- 6.5 All money accruing to the Council must be aggregated for the purposes of treasury management and must be controlled by the Chief Finance Officer.
- 6.6 All money must be invested in the Council's name or in the name of nominees approved by the Council. Bearer securities are excepted from this regulation but their purchase must be reported to the Cabinet.
- 6.7 All securities which are the property of, or are in the name of the Council, or its nominees and title deeds of all property in its ownership or mortgaged to the Council, must be held in the custody of the Monitoring Officer.
- 6.8 All borrowing or lending must be made in the name of the Council.
- 6.9 The Chief Finance Officer is the Council's registrar of stocks and must maintain records of all monies borrowed or lent by the Council.
- 6.10 All trust funds must, wherever possible, be in the name of the Council. Where funds are held on behalf of third parties, the appropriate officer must ensure their secure administration and ensure that written records of all transactions are maintained in accordance with the requirements of the Chief Finance Officer.

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- 6.11 All staff acting as trustees by virtue of their official position, must deposit all securities etc., relating to a trust with the Monitoring Officer, unless the deed requires otherwise, in which case those staff members must immediately notify the Monitoring Officer, providing full details in relation to the trust. Trust funds must be operated within any relevant legislation and the specific requirements for each trust.

**7. SALARIES, WAGES AND PENSIONS**

- 7.1 The Executive Director, Central Services must be notified of all staff appointments, including those made on a casual or consultancy basis, to ensure correct tax records are maintained.
- 7.2 The Executive Director, Central Services must make or arrange for the payment of all salaries, pensions, allowances, compensation and other such payments that are legitimately due to Members, employees, former Members and former employees of the Council. Under no circumstances can payments to staff and Members be made without the prior approval of the Executive Director, Central Services, in order to ensure that the requirements of the HM Revenue and Customs (HMRC) are met.
- 7.3 The Executive Director, Central Services must maintain complete records of all matters affecting the payments of such expenses and in particular:
- (a) Appointments, resignations, dismissals, suspensions, secondments and transfers;
  - (b) Absences from duty for sickness or other reasons, apart from approved leave;
  - (c) Changes in remuneration, including, but not restricted to changes in hours, acting up allowances, leased car, essential and casual user status, pay awards and other negotiated agreements which apply to staff generally;
  - (d) Information necessary to maintain records of service for superannuation, income tax, national insurance and the like.
- 7.4 Appointments of all employees must be made in accordance with Corporate Guidelines and the approved establishment, grades and rates of pay.
- 7.5 All time records or other pay documents must be in a form prescribed or approved by the Executive Director, Central Services and must be certified by hand by an appropriately authorised member of staff (NB Electronic signatures are accepted in the case of electronically submitted timesheets). The names of members of staff authorised to sign such records must be sent to the Executive Director, Central Services together with specimen signatures and must be amended to reflect any changes. A list of such authorised staff will be maintained by Personnel Services and re-drafted annually.
- 7.6 Executive Directors must ensure that overtime claims made by employees are made as a result of a true and complete record of work carried out by the employees concerned.
- 7.7 Members of staff must not certify their own claim forms and normally any claim should be authorised by a more senior officer to the claimant. Where a claimant is a service manager, an Executive Director must sign the claim. Where the claimant is an Executive Director, another Executive Director must certify the claim

**8. TRAVELLING and SUBSISTENCE**

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- 8.1 Members (including co-opted Members of the Council and Council Bodies), who are entitled to claim travelling or other allowances, must sign their claim to confirm the amounts as being legitimate and correct. The signed claims should be submitted to Democratic Services for checking and authorising before being passed to Personnel Services for payment.
- 8.2 All payments to staff who are entitled to claim travelling or other allowances, must be made by the Executive Director, Central Services upon receipt of the completed prescribed paper form, made up to the month-end. Completed claim forms must be submitted to Personnel Services by the published monthly payroll deadline date.
- 8.3 The certification by or on behalf of an Executive Director will be taken to mean that the certifying member of staff is satisfied that the journeys were authorised, the expenses properly and necessarily incurred, appropriate VAT receipts are attached (where relevant) and the allowances properly payable by the Council.
- 8.4 Claims submitted more than three months after the expenses were incurred will be paid only in exceptional circumstances and with the express approval of the Executive Director, Central Services.
- 8.5 All claims relating to a financial year must be submitted by the published payroll deadline date for April (i.e. claims for January, February and March each year must be submitted by the April payroll deadline) to ensure that claims are paid in the correct tax year.
- 8.6 The names of staff authorised to sign car and subsistence allowances, travelling and incidental expenses must be sent to the Personnel Services Manager together with specimen signatures and must be notified to him/ her at least annually and on the occasion of any change. A list of such authorised staff will be maintained by Personnel Services and re-drafted annually.
- 8.7 Staff must not certify their own claim forms and normally any claim should be authorised by a more senior officer. Where a claimant is a service manager, an Executive Director must certify the claim. Where the claimant is an Executive Director, another Executive Director must certify the claim.

### **9. GRANTS TO EXTERNAL ORGANISATIONS**

- 9.1 All grants made to external organisations or individuals must be subject to express approval by the relevant decision-maker(s) (normally an Executive Director or portfolio holder).
- 9.2 Where annual grants are made, applications must be obtained from the organisation concerned to detail how the grant is to be used, together with such information about the organisation's finances and other matters (e.g. audited final accounts, business plans, etc.) as may be considered appropriate.
- 9.3 Organisations receiving grant aid must be required to permit access by the Chief Finance Officer or his representative(s), on reasonable notice, to their financial records and premises in order to enable him/ her to verify that the grant has been used in accordance with Council approval.

### **10. PETTY CASH ACCOUNTS and FLOATS**

- 10.1 The Chief Finance Officer will provide petty cash accounts as appropriate to cover incidental office expenses.
- 10.2 Where appropriate, the Chief Finance Officer will open a bank or Girobank account for use by the petty cash account holder. This account must be kept in credit.

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- 10.3 Income received on behalf of the Council must not be paid into a petty cash account but must be banked or paid to the Council as required in Financial Regulation 11.
- 10.4 Petty cash expenditure on a single item is limited to £25, except where prior approval has been obtained from the Chief Finance Officer.
- 10.5 An appropriate VAT receipt must be obtained for all items of expenditure. Receipted vouchers, signed by the recipient of the reimbursement must support all expenditure.
- 10.6 Staff responsible for a petty cash account must keep adequate records to support expenditure, in a form approved by the Chief Finance Officer.
- 10.7 Staff responsible for a petty cash account must, if requested, give the Chief Finance Officer a certificate as to the state of the account.
- 10.8 Each Executive Director must arrange for a periodic (but not less than every six months) check of petty cash accounts under his/her control by a member of staff other than those directly responsible for the operation of the account.
- 10.9 Where the immediate need for a petty cash account or float ends, the petty cash or float holder must account to the Chief Finance Officer for the total amount advanced and pay the balance of the petty cash account or float back to the Council's main bank account.
- 10.10 Where the petty cash or float holder ceases to be the person responsible for it, the accuracy of the records and cash held must be agreed with their line manager.

### **11. INCOME**

- 11.1 The Executive Director, Finance and Resources has overall responsibility for processing or collecting all income due to the Council. All income received will be recorded in a form approved by him and in accordance with the requirements of the Accounts and Audit Regulations.
- 11.2 The Executive Director, Finance and Resources must be promptly notified of all monies due to the Council including receipts under contracts, leases and other agreements. Invoices must be raised using the corporate invoicing system for all sums of £10 and over. Sufficient information to allow all amounts due to be correctly recorded and collected must be provided.
- 11.3 Each Executive Director must, for their service area:
  - Maintain comprehensive records as to work done, goods supplied, services rendered and amounts due to the Council as required by the Executive Director, Finance and Resources;
  - Arrange for the billing, chasing and collection of monies due to the Council, in a manner to be agreed with the Executive Director, Finance and Resources. NB Invoices must be raised in respect of work done, services rendered, etc. within 10 working days of the work being done, services rendered, etc.
- 11.4 Prompt, appropriate action should be taken to ensure all monies due to the Council are recovered in full, in a timely fashion. Where payment of outstanding monies is not forthcoming, action, including legal action, may be taken to recover and secure these sums.
- 11.5 All money received by a member of staff on behalf of the Council must be banked in its entirety (i.e. without any deductions) at the earliest opportunity (i.e. no more than one week from the date of receipt). All paying-in slips must show a reference to the related debt (such as the receipt number or the name of the debtor) or the origin of the cheque. The name of the relevant service area or a reference to the related debt must be written or printed on the reverse of each cheque.

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- 11.6 Personal cheques must **not** be cashed out of money held on behalf of the Council.
- 11.7 Acceptance of payments by debit or credit cards, or any form of electronic payment (including payments over the internet) must only be in accordance with procedures laid down by the Chief Finance Officer.
- 11.8 Every transfer of official money from one member of staff to another must be recorded by the recipient and signed by both members of staff involved in the transaction.

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- 11.9 The writing off of irrecoverable debts can only be authorised by the Chief Finance Officer in accordance with the Council's Scheme of Delegation, including authority as delegated by him as follows:

<u>Value</u>	<u>Authorised Officer</u>	<u>Additional approval required?</u>
Below £5,000	Revenues and Benefits Manager	No

In addition, the Chief Finance Officer has delegated to the Property Services Manager authority to write off debts associated with industrial estates and other associated land debt – subject to a limit of £500 per debt.

- 11.10 Scales of charges within the Council's control must be reviewed at least annually. These reviews will include activities where no charges are being made. The reviewing officer must make a written report to the Cabinet following consultation with the Chief Finance Officer.

**12. USE OF CREDIT CARDS**

- 12.1 Council credit cards must only be used on an exception basis. Where arrangements exist, or can easily be set up with suppliers using the Purchase Order Processing (POP) system, Council credit cards must not be used. Where items are purchased on a regular basis, the Procurement Team must be contacted to add the suppliers to POP. Orders for work, goods and services must be made in accordance with Section 14 of Financial Regulations.
- 12.2 Council credit cards must not be used for minor items where petty cash would be more appropriate.
- 12.3 Council credit cards must only be used for Council business and **not** for personal use. This includes subsistence expenses and petrol purchases when on Council business. These must be claimed through the payroll system.
- 12.4 Use of Council credit cards for Internet purchases will only be authorised if it can be established with the Procurement team that it is the most cost effective option.
- 12.5 Applications for a Council credit card must be made using the approved form available from Accountancy. The form must be signed by the Line Manager and submitted to the Chief Finance Officer, stating the need for the card. The Chief Finance Officer will only approve applications where the need can be verified and use of an existing Council credit card is not practical.
- 12.6 Details of expenditure must be entered on to the Expenditure Form supplied by Accountancy and relevant VAT receipts attached. The form must be authorised by the Line Manager and submitted to accountancy prior to payment of the credit card bill. In signing the form, the Line Manager is confirming that the costs have been incurred as a result of legitimate Council use.
- 12.7 Where an Internet order has been placed using a Council credit card, the confirmation of the order must be attached to the expenditure form to ensure that there is a record within the Council of the purchase.
- 12.6 Use of **personal** credit cards during Council business is not permitted, except for legitimate subsistence expenses and petrol purchases, where such expenses are submitted to Personnel Services for reimbursement through the payroll system.

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**13. PAYMENT OF ACCOUNTS**

- 13.1 Apart from petty cash accounts (see Financial Regulation 10) the normal method of payment of money due from the Council must be by cheque or electronic transfer (including Council credit cards). Payments must be undertaken by the Chief Finance Officer or, in the case of credit card payments, by the authorised Council credit card holder.
- 13.2 When recording on POP that the ordered goods or services have been received or before authorising payment, the authorising member of staff must be satisfied that:
- (a) The work, goods or services to which the invoice relates have been received, carried out, examined and approved;
  - (b) The prices, calculations, trade discounts, other allowances, credits and tax are correct;
  - (c) The relevant expenditure has been properly incurred and is within the relevant estimate provision;
  - (d) Appropriate entries have been made in inventories, stores records or stock books as required; and
  - (e) The invoice has not been previously passed for payment and is a proper liability of the Council.
- 13.3 When completing an invoice certification slip, at least two members of staff must be involved – one person must not complete all sections of the certification slip. If one person completes all sections, the Chief Finance Officer may return the invoice to the relevant Executive Director for approval.
- 13.4 All discounts available from a supplier are to be taken as a deduction against the cost of goods purchased and must appear on the invoice. Where a supplier provides a free item, or where a discount is only available as goods, the free item or goods may be accepted and will become Council property. Arrangements for their use for Council purposes or disposal will be made by the Executive Director, who must maintain a record of items so acquired, and arrange as appropriate for their entry into stock, stores or inventory records or their disposal in accordance with these Financial Regulations.
- 13.5 Staff must not, under any circumstances, process anything which would result in a payment to themselves or their immediate family. Where it is intended that the Council pay a member of staff, the invoice(s) concerned must be checked and authorised by another approved member of staff.
- 13.6 Invoices may be examined and enquiries made and explanations sought to the extent that the Chief Finance Officer may require.
- 13.7 Invoices must be paid within Council-agreed or Government-dictated time limits, unless they are formally disputed.
- 13.8 Any amendment to an invoice must be made in a manner approved by the Chief Finance Officer, stating briefly the reasons where they are not self-evident.
- 13.9 Each budget holder must, as soon as possible after 31st March and not later than such date as agreed in the closure of accounts timetable each year, notify the Chief Finance Officer of all outstanding expenditure relating to the previous financial year for goods and services received in that year.

**14. ORDERS FOR WORK, GOODS AND SERVICES**



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- 14.1 All purchases must be made, or contracts let, in full compliance with the Council's Contract Standing Orders.
- 14.2 The requirements of European and domestic legislation must be followed where appropriate. For interpretation of the legislation, guidance should be sought from the Procurement Team.
- 14.3 Each order must conform to the directions of the Council with respect to central purchasing and the standardisation of supplies and materials where rules on these exist.
- 14.4 Orders must be raised using the Purchase Order Processing (POP) system whenever possible. Manual orders can only be used where the POP system is not available. Verbal orders may only be given as a matter of true urgency and must be confirmed by an official order without delay, irrespective of the value of the order.
- 14.5 Orders must be placed in such a way as to ensure that the best interests of the Council are met. Under no circumstances must they be split or disaggregated to avoid the Council's requirements, EU competition requirements, Contract Standing Orders or these Financial Regulations.
- 14.6 Orders must be issued for goods or services supplied to the Council except for:
- public utility services;
  - periodical payments such as rent or rates;
  - formal contracts;
  - professional subscriptions; and
  - credit card, internet or petty cash purchases.
- The order must be raised prior to the receipt of the goods or services.
- 14.7 Official orders must not be used for any personal or private purchases, nor must personal or private use be made of Council contracts.
- 14.8 Executive Directors must authorise staff to raise orders but this does not remove their responsibility for official orders issued from their service.
- 14.9 The names of staff permitted to raise or authorise orders must be submitted to the Chief Finance Officer, together with agreed authorisation limits, and specimen signatures. Authorisation details must be amended as a result of any change of staff and/ or structure.
- 14.10 Each Executive Director is responsible for ensuring that the cost of orders are within the overall approved estimates and that Contract Standing Orders have been complied with, where appropriate. Where expenditure is incurred in an emergency, the relevant Executive Director is responsible for obtaining any subsequent authorisation that may be required.
- 14.11 Electronic ordering of goods and services via the internet may be undertaken by those officers who are either authorised signatories or authorised Council credit card holders. Invoices relating to goods or services ordered by these means must be processed through the Council's normal creditor payment method or by Council credit card.
- 14.12 Orders must indicate clearly the quantity, quality and nature of the goods, works and services and the contract or agreed prices or rates. Any delivery charges, carriage or post and packing charges must be included in the order.
- 14.13 Where a Goods Received Note (GRN) or similar is received with delivered goods, this should be checked against delivery and either signed as correct or any discrepancies noted. If the goods cannot be readily checked, the GRN should be signed as unchecked. Only the goods actually received should be booked in to the POP system, to allow payment to be made to the

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supplier/ contractor in those instances where the order was originally made by means of the POP system.

- 14.14 Where an order was placed via the POP system, the subsequent Goods Received Notes must be processed onto POP within 5 working days of receipt.
- 14.15 A copy of any paper order must, if so required, be supplied to the Chief Finance Officer.

### **15. CONTRACTS FOR ICT**

- 15.1 Any software procurement over the value of £10,000 must be submitted to the ICT Development Group. Projects under the value of £10,000 should be agreed with the ICT Manager before procurement. It will be the responsibility of the ICT Manager and/or the ICT Development Group to ensure that the process of ICT Governance is followed for each authorised project.

### **16. CONTRACTS FOR BUILDING, CONSTRUCTION OR ENGINEERING WORK**

- 16.1 Interim payments to contractors must only be made on a certificate issued by the appropriate Executive Director or his/ her authorised representative and must comply with all tax requirements. Payments may be made against interim valuations of the works undertaken to date or materials obtained and on site.
- 16.2 All contracts over £100,000 must be sealed as required by Contract Standing Orders and will therefore be entered on the Contracts Register held by Legal Services.
- 16.3 Where the contract payments are made by stage/ interim payments, a record must be kept by the Contract Manager to monitor payments made and amounts outstanding.
- 16.4 Subject to the provisions of the contract, every extra or variation must be authorised in writing by the appropriate Executive Director (or his/ her authorised representative) as appropriate and give an estimate of the additional cost or saving of the variation.
- 16.5 At the practical completion of the contract and before the issue of the final payment certificate, the appropriate member of staff, private architect, engineer or consultant must give the Chief Finance Officer a detailed financial statement of the contract, and all relevant supporting documents.
- 16.6 Where completion of a contract is delayed beyond the period of the contract, it is the duty of the Executive Director concerned to take appropriate remedial action. After consultation with the Chief Finance Officer and the Monitoring Officer, the agreed action taken must be reported to the Cabinet.

### **17. INSURANCE**

- 17.1 The Chief Finance Officer is responsible for arranging all insurance cover for the Council, and where appropriate negotiating all claims, in consultation with other members of staff as necessary.
- 17.2 Executive Directors must give prompt notification to the Chief Finance Officer of all new risks, properties or vehicles that need to be insured and of any alterations affecting existing insurance arrangements.

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- 17.3 Executive Directors must immediately notify the Chief Finance Officer in writing or by completing an appropriate claim form of:
- any loss, liability or damage or any event likely to lead to a claim. The Chief Finance Officer and the Audit Manager must be informed of any case which appears may lead to criminal proceedings.
  - Any changes to existing services that may increase or decrease risk, any incidents or potential claims that arise, must be notified to the Chief Finance Officer within 5 working days of the change becoming apparent
- 17.4 All employees of the Council are included in suitable fidelity guarantee insurance. For cover under this policy to be applicable, two suitable references must be obtained for all new employees.
- 17.5 The Chief Finance Officer must, at least annually, review all insurance cover in consultation with Executive Directors.
- 17.6 Executive Directors must consult the Chief Finance Officer and the Monitoring Officer concerning the terms of any indemnity which the Council is requested to give.

**18. STOCKS AND STORES**

- 18.1 Each Executive Director must ensure the safe custody and physical control of the stocks and stores under his/her supervision.
- 18.2 Stocks must not exceed normal requirements except in special circumstances with the approval of the relevant Executive Director.
- 18.3 Executive Directors must arrange for periodical test checks of stocks by persons other than storekeepers and must ensure that all stocks are checked at least once in every year.
- 18.4 All records and accounts relating to stocks and stores must be in a form approved by the Chief Finance Officer. Each responsible member of staff must supply the Chief Finance Officer with sufficient information relating to stocks and stores to allow for the proper accounting, costing and financial records of the Council to be prepared and maintained.

**19. INVENTORIES**

- 19.1 The Chief Finance Officer will maintain an inventory, as described in the Inventory Procedures, of a variety of items for the purpose of ensuring they are adequately and appropriately insured against loss, damage or theft. The ICT service will maintain a continuous inventory of all computer-related items.
- 19.2 Each Executive Director must advise the Chief Finance Officer, upon request, of any changes to the inventory list held by him/ her. Where valuable or highly attractive new equipment or other insurable item is either acquired or disposed of (by whatever means), the Chief Finance Officer must be advised accordingly in order to ensure they are insured appropriately.
- 19.3 As far as is practicable, each Executive Director must mark furniture, equipment, plant and technical equipment as being Council property using a unique inventory identity number. Where items are leased, the relevant leasing information must be recorded in the inventory records.
- 19.4 Except in accordance with specific directions issued by the Executive Director concerned, Council property may only be removed from Council premises in accordance with the ordinary course of the Council's business for the Council's purposes.

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**20. DISPOSALS (except Land and Property Assets)**

- 20.1 Before an item is disposed of, consideration should be given as to whether there is a use for the item elsewhere within the Council.
- 20.2 Any asset or item of stock deemed obsolete or surplus to requirements must, where the expected loss on disposal is no more than £2,500, be sold or disposed of on the authorisation of the responsible Executive Director. Where the expected loss on disposal exceeds £2,500, the approval of the Chief Finance Officer must also be obtained.
- 20.3 It is the responsibility of each Executive Director to establish that legal title rests with the Council prior to the disposal of any item.
- 20.4 Leased items should only be disposed of in accordance with the instructions of the lessor.
- 20.5 All items with a significant market value should be disposed of via public auction (other than land, which is to be disposed of in accordance with Contract Standing Orders).
- 20.6 Wherever an item is disposed of, the appropriate stock or inventory record must be updated to reflect the disposal.

**21. LAND & PROPERTY ASSETS**

- 21.1 The Property Services Manager will maintain a record of all the Council's land and property interests, stating the purposes for which the land is held, the location, the extent and plan reference, purchase details, particulars or nature of interest, rents payable and particulars of tenancies granted. This will include land and property under lease or rent.
- 21.2 The Monitoring Officer will keep all title deeds in a secure location.
- 21.3 All acquisitions and disposals of land must be undertaken in compliance with the Council's Contract Standing Orders.
- 21.4 Where land or property is disposed of at or below the current market value or in any exchange, this must comply with the requirements of the relevant legislation, as updated by the latest Statutory Instrument or Consent.

**22. COMPUTER SECURITY**

- 22.1 The ICT Manager is responsible for maintaining the proper security and privacy of electronic information held on the Council's network and any associated storage media or for its use. Executive Directors are responsible for maintaining the proper security and privacy of information held in user applications for which they are responsible, in conjunction with the ICT Manager.
- 22.2 The ICT Manager is responsible for ensuring that procedures are adhered to for maintaining the privacy and security of all computerised data held by the Council in electronic form, as set out in the ICT Policy Documents.
- 22.3 Each Executive Director is responsible for notifying the Data Protection Officer and the Chief Finance Officer of all new computer applications and administrative records and procedures so they can be assessed for notification under the Data Protection Act and compliance with ICT Governance.

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**23. SECURITY - GENERAL**

- 23.1 Each Executive Director is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, etc. under his/her control. He/she must consult the Chief Finance Officer in any case where security is thought to be inadequate or where it is considered that special security arrangements are necessary.
- 23.2 Maximum limits for cash holdings must be agreed with the Chief Finance Officer and must not be exceeded without his/her express permission.
- 23.3 Keys to safes and similar receptacles are to be with the designated keyholder at all times. Such keys must not be left on site when the premises are not occupied by Council staff, unless expressly approved by the Chief Finance Officer. The loss of any such keys must be reported to the Chief Finance Officer as soon as their loss has been noticed.
- 23.4 Each Executive Director must ensure that personal data that no longer needs to be retained is securely and confidentially disposed of.

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**Appendix 1 GROUND RULES FOR BUDGET TRANSFERS**

1. These Ground Rules apply where:
  - (a) an expenditure budget is going to be exceeded or there will be a shortfall in income
  - (b) there will be a saving on expenditure or additional income has been generated and an Executive Director wishes to utilise it.
2. Expenditure on capital financing costs, and support services (including computers) and interest on capital receipts fall outside these ground rules.
3. For the purpose of these Ground Rules, the following definitions apply:
  - (a) **Transfer**  
The movement of budgetary provision between budget heads. A budget head is defined as a line appearing in a service budget.
  - (b) **Portfolio Holder** will be taken to mean the Councillor who is responsible for an area of the Council's activities as agreed by Council.
  - (c) **Executive Director** means a member of the Council's Management Team and who is responsible for managing any of the Council's functions, as defined in the Council's Constitution.
  - (d) "Key decisions" are as defined in the Council's constitution as an executive decision which is likely to:
    - (i) result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council 's budget for the service or function to which the decision relates; or
    - (ii) be significant in terms of their effect on communities living or working in the area comprising two or more wards and electoral divisions in the Council's area.

N.B. Significant under (i) above is defined as being greater than £250,000  
Significant under (ii) above is one third of the resident population in a ward.
4. The procedures for dealing with transfers are as follows:

Up to £250,000	The portfolio holder(s) has (have) delegated authority subject to the action not being considered a key decision.
Over £250,000	Cabinet to approve
5. When completing a transfer of budget provision using delegated authority, the Exercise of Delegated Authority form must be completed.
6. In addition, all cases of transfer of budget provision will be recorded by the Chief Finance Officer.
7. Budget transfers shall only be undertaken if:
  - (a) the proposed savings or additional income to fund any overspend are achievable.

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- (b) the additional expenditure will, in fact, arise and the particular budget will not then be overspent or the expected income will be achieved to finance the budget transfer.
  - (c) The total of the budget based upon a portfolio holder's area of responsibility will not be overspent.
- 8. Savings in non-recurring expenditure or additional income should not be used to finance additional recurring expenditure.
  - 9. Transfers must not be made into permanent staffing budgets.
  - 10. Savings on staffing budgets can be used for non-recurring costs where they arise from a positive decision to produce savings.
  - 11. Transfers made across portfolio areas will be subject to agreement of all relevant portfolio holders.

**Transfers from reserves**

- 12. Decisions involving additional resources from ear-marked reserves may be made by any portfolio holder up to a maximum of £100,000 per Portfolio Holder in any financial year, subject to compliance with Financial Regulations.
- 13. Where a reserve exists for a specific purpose (e.g. a renewal or repair reserve), the Chief Finance Officer may withdraw funds from that reserve, PROVIDED THAT the withdrawals to finance an item or items of expenditure related to the reasons for the existence of the reserve, up to a value of £50,000 per annum. Any necessary withdrawal that exceeds this amount additionally required the approval of the relevant portfolio holder.
- 14. Where any decision has been made without regard to Financial Regulations and it is noted prior to the commitment or spending, the Chief Finance Officer and the Monitoring Officer will have the authority to defer the payment until further discussions have been undertaken with the relevant portfolio holder.