

**CHERWELL DISTRICT COUNCIL**  
**FINANCIAL PROCEDURE RULES**

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## 1. Financial Procedure Rules

### 1.1 Introduction

1.1.1 Financial Procedure Rules are part of the constitution and provide the framework for managing the financial affairs of Cherwell District Council. They apply to every Member and all staff and anyone acting on their behalf, including contractors. These rules are not intended to be a constraint on service delivery. The Council is committed to innovation provided the necessary risk assessment and safeguards are in place. References to "Council" refers to Cherwell District Council. These rules must be read with the Contract Procedure Rules which together provide a comprehensive framework for financial management of the Council. Where there is reference to current guidance in these rules this means the latest approved version of that guidance regardless of the references given, which may not always be up to date.

1.1.2 These regulations set out the financial responsibilities of the:

Full Council

Executive

Committees and Sub-Committees

Chief Executive

Executive Directors

Assistant Director of Finance, the "Section 151 Officer"

Assistant Director Law and Governance, the "Monitoring Officer"

Assistant Directors

The Chief Executive, Executive Directors and Statutory Officers are collectively known as the Corporate Leadership Team (CLT). The inclusion of Directors, Assistant Directors and Heads of services are known as the Extended Leadership Team (ELT).

1.1.3 Written records must be kept where decision-making has been delegated. The Assistant Director of Finance should have the original signed copy of all financial delegations. Any reference to writing in this document includes all electronic communication.

1.1.4 All Councillors and staff 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, properly authorised, and delivers value for money.

- 1.1.5 The Section 151 Officer, is responsible for the financial probity of the Council.
- 1.1.6 The Section 151 Officer is responsible for maintaining a continuous review of the Financial Procedure Rules and for submitting any additions or changes necessary for approval. The Section 151 Officer may amend these Rules where required by statutory change or administrative error.
- 1.1.7 The Section 151 Officer is responsible for reporting breaches of the financial regulations to the Executive or the relevant lead member.
- 1.1.8 Throughout these rules there is reference to the Section 151 Officer. Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a Section 151 Officer, to have responsibility for those arrangements. This is currently the Assistant Director of Finance, or their nominated deputy, . Throughout these rules the Deputy Section 151 Officer may take action in the absence of the Section 151 Officer.

## **1.2 Relationship with Other Documents**

- 1.2.1 These regulations must be read in conjunction with the Constitution and the powers set out in the Scheme of Delegation. These regulations work together with the Contract Procedure Rules.
- 1.2.2 These Financial Procedure Rules set out broad control principles whilst the Detailed Financial Regulations, which appear in each section, set out in more detail how the requirements imposed by the Financial Procedure Rules can be met in practical operational terms.
- 1.2.3 The Section 151 Officer shall approve such subsidiary rules and procedures as are necessary to support the Financial Procedure Rules.
- 1.2.4 The Extended Leadership Team (ELT) are responsible for ensuring that their staff receive sufficient training to enable them to be aware of, and comply with, the requirements of the Contract Procedure Rules, Financial Procedure Rules and the Detailed Financial Regulations.
- 1.2.5 The Section 151 Officer is responsible for issuing advice and guidance on any matters related to the Financial Procedure Rules and Detailed Financial Regulations.
- 1.2.6 In these regulations, all references to Assistant Directors apply equally and, where appropriate, to the Chief Executive, Executive Directors and Directors.

1.2.7 Nothing in these Financial Procedure Rules prevents expenditure being incurred which is essential to meet any sudden emergency or which is referable to Section 138 of the Local Government Act 1972, subject to such expenditure being reported as soon as practicable to the Executive. This is in line with the urgency powers contained in the Scheme of Delegation.

## 2. Financial Management

### 2.1 Introduction

2.1.1 Financial Management covers all financial accountabilities in relation to the running of the Council, including the policy framework and budget.

2.1.2 The responsibilities of the Council, the Executive and Committees are in the Constitution, as are the roles of the statutory officers of the Council.

2.1.3 The Council itself must legally provide the Section 151 Officer with sufficient staff, accommodation and other resources to carry out their statutory duties. The Section 151 Officer will determine what they deem to be sufficient.

### 2.2 **Financial Management Standards**

2.2.1 All staff and Members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the financial control environment which safeguards resources and ensures their optimum use contributes to the goals and requirements of the organisation.

#### **Key Controls**

2.2.2 The financial control environment consists of budgetary control, final accounts, governance, financial administration, internal review and external review. It includes:

- (a) Promotion of the control objectives throughout the Council including controls enforced by the accountancy software
- (b) A monitoring system to review compliance with financial standards and regular comparisons of performance indicators and benchmark standards that are reported to the Executive, Overview and Scrutiny Committee and Budget Planning Committee.

### **Responsibilities of the Section 151 Officer**

- 2.2.3 Statutory duty to ensure the proper administration of the financial affairs of the Council.
- 2.2.4 To set the financial management standards and to monitor compliance with them.
- 2.2.5 To ensure proper professional practices are adhered to and to act as head of profession in relation to the standards, performance and development of finance staff throughout the Council.
- 2.2.6 To advise on the corporate financial position and on the key strategic controls necessary to secure sound financial management.
- 2.2.7 To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.
- 2.2.8 To prepare the revenue budget and the capital programme and to oversee investments in accordance with the capital strategy and treasury management policies.
- 2.2.9 Under Section 114 of the Local Government Finance Act 1988, a statutory duty to report to Council if any decision is made, or about to be made, which involves incurring unlawful expenditure, or an unlawful action resulting in loss or deficiency to the Council, or an unlawful entry in the Council's accounts.

### **Responsibilities of Extended Leadership Team**

- 2.2.8 To promote the financial management standards set by the Section 151 Officer in their service areas and to monitor adherence to the standards, ensuring financial implications of decisions are agreed with the Assistant Director of Finance & Section 151 Officer or the in accordance with the Scheme of Delegation.

2.2.9 To promote sound financial practices in relation to the standards, performance and development of staff in their service areas.

2.2.10 Demonstrate that the services provided by the Council provide value for money and clear responsibility for governance and internal control as set out in the Financial Management Code.

## **2.3 Virement**

2.3.1 Virement means switching resources between approved estimates or heads of expenditure. It is intended to enable budgets to be managed with a degree of flexibility. The overall policy framework is determined by Full Council to optimise the use of resources.

### **Key Controls**

2.3.2 Key controls for the scheme of virement are:

- (a) It is administered by the Assistant Director of Finance within guidelines set by Full Council. Any variation from this scheme requires the approval of Full Council.
- (b) The overall budget is recommended by the Executive and approved by Full Council. Assistant Directors and nominated Budget Managers are authorised to incur expenditure in accordance with the estimates that make up the General Fund Revenue Budget and the Capital Programme. For the purposes of this scheme, a budget head is considered to be at sub-service level overseen by Assistant Directors. (which incorporates the).
- (c) Virement must not result in an overall increase in net budget requirement.
- (d) Virements shall not be made across ring-fenced accounts. Resources may not be vired between revenue and capital accounts.

**2.3.3 Revenue Virement powers are as follows:**

Officer/Body	Power	Constraints
Chief Executive, Executive Directors, Directors and Assistant Directors	<p>The transfer of revenue budget provision within a budget head (i.e. cost centre/ combination of cost centres overseen by an Assistant Director)</p> <p>Maximum size of virement £100,000</p>	<p>Must not exceed approved net expenditure for budget head.</p> <p>No significant change in Council policy (Executive approval required - see below)</p> <p>Cannot use over £10,000 in additional external income (Section 151 Officer approval required - see below)</p> <p>No increase in future years' net expenditure</p> <p>Signed confirmation by Assistant Director</p> <p>No virement involving internal recharges will be allowed.</p> <p>No virement from specified "Major Budget Heads" (Executive approval required - see below) Formal request to and confirmation by Section 151 Officer</p>
Section 151 Officer	<p>The above plus the transfer of revenue budget provision between budget heads controlled by different Assistant Directors.</p> <p>Virement which involves additional income over £10,000</p> <p>Maximum size of virement £250,000</p>	<p>Must not exceed overall service net expenditure budget.</p> <p>No significant change in Council policy (Executive approval required - see below)</p> <p>No increase in future years' net expenditure</p>
Executive	<p>Any virement over £250,000 or which involves a significant change in Council policy</p>	<p>None, other than statutory constraints and those limits contained within the Budget and Policy Framework Procedure Rules</p>

## 2.4 Treatment of Year-End Balances

2.4.1 The rules below cover arrangements for the transfer of resources between accounting years, i.e. a carry-forward. For the purposes of this scheme, a budget heading is an Assistant Directors service area in the approved budget.

### Key Controls

2.4.2 Appropriate accounting procedures are in operation to ensure that carried-forward totals are correct.

### Responsibilities of the Section 151 Officer

2.4.3 To administer the scheme of carry-forward in line with the Reserves Policy approved by the Executive.

2.4.4 To report all overspend and underspend on service estimates carried forward to the Executive.

### Responsibilities of Assistant Directors

2.4.5 Any overspend on service estimates in total on budgets under the control of the Assistant Director must be carried forward to the following year and will constitute the first call on service estimates in the following year. The Section 151 Officer will report the extent of overspend carried forward to the Executive and to the Full Council.

2.4.6 Net underspend on service estimates under the control of the Assistant Director may be carried forward, subject to:

- (a) the Council and Directorate having an overall underspend
- (b) reporting to the Executive the source of underspend or additional income and the proposed application of those resources
- (b) the approval of the Executive where the underspend exceeds 10% of the individual budget heading (where this amounts to £10,000 or more) or £50,000, whichever is less.

## 2.5 Accounting Policies

2.5.1 The Section 151 Officer is responsible for the preparation of the Council's statement of accounts, in accordance with proper practices as set out in the format required by the Code of Practice on Local Council Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC [Local Authority Scotland Accounts Advisory Committee]), for each financial

year ending 31 March.

### **Key Controls**

2.5.2 The key controls for accounting policies are:

- (a) Systems of internal control are in place which ensure that financial transactions are lawful
- (b) Suitable accounting policies are selected and applied consistently
- (c) Proper accounting records are maintained
- (d) Financial statements are prepared which present fairly the financial position of the Council and its expenditure and income.

### **Responsibilities of the Section 151 Officer**

2.5.3 To select suitable accounting policies and to ensure that they are applied consistently. The accounting policies are set out in the statement of accounts, which is prepared at 31 March each year.

### **Responsibilities of Extended Leadership Team**

2.5.4 To adhere to the accounting policies and guidelines approved by the Section 151 Officer

## **2.6 Accounting Records and Returns**

2.6.1 Maintaining proper accounting records is one of the ways in which the Council discharges its responsibility for stewardship of public resources. The Council has a statutory responsibility to prepare its annual accounts so as to present fairly its operations during the year. These are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing value for money in the use of the Council's resources.

### **Key Controls**

2.6.2 The key controls for accounting records and returns are:

- (a) all Executive, finance staff and budget managers operate within the required accounting standards and timetables
- (b) all the Council's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis
- (c) procedures are in place to enable accounting records to be reconstituted in the event of systems failure

- (d) reconciliation procedures are carried out to ensure transactions are correctly recorded
- (e) prime documents are retained in accordance with legislative and other requirements.

### **Responsibilities of the Section 151 Officer**

- 2.6.3 To determine the accounting procedures and records for the Council. Where these are maintained outside the Finance service, the Section 151 Officer should consult the Assistant Director concerned.
- 2.6.4 To arrange for the compilation of all accounts and accounting records under their direction.
- 2.6.5 To comply with the following principles when allocating accounting duties:
  - (a) separating the duties of providing information about sums due to or from the Council and calculating, checking and recording these sums from the duty of collecting or disbursing them
  - (b) employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
- 2.6.6 To make proper arrangements for the audit of the Council's accounts in accordance with the Accounts and Audit Regulations (England) Regulation 2011.
- 2.6.7 To ensure that all claims for funds, including grants, are made by the due date.
- 2.6.8 To prepare and publish the audited accounts of the Council for each financial year, in accordance with the statutory timetable and with the requirement for the Full Council (or a Committee – at CDC, responsibility sits with the Accounts, Audit and Risk Committee) to approve the statement of accounts before the statutory deadline.
- 2.6.9 To administer the Council's arrangements for under and overspends to be carried forward to the following financial year.
- 2.6.10 To ensure the proper retention of financial documents in accordance with the information management policies of the Council.

### **Responsibilities of Extended Leadership Team**

- 2.6.11 To consult and obtain the approval of the Section 151 Officer before making any changes to accounting records and procedures.

2.6.12 To comply with the principles outlined in paragraph 2.6.5 when allocating accounting duties.

2.6.13 To maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements and to ensure there is a clear written scheme of delegation in their area identifying staff with authority to act on their behalf and the limits on that authority.

2.6.14 To supply information required to enable the statement of accounts to be completed in accordance with guidelines issued by the Section 151 Officer.

## **2.7 The Annual Statement of Accounts**

2.7.1 The Council has a statutory responsibility to prepare its own accounts to present fairly its operations during the year. The Full Council (or a Committee – at CDC, responsibility sits with the Accounts, Audit and Risk Committee) is responsible for approving the statutory annual statement of accounts.

### **Key Controls**

2.7.2 The key controls for the annual statement of accounts are:

the Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs. In Cherwell District Council, that officer is the Assistant Director of Finance & Section 151 Officer.

The Council's statement of accounts must be prepared in accordance with proper practices as set out in the Code of Practice on Local Council Accounting in the United Kingdom: A Statement of Recommended Practice (the SORP) (CIPFA/LASAAC).

### **Responsibilities of the Section 151 Officer**

2.7.3 To select suitable accounting policies and to apply them consistently.

2.7.4 To make judgements and estimates that are reasonable and prudent.

2.7.5 To comply with the latest Code of Practice on Local Authority Accounting (SORP)

2.7.6 To sign and date the statement of accounts, stating that it presents fairly the financial position of the Council at the accounting date and its income and expenditure for each financial year ended 31 March.

2.7.7 To draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.

- 2.7.8 To report to the Executive the outturn figures for the preceding financial year and draw attention to any major departures from budget and/or matters of importance as soon as practicable after the end of that year.

### **Responsibilities of the Extended Leadership Team**

- 2.7.9 To comply with accounting guidance provided by the Section 151 Officer and to supply the Section 151 Officer with information when required.

## **3. Financial Planning**

### **3.1 Introduction**

- 3.1.1 Full Council is responsible for agreeing the Council's policy framework and budget, which will be proposed by the Executive. In terms of financial planning, the key elements are:

- the business plan
- the revenue budget
- the capital programme
- the medium term financial strategy
- the treasury management strategy
- the capital strategy

- 3.1.2 Where responsibility is given to an Assistant Director to report to Executive, this will be carried out following full consultation with the Corporate Leadership Team

### **Policy Framework**

- 3.1.3 Full Council is responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework.
- 3.1.4 Full Council is responsible for setting the level at which the Executive may reallocate budget funds from one service to another. The Executive is responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by the Council.

## **3.2 Budgeting**

### **Budget Format**

3.2.1 Budgets allow the Council to plan, authorise, monitor and control the way money is allocated and spent. It is illegal for an authority to budget for a deficit. Prudential borrowing is permitted to pay for capital assets, but provision must be made to repay this borrowing in line with the Council's Minimum Revenue Provision Policy within the revenue budget and medium-term financial strategy. The general format of the budget will be approved by the Full Council and proposed by the Executive on the advice of the Section 151 Officer. The draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds.

### **Budget Preparation**

- 3.2.2 The Section 151 Officer, in consultation with Corporate Leadership Team, is responsible for ensuring that a revenue budget is prepared on an annual basis and a medium term financial plan on at least a three-yearly basis for consideration by the Executive, before submission to Full Council. Full Council may amend the budget or ask the Executive to reconsider it before approving it.
- 3.2.3 The Executive is responsible for issuing guidance on the general content of the budget in consultation with the Section 151 Officer or Assistant Director of Finance as soon as possible following approval by the Full Council. This takes the form of the issuing of the Budget Book and/or ensuring formal acceptance of annual budgets by Assistant Directors.
- 3.2.4 It is the responsibility of the Corporate Leadership Team to ensure that budget estimates reflecting agreed service plans are submitted to the Executive and that these estimates are prepared in line with guidance issued by the Executive.

### **Budget Monitoring and Control**

- 3.2.5 The Section 151 Officer is responsible for providing appropriate financial information to enable budgets to be monitored effectively. The Section 151 Officer must monitor and control expenditure against budget allocations and report to the Executive on the overall position on a regular basis.
- 3.2.6 It is the responsibility of Assistant Directors and other budget holders to control income and expenditure within their areas and to monitor performance, taking account of financial information provided by the Section 151 Officer (who is the Assistant Director of Finance). They should report on variances within their own areas. They should also take any action necessary to avoid exceeding their budget allocation and alert the Section 151 Officer or to any problems, and report to the Leadership Team as soon as possible thereafter.

## Preparation of the Capital Programme

3.2.7 The Section 151 Officer is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the Executive before submission to Full Council. The capital programme is a minimum three-year rolling programme based on the priorities of the council.

### Guidelines

3.2.8 Guidelines on budget preparation are issued to Members, and the Executive Leadership Team by the Executive following agreement with the Assistant Director of Finance & Section 151 Officer. The guidelines will take account of:

- legal requirements
- medium-term planning prospects
- available resources
- spending pressures
- relevant government guidelines
- other internal policy documents
- cross-cutting issues (where relevant)

### Maintenance of Reserves

3.2.9 It is the responsibility of the Section 151 Officer to advise the Executive and/or Full Council on prudent levels of reserves for the Council.

## 3.3 The Council's Business Plan

3.3.1 The purpose of the Business Plan is to explain overall priorities and objectives, current performance, and proposals for further improvement. It is a key element in the Council's programme of engaging with the public.

### Key Controls

3.3.2 The key controls for the plans are:

- (a) to ensure that all relevant plans are produced and that they are consistent
- (b) to produce plans in accordance with any statutory requirements
- (c) to meet the timetables set
- (d) to ensure that all performance information is accurate, complete and up to date
- (e) to provide improvement targets which are meaningful, realistic and challenging.

## Responsibilities of the Section 151 Officer

- 3.3.3 To advise and facilitate the provision of financial information that needs to be included in plans in accordance with agreed timetables.
- 3.3.4 To contribute to the development of corporate and service targets and objectives and performance information.

#### **Responsibilities of the Extended Leadership Team**

- 3.3.5 To ensure that systems are in place to measure activity and collect accurate information for use as performance indicators.
- 3.3.6 To ensure that performance information is monitored sufficiently frequently to allow corrective action to be taken if targets are not likely to be met.
- 3.3.7 To contribute to the development of plans in line with any statutory requirements.
- 3.3.8 To contribute to the development of corporate and service targets and objectives and performance information.

### **3.4 The Budget**

- 3.4.1 The budget explains the way in which financial control and management will be exercised. The format shapes how the rules around virement operate, outlines the operation of budgets and sets the level at which funds may be reallocated within budgets.

#### **Key Controls**

- 3.4.2 The key controls for the budget are:
  - (a) legal requirements and government guidance
  - (b) CIPFA's Code of Practice
  - (c) available resources and spending pressures.

#### **Responsibilities of the Section 151 Officer**

- 3.4.3 To determine the detailed format of the budget

#### **Responsibilities of the Extended Leadership Team**

- 3.4.4 To comply with accounting guidance provided by the Assistant Director of Finance & Section 151 Officer.

### **3.5 Revenue Budget Preparation, Monitoring and Control**

- 3.5.1 Approval of revenue estimates by Council constitutes authority to incur

expenditure as detailed in the budget. Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.

- 3.5.2 Assistant Directors should identify and explain variances against budget in their areas. To ensure that the Council in total does not overspend, each service is required to manage its own expenditure within the agreed budget. Where net overspends are identified Assistant Directors should develop recovery plans
- 3.5.3 For the purposes of budgetary control by managers, a budget will normally be the planned income and expenditure for a service area or cost centre. However, budgetary control may take place at a more detailed level if this is required by the Assistant Director's scheme of delegation.

### **Key Controls**

- 3.5.4 The key controls for managing and controlling the revenue budget are:
- (a) Budget managers should be responsible only for income and expenditure directly under their control.
  - (b) A nominated budget manager for each cost centre heading
  - (c) Budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities
  - (d) Budget managers follow an approved certification process for all expenditure
  - (e) Income and expenditure are properly recorded and accounted for
  - (f) Performance levels/levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget.

### **Responsibilities of the Section 151 Officer or Assistant Director of Finance (where indicated\*)**

- 3.5.5 To establish an appropriate framework of budgetary management and control which ensures that:
- (a) Budget management is exercised within approved estimates unless the Full Council agrees otherwise
  - (b) Each Assistant Director has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities
  - (c) Expenditure is committed only against an approved budget head
  - (d) All officers responsible for committing expenditure comply with relevant guidance, and the financial regulations
  - (e) Each cost centre has a single named manager, determined by the

relevant Assistant Director. (As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure)

- (f) Significant variances from approved budgets are investigated and reported by budget managers regularly.

3.5.6 To administer the Council's scheme of virement\*.

3.5.7 To submit reports to the Executive or to Full Council, in consultation with the Corporate Leadership Scheme, where it is apparent that the budget under the control of an Assistant Director is, or is likely to be, significantly overspent by financial year-end.

3.5.8 To prepare and submit reports on the Council's projected income and expenditure compared with the budget on a regular basis.

### **Responsibilities of the Extended Leadership Team**

3.5.9 To maintain budgetary control within their divisions, in adherence to the principles in 3.5.5, and to ensure that all income and expenditure are properly recorded and accounted for.

3.5.10 To ensure that an accountable budget manager is identified for each item of income and expenditure under the control of the Assistant Director (grouped together in a series of cost centres). As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.

3.5.11 To ensure that only spending covered by a budget provision is incurred, it shall be the duty of Assistant Directors, in consultation with the Leadership Team, to report to the Executive any overspending or shortfall of income against the approved budget head as well as proposed recovery plans, other than where such overspendings can be overcome by virement in accordance with 2.3.3 above.

3.5.12 The Extended Leadership Team must ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and is operating effectively.

3.5.13 The Extended Leadership Team must prepare and submit to the Executive reports on their projected expenditure against budget in consultation with the Assistant Director of Finance & Section 151 Officer or their nominated Deputy.

3.5.14 The Extended Leadership Team must ensure prior approval by the Executive for new proposals, of whatever amount, that:

- (a) create financial commitments in future years

- (b) change existing policies, initiate new policies, cease existing policies or materially extend or reduce the Council's services.

3.5.15 All reports should set out the full financial implications, following consultation with the Assistant Director of Finance & Section 151 Officer or their nominated Deputy.

3.5.16 To ensure compliance with the scheme of virement.

3.5.17 To agree with the relevant Assistant Director where it appears that a budget proposal, including a virement proposal, may impact materially on another service area or Assistant Director's level of service activity.

### **3.6 Budgets and Medium Term Planning**

3.6.1 The Council is a complex organization responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. The budget is the financial expression of the Council's plans and policies.

3.6.2 The revenue budget must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of Full Council. Budgets (spending plans) are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for a Council to budget for a deficit.

3.6.3 Medium-term planning (or a three- to five-year planning system) involves a planning cycle in which Assistant Directors develop their own plans to operate their services within the resources available. As each year passes, another future year will be added to the medium-term plan. This ensures that the Council is always preparing for events in advance.

#### **Key Controls**

3.6.4 The key controls for budgets and medium-term planning are:

- (a) specific budget approval for all expenditure
- (b) that budget managers are consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the Executive for their budgets and the level of service to be delivered
- (c) that a monitoring process is in place to review regularly the effectiveness and operation of budget preparation and to ensure that any corrective action is taken.
- (d) that budget managers and Assistant Directors are involved in the development of medium-term plans including identification of the

resulting service performance and financial implications.

### **Responsibilities of the Section 151 Officer**

- 3.6.5 To prepare and submit reports on budget prospects for the Executive, including resource constraints set by the Government. Reports should take account of medium-term prospects, where appropriate.
- 3.6.6 To determine the detailed form of revenue estimates and the methods for their preparation, consistent with the budget approved by Full Council and after consultation with the Executive and Assistant Directors.
- 3.6.7 To prepare and submit reports to the Executive on the aggregate spending plans under the responsibility of Assistant Directors and on the resources available to fund them, identifying, where appropriate, the implications for the level of Council tax to be levied.
- 3.6.8 To advise on the medium-term implications of spending decisions.
- 3.6.9 To encourage the best use of resources and value for money by working with Assistant Directors to identify opportunities to improve value for money, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.
- 3.6.10 To advise Full Council on Executive proposals in accordance with their responsibilities under section 151 of the Local Government Act 1972.

### **Responsibilities of Extended Leadership Team**

- 3.6.11 To prepare estimates of income and expenditure, in consultation with the Assistant Director of Finance & Section 151 Officer or, to be submitted to the Executive.
- 3.6.12 To prepare budgets that are consistent with guidelines issued by the Executive. The format should be prescribed by the Section 151 Officer in accordance with the Full Council's general directions.
- 3.6.13 To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.
- 3.6.14 In consultation with the Assistant Director of Finance & Section 151 Officer or and in accordance with the laid-down guidance and timetable, to prepare detailed draft revenue and capital budgets for consideration by the appropriate Committee.

3.6.15 When drawing up draft budget requirements, to have regard to:

- (a) Spending patterns and pressures revealed through the budget monitoring process
- (b) Legal requirements
- (c) Policy requirements as defined by Full Council in the approved policy framework
- (d) Initiatives already under way.

### **3.7 Resource Allocation**

3.7.1 A mismatch often exists between available resources and required resources. A common scenario is that available resources are not adequate to fulfil need/desire. It is therefore imperative that needs/desires are carefully prioritised and that resources are fairly allocated, in order to fulfil all legal responsibilities. Resources may include staff, money, equipment, goods and materials.

#### **Key Controls**

3.7.2 The key controls for resource allocation are:

- (a) Resources are acquired in accordance with the law and using an approved authorisation process
- (b) Resources are used only for the purpose intended, to achieve the approved policies and objectives, and are properly accounted for
- (c) Resources are securely held for use when required
- (d) Resources are used with the minimum level of waste, inefficiency or loss for other reasons.

#### **Responsibilities of the Section 151 Officer**

3.7.3 To advise on methods available for the funding of resources, such as grants from central government and borrowing requirements.

3.7.4 To assist in the allocation of resources to budget managers.

#### **Responsibilities of Extended Leadership Team**

3.7.5 To work within budget limits and to utilise resources allocated, and further allocate resources, in the most efficient, effective and economic way.

3.7.6 To identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.

3.7.7 Where budget savings are required, deliver these in a way which maximises income delivery and where this is not possible, minimises the impacts on the delivery of Council priorities.

### 3.8 Capital Programme

- 3.8.1 The Section 151 Officer is responsible for ensuring that a rolling three year capital programme is produced on an annual basis for submission to Council.
- 3.8.2 The Government places strict controls on the financing capacity of the Council. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

#### Key Controls

- 3.8.3 The key controls for capital programmes are:
- (a) Full Council must approve the programme of capital expenditure
  - (b) Expenditure on capital schemes is subject to the approval of the Assistant Director of Finance & Section 151 Officer or their nominated Deputy
  - (c) A scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared for each capital project, for approval by the Executive.
  - (d) Approval by the Executive is required where capital schemes are to be financed from the revenue budget, up to the amount shown in the Capital Programme, and subject to the approval of Full Council, where the expenditure exceeds this amount
  - (e) Schedules for individual schemes within the overall budget approved by Full Council must be submitted to the Executive for approval (for example, minor works), or under other arrangements approved by Full Council
  - (f) A named manager is responsible for delivery
  - (g) Monitoring of progress is undertaken in conjunction with expenditure and comparison with approved budget.

#### Responsibilities of the Section 151 Officer

- 3.8.4 To prepare capital estimates jointly with the Corporate Leadership Team and to report them to the Executive for approval. The Executive will make recommendations on the capital estimates and on any associated financing requirements to Full Council.
- 3.8.5 To prepare and submit reports to the Executive on the projected income, expenditure and resources compared with the approved estimates.
- 3.8.6 To issue guidance concerning capital schemes and controls, for example, on project appraisal techniques. The definition of 'capital' will be determined by the Section 151 Officer, having regard to government regulations and accounting requirements.

**Responsibilities of the Extended Leadership Team**

- 3.8.8 To comply with guidance concerning capital schemes and controls issued by the Assistant Director of Finance & Section 151 Officer or their nominated deputy. .
- 3.8.9 To ensure that all capital proposals have undergone a project appraisal in accordance with such guidance.
- 3.8.10 To prepare regular reports reviewing the capital programme provisions for their services. To ensure that adequate records are maintained for all capital contracts.
- 3.8.11 To proceed with projects only when there is adequate provision in the capital programme, and with the agreement of the Section 151 Officer where required.
- 3.8.12 To prepare and submit reports to the Executive, of any variation in contract costs greater than £50,000 or 5% of the contract value, whichever is the greater.
- 3.8.13 To seek approval per the table below for amendments to the Capital Programme. For amendments of more than £250,000 where there is not associated external funding the approval process is via full Council.

<b>Officer/Body</b>	<b>Power</b>	<b>Constraints</b>
Chief Executive Directors, Directors and Assistant Directors	Transfer between budget capital schemes controlled by the same manager of up to £50,000	Must not result in an overall change in the size of the Capital Programme

<p>Section 151 Officer</p>	<p>The above plus:</p> <ul style="list-style-type: none"> <li>• the transfer of capital budget provision between schemes controlled by different managers up to £250,000.</li> <li>• The approval of new capital schemes funded by underspends in other projects up to £250,000</li> <li>• The approval of new capital schemes up to £250,000 for which specific funding has been identified (e.g. grant funding).</li> </ul>	<p>Limited to changes up to £250,000</p>
<p>Executive</p>	<p>The above plus:</p> <ul style="list-style-type: none"> <li>• the approval of new schemes for which specific funding has been identified (e.g. grant funding)</li> <li>• the approval of new schemes up to £250,000 to be funded by borrowing.</li> </ul>	<p>None, other than statutory constraints and those limits contained within the Budget and Policy Framework Procedure Rules</p>

3.8.14 To authorise additional capital expenditure on the replacement of capital assets, provided it can be financed from an associated insurance claim.

3.8.15 To ensure that credit arrangements, such as leasing agreements, are not entered into other than by the Assistant Director of Finance & Section 151 Officer or their nominated deputy and, if applicable, approval of the scheme through the capital programme

### 3.9 Maintenance of Reserves

3.9.1 The Council must decide the level of general reserves it wishes to maintain before it can decide the level of Council Tax. Reserves are maintained as a matter of prudence. They enable the Council to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained such as the purchase or renewal of capital items.

## **Key Controls**

- 3.9.2 To maintain reserves in accordance with the Code of Practice on Local Council Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC) and agreed accounting policies.
- 3.9.3 For each reserve established, the purpose, usage and basis of transactions should be clearly identified.
- 3.9.4 Authorisation of budget transfers to and from reserves should be authorised in line with the Reserves Policy.

## **Responsibilities of the Section 151 Officer**

- 3.9.5 To advise the Executive and/or the Full Council on prudent levels of reserves for the Council, and to take account of the advice of the external auditor in this matter where available. The levels will always take full account of associated risks and the assessed needs of the Council, and will reflect any guidelines published by the Chartered Institute of Public Finance and Accountancy.

## **Responsibilities of Extended Leadership Team**

- 3.9.6 To ensure that resources are used only for the purposes for which they were intended.

## **4. Risk Management and Control of Resources**

### **4.1 Introduction**

- 4.1.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant risks to the Council. This should include the proactive participation of all those associated with planning and delivering services. The fundamental aim of risk management is to support the council identify and manage risk especially with regards to those risks (both financial and non-financial) that may have an impact on the reputation and performance of the Council as a whole, and in particular, on its ability to deliver on its strategic priorities.

### **Risk Management**

- 4.1.2 The Accounts Audit and Risk Committee will approve the Council's Risk Management Policy Statement and Strategy and review the effectiveness of risk management generally. The Policy will be sent to the Executive for endorsement. The Assistant Director of Finance & Section 151 Officer is responsible for ensuring that proper insurance exists where appropriate.

- 4.1.3 The Section 151 Officer is responsible for preparing the Council's Risk Management Policy Statement, for promoting it throughout the Council and for advising the Executive on proper insurance cover where appropriate.

### **Internal Control**

- 4.1.4 Internal control refers to the systems of control devised by management to help ensure that the Council's objectives are achieved in a manner that ensures effective use of resources and that the Council's assets and interests are safeguarded.
- 4.1.5 The Section 151 Officer and the Monitoring Officer are responsible for advising on effective systems of internal assurance. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently and in accordance with the statutory and other authorities that govern their use.
- 4.1.6 It is the responsibility of the Extended Leadership Team to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

### **Audit Requirements**

- 4.1.7 All the activities of the Council are subject to both internal and external audit. The Accounts and Audit (England) Regulations 2011 issued by the Secretary of State require every local Council to maintain an adequate and effective internal audit of its accounting records and of its system of internal assurance.
- 4.1.8 Full Council is responsible for appointing external auditors to the Council.
- 4.1.9 The Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as Her Majesty's Revenue and Customs (HMRC), who have statutory rights of access.

### **Preventing Fraud, Bribery and Corruption**

- 4.1.10 The Section 151 Officer and the Monitoring Officer are responsible for the development and maintenance of an anti-fraud and anti-bribery and corruption policy.

### **Assets**

- 4.1.11 Assistant Directors should ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the

security of assets and continuity of service in the event of disaster or system failure are in place.

### **Treasury Management**

4.1.12 The Council has adopted CIPFA's Code of Practice for Treasury Management in Local Authorities.

4.1.13 Full Council is responsible for approving the Treasury Management Policy Statement setting out the matters required under CIPFA's "Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (2017 Edition)". The Policy Statement is proposed to the Full Council by the Executive. The Section 151 Officer has delegated responsibility for implementing and monitoring the statement.

4.1.14 All money in the hands of the Council is controlled by the Section 151 Officer as designated under section 151 of the Local Government Act 1972.

4.1.15 The Section 151 Officer is responsible for reporting to the Executive on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. One such report will comprise an annual report on treasury management for presentation by 30 September of the succeeding financial year as well as a proposed Treasury Management Strategy for the coming financial year at or before the start of each financial year.

4.1.16 All Executive decisions on borrowing, investment or financing shall be delegated to the Section 151 Officer who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities.

### **Staffing**

4.1.18 The Head of Paid Service is responsible for determining how officer support is organised.

4.1.19 The Head of Paid Service is responsible for providing overall management to staff. They are also responsible for ensuring that there is proper use of the evaluation process or other agreed systems for determining the remuneration of a job.

4.1.20 The Head of Paid Service is responsible for controlling total staff numbers by:

- advising the Executive on the budget necessary in any given year to cover estimated staffing levels
- adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs

- the proper use of appointment procedures

## 4.2 Risk Management

- 4.2.1 All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure the continued financial and organisational well-being of the organisation. In essence it is, therefore, an integral part of good business practice. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending the action the organisation needs to take to control these risks effectively.
- 4.2.2 Risk management is recognised as being concerned with both the positive and negative aspects of risk; that is to say opportunities as well as threats. The current strategy therefore applies to risk from both perspectives.
- 4.2.3 Risk, can therefore be defined as: “an uncertain event or set of events that, should it occur will have an effect (positive or negative) on the achievement of the councils’ objectives, performing its duties or meeting the expectations of its stakeholders”
- 4.2.4 The Council is aware that risks will always arise and most risks cannot be fully eliminated, only managed to an acceptable level. Within this context the council is committed to managing risk in order to reduce the impact on the organisations priorities and on service provision.
- 4.2.5 Risk management will be embedded within the daily operations of the council, from strategy and policy formulation through to business planning and general management processes. It will also be applied where the council works in partnership with other organisations, to ensure that partnership risks are identified and managed appropriately.
- 4.2.6 Through understanding risks, decision-makers (councillors and managers) will be better able to evaluate the impact of a particular decision or action on the achievement of the councils’ strategic priorities.
- 4.2.7 It is the overall responsibility of the Executive to approve the Council's risk management strategy and to promote a culture of risk management awareness throughout the Council. The Accounts Audit and Risk Committee will have initial responsibility for approving the risk management strategy before sending it to the Executive for approval

## Key Controls

4.2.8 The key controls for risk management are:

- (a) Procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the Council
- (b) A monitoring process is in place to review regularly, in this case monthly, the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis
- (c) Managers know that they are responsible for managing relevant (e.g. operational, leadership, project risks) risks and are provided with relevant information on risk management initiatives
- (d) Provision is made for losses that might result from the risks that remain
- (e) Procedures are in place to investigate claims within required timescales
- (f) Acceptable levels of risk are determined and insured against where appropriate
- (g) The Council has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

## Responsibilities of the Extended Leadership Team

4.2.9 To prepare and promote the Council's risk management policy strategy.

4.2.10 To develop risk management controls in conjunction with their service teams (operational risks) and understand the escalation process.

## Responsibilities of the Section 151 Officer

4.2.11 To include all appropriate employees of the Council in a suitable fidelity guarantee insurance scheme.

4.2.12 To review annually, or at such shorter period as they may consider necessary, all insurance cover in consultation with other Assistant Directors as appropriate.

4.2.13 To effect corporate insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with other officers, where necessary.

4.2.14 To maintain a leadership risk register.

4.2.15 To formulate the Annual Governance Statement.

## Responsibilities of Extended Leadership Team

- 4.2.16 To notify the Section 151 Officer immediately of any loss, liability or damage that may lead to a claim against the Council, together with any information or explanation required by the Section 151 Officer or the Council's insurers.
- 4.2.17 To take responsibility for risk management, ensuring that insurance covers are adequate and that good risk management practices are followed in their divisions, having regard to advice from the Assistant Director of Finance & Section 151 Officer or their nominated deputy and other specialist officers (e.g. crime prevention, fire prevention, health and safety).
- 4.2.18 To ensure that there are reviews of operational and leadership risk at least once a quarter within their divisions.
- 4.2.19 To notify the Assistant Director of Finance & Section 151 Officer or their nominated deputy promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.
- 4.2.20 To consult the Assistant Director of Finance & Section 151 Officer or their nominated deputy on the terms of any indemnity that the Council is requested to give.
- 4.2.21 To ensure that employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- 4.2.22 To identify leadership risks in accordance with guidance issued by the Section 151 Officer
- 4.2.23 To identify operational risks and maintain and be responsible for operational risk registers in accordance with guidance issued by the Section 151 Officer

## 4.3 Internal Controls

- 4.3.1 The Council is complex and beyond the direct control of individuals. It therefore requires internal controls to manage and monitor progress towards strategic objectives.
- 4.3.2 The Council has statutory obligations and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.
- 4.3.3 The Council faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks.

4.3.4 The system of internal controls is established in order to provide measurable achievement of:

- (a) efficient and effective operations
- (b) reliable financial information and reporting
- (c) compliance with laws and regulations
- (d) risk management.

### **Key Controls**

4.3.5 The key controls and control objectives for internal control systems are:

- (a) Key controls should be reviewed on a regular basis and the Council should make a formal statement annually as part of the Governance Statement that the systems of internal control are operating effectively
- (b) Managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities
- (c) Financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems
- (d) An effective internal audit function that is properly resourced. It should operate in accordance with the Accounts and Audit Regulations 2015 and with any other statutory obligations and regulations.
- (e) The preparation of an annual governance statement

### **Responsibilities of the Section 151 Officer**

4.3.6 To assist the Council to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

4.3.7 To prepare the annual governance statement for signing by the Leader of the Council and the Head of Paid Service.

### **Responsibilities of Extended Leadership Team**

4.3.8 To manage processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.

4.3.9 To review existing controls in the light of changes affecting the Council and to establish and implement new ones in line with guidance from the Section 151

Officer. Assistant Directors should also be responsible for removing controls that are unnecessary or not cost- or risk-effective – for example, because of duplication.

4.3.10 To ensure staff have a clear understanding of the consequences of lack of control.

#### **4.4 Internal Audit**

4.4.1 The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”.

4.4.2 The Accounts and Audit Regulations 2015 require the Council to maintain an adequate and effective Internal Audit Service in accordance with proper internal audit practices. The Public Sector Internal Audit Standards 2017 (PSIAS), which sets out proper practice for Internal Audit, requires the Chief Internal Auditor (CIA) to provide an annual report to those charged with governance, which should include an opinion on the overall adequacies and effectiveness of the internal control environment, comprising risk management, control and governance.

4.4.3 Internal audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

#### **Key Controls**

4.4.3 The key controls for Internal Audit are:

- (a) That it is under the independent control and direction of the Assistant Director of Finance.
- (b) The Chief Internal Auditor has direct access to the Chief Executive, all levels of management and directly to elected Members (where internal audit is outsourced the lead officer on the contract for the firm is treated as the Chief Internal Auditor).
- (c) The internal auditors comply with the Audit Commission’s “Code of Audit Practice for Local Government” and “Statements of Responsibilities of Auditors and Audited Bodies” and CIPFA’s Code of Practice for Internal Audit in Local Government in the United Kingdom.
- (d) Compliance with currently agreed Member reporting mechanism

#### **Responsibilities of the Section 151 Officer**

4.4.4 To ensure that internal auditors have the authority, without notice, to:

- (a) access Council premises at reasonable times

- (b) access all assets, records, documents, correspondence and control systems
- (c) receive any information and explanation considered necessary concerning any matter under consideration
- (d) require any employee of the Council to account for cash, stores or any other Council asset under his or her control
- (e) access records belonging to third parties, such as contractors. (f) directly access the Chief Executive and the Executive.

4.4.5 To approve the strategic and annual audit plans prepared by the Chief Internal Auditor which take account of the characteristics and relative risks of the activities involved.

4.4.6 To ensure that effective procedures are in place to investigate promptly any fraud or irregularity.

### **Responsibilities of Extended Leadership Team**

4.4.7 To ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.

4.4.8 To ensure that auditors are provided with any information and explanations that they seek in the course of their work.

4.4.9 To consider and respond promptly to recommendations in audit reports.

4.4.10 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.

4.4.11 To notify the Section 151 Officer and Chief Executive immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources. Pending investigation and reporting, the Assistant Director should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration. The Chief Executive and Section 151 Officer shall take whatever steps they consider necessary by way of investigation and reporting any matter.

4.4.12 To ensure that new systems for maintaining financial records or records of assets or changes to such systems are discussed with and agreed by the Section 151 Officer prior to implementation.

## **4.5 External Audit**

4.5.1 The basic duties of the external auditor are defined in the Local Government Act 1999. The Local Audit and Accountability Act 2014 sets out the regulatory framework for external audit. External Audit requirements are to review October 2025

- (a) the financial aspects of the audited body's corporate governance arrangements
- (b) the audited body's financial statements
- (c) arrangements for securing economy, efficiency and effectiveness in its use of resources

4.5.3 The Council's accounts are scrutinised by external auditors who must be satisfied that the statement of accounts 'presents fairly' the financial position of the Council and its income and expenditure for the year in question and complies with the legal requirements.

### **Key Controls**

4.5.4 Responsibility for the appointment of External auditors sits with the Full Council.

### **Responsibilities of the Section 151 Officer**

4.5.5 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work.

4.5.6 To ensure there is effective liaison between external and internal audit.

4.5.7 To work with the external auditor and advise Full Council, Executive and Assistant Directors on their responsibilities in relation to external audit.

### **Responsibilities of Extended Leadership Team**

4.5.8 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for their purposes.

4.5.9 To ensure that all records and systems are up to date and available for inspection.

## **4.6 Preventing Fraud Bribery and Corruption**

4.6.1 The Council will not tolerate fraud bribery or corruption in the administration of its responsibilities, whether from inside or outside the Council.

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

4.6.3 The Council also expects that individuals and organisations (e.g. suppliers, contractors, service providers) with whom it comes into contact will act towards

the Council with integrity and without thought or actions involving fraud bribery or corruption.

### **Key Controls**

4.6.4 The key controls regarding the prevention of financial irregularities are that:

- (a) The Council has an effective anti-fraud and anti-bribery and corruption policy and maintains a culture that will not tolerate fraud or corruption
- (b) All Members and staff act with integrity and lead by example
- (c) Senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Council or who are corrupt
- (d) High standards of conduct are promoted amongst Members
- (e) A register of interests is maintained in which any hospitality or gifts accepted must be recorded
- (f) A whistle blowing policy is in place and operates effectively
- (g) Legislation including the Public Interest Disclosure Act 1998 is adhered to
- (h) The Council has a money laundering policy in place.

### **Responsibilities of the Section 151 Officer**

4.6.4 To develop and maintain an anti-fraud and anti-bribery and corruption policy.

4.6.5 To maintain adequate and effective internal control arrangements.

4.6.6 To ensure that all suspected irregularities are reported to the Chief Executive and the Executive where deemed appropriate.

4.6.7 To ensure that, where a large cash payment is offered or made to the Council, these are immediately reported to him/her and to ensure that such occurrence is immediately reported to the National Crime Agency where appropriate. In such circumstances, any cash received should not be banked until appropriate clearance to do so has been received in line with the Money Laundering Policy

### **Responsibilities of Extended Leadership Team**

4.6.8 To ensure that all suspected irregularities are reported to the Section 151 Officer and Chief Executive

4.6.9 To instigate the Council's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.

4.6.10 To ensure that, where financial impropriety is discovered, the Chief Executive and Section 151 officer are informed, and, where sufficient evidence exists to believe that a criminal offence may have been committed, the police are called in to

determine with the Crown Prosecution Service whether any prosecution will take place.

#### 4.7 Security of Assets

4.7.1 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 are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management.

##### Key Controls

4.7.2 The key controls for the security of resources such as land, buildings, fixed plant machinery, equipment, software and information are:

- (a) Resources are used only for the purposes of the Council and are properly accounted for
- (b) Resources are available for use when required
- (c) Resources no longer required are disposed of in accordance with the law and the regulations of the Council so as to maximise benefits
- (d) An asset register is maintained for the Council, assets are correctly recorded when they are acquired by the Council and this record is updated as changes occur with respect to the location and condition of the asset
- (e) All staff are aware of their responsibilities with regard to safeguarding the Council's assets and information including the requirements of the Data Protection Act 1998 and software copyright legislation
- (f) All staff are aware of their responsibilities with regard to safeguarding the security of the Council's computer systems, including maintaining restricted access to the information held on them and compliance with the Council's computer and internet security policies.

##### Responsibilities of Extended Leadership Team

4.7.3 The Director for Property, Investment & Facilities Management shall maintain a terrier (a map-based record of all the Council's land ownership on GIS) of all property owned by the Council recording the location, extent and plan reference, purchase details, particulars of rents payable and tenancies granted. The Assistant Director of Finance keeps an asset register for financial accounting purposes but ensuring it is consistent with the land and property asset register held by the Head of Procurement & Contract Management.

4.7.4 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 Assistant Director in consultation with the Assistant Director Law

and Governance & Monitoring Officer or their nominated deputy has been established as appropriate.

- 4.7.5 To ensure the proper security of all buildings and other assets under their control.
- 4.7.6 Where land or buildings are surplus to requirements, a recommendation for sale should be the subject of a report by the Director for Property, Investment & Facilities Management
- 4.7.7 To pass title deeds to the Assistant Director Law and Governance who is responsible for custody of all title deeds.
- 4.7.8 To ensure that no Council asset is subject to personal use by an employee without proper authority which means in relation to property assets the Assistant Director Property and in relation to any other assets the Assistant Director of Finance.
- 4.7.9 To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the Council.
- 4.7.10 To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.
- 4.7.11 To consult the Section 151 Officer in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 4.7.12 To ensure cash holdings on premises are kept to a minimum and are within limits approved by the Section 151 officer which shall not be exceeded without his or her express approval.
- 4.7.13 To ensure that keys to safes and similar receptacles are carried on the person of those responsible at all times; loss of any such keys must be reported to the Section 151 Officer as soon as possible.
- 4.7.14 To record all disposal or part exchange of assets that should normally be by competitive tender or public auction, unless, following consultation with the Section 151 Officer it is agreed otherwise.
- 4.7.15 To advise the Head of Digital and Innovation, who shall be responsible for maintaining a corporate asset register of the Council's ICT assets of any hardware and software acquisitions.
- 4.7.16 To provide the Head of and Digital Innovation with copies of all software licences.
- 4.7.17 To ensure that all 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.

4.7.18 Under the direction of the Assistant Director Law and Governance and Monitoring Officer, or their nominated Deputy, to ensure all employees are aware of their responsibilities for maintaining proper security and privacy in respect of information held in any computer and also for the need to comply at all times with the provisions of the Data Protection Act, 1998 and the Computer Misuse Act 1990.

### **4.8 Inventories**

#### **Key Controls**

4.8.1 The key controls for inventories are:

- (a) That an up to date record is maintained of all relevant property of the Council.
- (b) That disposals, renewals, replacements and additions are recorded in a timely fashion.
- (c) That steps are taken to ensure the prevention of unauthorised use of Council property

#### **Responsibilities of Extended Leadership Team**

4.8.2 To maintain inventories and record an adequate description of furniture, fittings, equipment, plant and machinery, the extent and format of which is to be determined by the Assistant Directors.

4.8.3 To carry out an annual check of all items on the inventory in order to verify location, review and condition and 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 be identified, with security markings, as belonging to the Council.

4.8.4 To make sure that property is used only in the course of the Council's business, unless the Assistant Director concerned has given permission otherwise.

### **4.9 Stocks and Stores**

#### **Key Controls**

4.9.1 The key controls for stocks and stores are:

- (a) The maintenance of properly maintained records of stocks and stores.
- (b) Steps to ensure the safe custody of Council property
- (c) Steps to ensure the prevention of unauthorised use of Council property

### **Responsibilities of Extended Leadership Team**

- 4.9.2 To make arrangements for the care and custody of stocks and stores in the division, providing the Assistant Director of Finance with a year-end return when required and in the approved format.
- 4.9.3 To ensure stocks are maintained at reasonable levels and are subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion. All stocks are to be checked at least once per year, with large stock holdings (of a value of £50,000 or more) subject to in-year rolling reviews.
- 4.9.4 To investigate and remove from the Council's records (i.e. write off) discrepancies as necessary, or to obtain Executive approval if they are in excess of £5,000 in value.
- 4.9.5 To authorise or write off disposal of redundant stocks and equipment. Procedures for disposal of such stocks and equipment should be by competitive quotations or auction, unless, following consultation, the Section 151 officer decides otherwise in a particular case.
- 4.9.6 To seek authorisation from the Section 151 Officer to make adjustments to write off deficiencies and obsolete stores and equipment.

### **4.10 Intellectual Property**

- 4.10.1 Intellectual property is a generic term that includes inventions and writing. If these are created by the employee during the course of employment, then, as a general rule, they belong to the employer, not the employee. Legislation covers different types of intellectual property.
- 4.10.2 Certain activities undertaken within the Council may give rise to items that may be patentable, for example, software development. These items are collectively known as intellectual property.

### **Key Controls**

- 4.10.3 In the event that the Council decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with the Council's approved intellectual property procedures.

### **Responsibilities of the Extended Leadership Team**

4.10.4 To develop and disseminate good practice through the Council's intellectual property procedures.

4.10.5 To ensure that controls are in place to ensure that staff do not carry out private work in Council time and that staff are aware of an employer's rights with regard to intellectual property.

#### **4.11 Asset Disposal**

4.11.1 The procedure for the disposal of Council assets is covered by section 30 of the Contract Procedure Rules. There are specific rules to follow if the asset is valued above £50,000 unless a suitably qualified person confirms that an alternative procedure is appropriate because of the nature of the asset. If any asset is to be disposed of by scrapping, this shall be done using the most environmentally friendly method subject to such method being cost-effective.

##### **Key Controls**

4.11.2 Assets for disposal are identified and are disposed of at the most appropriate time, and only when it is in the best interests of the Council and the best price is obtained, bearing in mind other factors, such as environmental issues. For items of above £50,000, disposal should be in accordance with the process set out in section 30 of the Contract Procedure Rules.

4.11.3 Procedures protect staff involved in the disposal from accusations of personal gain.

##### **Responsibilities of the Section 151 Officer**

4.11.4 To monitor and review the guidelines representing best practice for the disposal of assets in consultation with the Monitoring Officer.

4.11.5 To ensure appropriate accounting entries are made to remove the value of disposed assets from the Council's records and to include the sale proceeds if appropriate.

##### **Responsibilities of Extended Leadership Team**

4.11.6 To refer to the Contract Procedure Rules and seek advice from purchasing advisors on the disposal of surplus or obsolete materials, stores or equipment and to seek authorisation from the Section 151 Officer before such disposal.

4.11.7 To ensure that income received for the disposal of an asset is properly banked and coded

4.11.8 To ensure that sales of land and buildings are dealt with in the following way:

## 4.12 Sales

4.12.1 Land and buildings valued at less than £250,000 shall be disposed of by the Director for Property, Investment & Facilities Management in a manner consistent with the Council's statutory duties under Section 123 of the Local Government Act 1972

4.12.2 Unless otherwise agreed by the Executive, all land or buildings valued at £50,000 or more shall be offered on the open market in accordance with one or other of the following procedures:

### **Sale by Tender - Ad-Hoc Tenders**

4.12.3 At least 14 days' notice shall be given in two or more of the local newspapers circulating in the area of the Council and/or in such national journals or appropriate websites as the Director for Property, Investment & Facilities Management considers desirable stating the nature of the property and inviting tenders for its purchase and stating the last date when tenders will be accepted; or

### **Sale by Tender - Approved List**

4.12.4 Public notice shall be given in respect of a particular transaction in the manner described in 4.12.3 above inviting applications from interested persons to be placed on a list to be approved by the Council from which prospective purchasers shall be selected and invited to submit tenders.

### **Sale at a Named Figure**

4.12.5 An assessment of the value of the property shall be made by a qualified valuer. The Head of Procurement and Contract Management shall issue particulars of the property and the price to all enquiring persons. Details of the property shall be publicly advertised on at least one occasion and on a sign board erected upon the site.

### **Invited Offers**

4.12.6 The property shall be advertised in accordance with 4.12.3 above but no figure shall be placed in the particulars and interested parties shall be asked to make offers for consideration by the Council. In order to give guidance to would-be purchasers a minimum figure may be quoted where appropriate. The administration of 4.12.3 – 4.12.6 may be carried out by approved agents.

### **Sale by Public Auction**

4.12.7 Properly qualified and experienced auctioneers shall be commissioned to act on behalf of the Council in offering for sale by auction land or buildings in the Council's ownership.

#### **4.13 Purchases**

4.13.1 All purchases of land and/or buildings shall be the subject of a valuation report by the District Valuer or an independent qualified valuer.

4.13.2 The Executive or Full Council shall approve all land and building purchases, other than exceptions covered by 4.13.3. The report seeking such approval will identify the purpose for which the land will be held. Where urgent action to make an offer is required, the Urgency Powers procedures specified within Delegated Powers will be sought through Lead Member decision making.

#### **Exceptions**

4.13.3 Every exception to the procedure shall require the approval of Full Council or the Executive following a report justifying the exception being made.

#### **4.14 Treasury Management**

4.14.1 Many millions of pounds pass through the Council's books each year. This has led to the establishment of codes of practice. These aim to provide assurances that the Council's money is properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of the Council's capital sum.

#### **Key Controls**

4.14.2 That the Council's borrowings and investments comply with CIPFA's "Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (2017 Edition) and with the Council's treasury policy statement.

#### **Responsibilities of Section 151 Officer – Treasury Management and Banking**

4.14.3 To arrange the borrowing and investments of the Council in such a manner as to comply with CIPFA's Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (2017 Edition) and the Council's treasury management policy statement and annual strategy.

4.14.4 To operate bank accounts and order cheques if considered necessary. Opening or closing any bank account shall require his approval.

- 4.14.5 To ensure that all cheques on the Council's main bank accounts bear his or her facsimile signature or are signed by him/her or other person authorised by the Council to do so.
- 4.14.6 To ensure that all cheques drawn exceeding £25,000 in value are countersigned by an appropriately authorised signatory designated by the Head of Paid Service.
- 4.14.7 To ensure that all manually prepared cheques are stamped in accordance with procedures authorised by them.

**Responsibilities of Extended Leadership Team – Treasury Management and Banking**

- 4.14.8 To follow the instructions on banking issued by the Section 151 Officer.

**Responsibilities of Section 151 Officer – Investments and Borrowing**

- 4.14.9 To ensure that all investments of money are made in the name of the Council or in the name of nominees approved by the Full Council.
- 4.14.10 To ensure that all securities that are the property of the Council or its nominees and the title deeds of all property in the Council's ownership are held in the custody of the appropriate Assistant Director.
- 4.14.11 To effect all borrowings in the name of the Council.
- 4.14.12 To act as the Council's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the Council.
- 4.14.13 To comply with the best available professional published guidance insofar as is reasonably practicable to do so.

**Responsibilities of Extended Leadership Team – Investments and Borrowing**

- 4.14.14 To ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Section 151 Officer.

**Responsibilities of Extended Leadership Team – Trust Funds and Funds held for Third Parties**

- 4.14.15 To arrange for all trust funds to be held, wherever possible, in the name of the Council. All officers acting as trustees by virtue of their official position shall deposit securities, etc. relating to the trust with the Section 151 Officer, unless the deed otherwise provides.

4.14.16 To arrange, where funds are held on behalf of third parties, for their secure administration, approved by the Section 151 Officer, and to maintain written records of all transactions.

4.14.17 To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

#### **Responsibilities of the Section 151 Officer - Imprest Accounts**

4.14.18 To provide employees of the Council with cash or bank imprest accounts or purchasing cards to meet minor expenditure on behalf of the Council and to prescribe rules for operating these accounts.

4.14.19 To determine the petty cash limit and to maintain a record of all transactions and petty cash advances made, and periodically to review the arrangements for the safe custody and control of these advances.

4.14.20 Purchasing Cards and Credit Cards can be used for a variety of small payments instead of the use of petty cash and imprest floats.

#### **Responsibilities of Extended Leadership Team – Imprest Accounts**

4.14.21 To ensure that employees operating an imprest account:

- (a) obtain and retain vouchers to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained
- (b) make adequate arrangements for the safe custody of the account
- (c) produce upon demand by the Section 151 Officer cash and all vouchers to the total value of the imprest amount
- (d) record transactions promptly
- (e) reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder
- (f) provide the Section 151 Officer with a certificate of the value of the account held at 31 March each year
- (g) ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made
- (h) on leaving the Council's employment or otherwise ceasing to be entitled to hold an imprest advance, an employee shall account to the Section 151 Officer for the amount advanced to him or her.
- (i) ensure that the imprest account is not used for items which are subject to Income Tax i.e. wages, sub-contractors.

4.15.1 In order to provide the highest level of service, it is crucial that the Council recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level.

### **Key Controls**

4.15.2 The key controls for staffing are:

- (a) To ensure that staffing requirements and budget allocations and work priorities are matched
- (b) To forecast staffing requirements and costs
- (c) To have in place controls to ensure that staff time is used efficiently and to the benefit of the Council
- (d) To undertake checks prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy
- (e) To operate procedures to ensure the appropriate training and development of staff

### **Responsibilities of the Section 151 Officer**

4.15.3 To ensure that budget provision exists for all existing and new employees.

4.15.4 To act as an advisor to Assistant Directors on areas such as National Insurance and pension contributions, as appropriate.

4.15.5 To determine a sensible and prudent level of vacancy factor and to incorporate this into the budget where appropriate.

### **Responsibilities of Extended Leadership Team**

4.15.6 To produce an annual staffing budget.

4.15.7 To ensure that the staffing budget is an accurate forecast of staffing levels and is equated to an appropriate revenue budget provision (including on-costs and overheads).

4.15.8 To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.

4.15.9 To ensure staffing budgets are not exceeded without appropriate approval.

4.15.10 To ensure development needs are identified via the Annual Staff Appraisal Process and that the agreed training plan and programme is supported and attended.

4.15.11 To monitor the level of staffing vacancies against the vacancy factor budget for which they are responsible.

## **5. Financial Systems and Procedures**

### **5.1 Introduction**

5.1.1 Sound systems and procedures are essential to an effective framework of accountability and control.

#### **General**

5.1.2 The Section 151 Officer is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. Any changes made by Assistant Directors to the existing financial systems or the establishment of new systems must be approved by the Section 151 Officer. However, Assistant Directors are responsible for the proper operation of financial processes in their own divisions.

5.1.3 Any changes to procedures by Assistant Directors to meet their own specific service needs should be agreed with the Section 151 Officer.

5.1.4 Assistant Directors should ensure that their staff receive relevant financial training that has been approved by the Section 151 Officer.

5.1.5 Assistant Directors must ensure, in consultation with the Assistant Director – Law and Governance and Monitoring Officer or their nominated Deputy, that, where appropriate, computer and manual filing systems are registered in accordance with data protection legislation. Assistant Directors must ensure, in consultation with the Assistant Director Law and Governance, that staff are aware of their responsibilities under freedom of information and environmental information regulations legislation.

#### **Income and Expenditure**

5.1.6 It is the responsibility of Assistant Directors to ensure that a proper scheme of delegation has been established within their area and is operating effectively. The scheme of delegation should identify staff authorised to act on the Assistant Director's behalf, or on behalf of the Executive, in respect of payments, income collection and placing orders, together with the limits of their authority. The scheme of delegation should be consistent with those granted in the Council's financial systems. The Executive is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

## Payments to Employees and Members

- 5.1.7 The Section 151 Officer is responsible for all payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to Members.

## Taxation

- 5.1.8 The Section 151 Officer is responsible for advising Assistant Directors, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Council.
- 5.1.9 The Section 151 Officer is responsible for maintaining the Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

## Trading Accounts/Units

- 5.1.10 It is the responsibility of the Section 151 officer to advise on the establishment and operation of trading accounts and units

## 5.2 General

- 5.2.1 Divisions have many systems and procedures relating to the control of the Council's assets, including purchasing, costing and management systems. Divisions rely on computers for their financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.
- 5.2.2 The Section 151 Officer has a professional responsibility to ensure that the Council's financial systems are sound and they should therefore be notified of any new developments or changes.

## Key Controls

- 5.2.3 The key controls for systems and procedures are:
- (a) Basic data exists to enable the Council's objectives, targets, budgets and plans to be formulated
  - (b) Performance is communicated to the appropriate managers on an accurate, complete and timely basis

- (c) Early warning is provided of deviations from target, plans and budgets that require management attention
- (d) Operating systems and procedures are secure.

### **Responsibilities of the Section 151 Officer**

5.2.4 To make arrangements for the proper administration of the Council's financial affairs, including to:

- (a) issue advice, guidance and procedures for officers and others acting on the Council's behalf
- (b) determine the accounting systems, form of accounts and supporting financial records
- (c) establish arrangements for audit of the Council's financial affairs
- (d) approve any new financial systems to be introduced
- (e) approve any changes to be made to existing financial systems.

### **Responsibilities of Extended Leadership Team**

5.2.5 To ensure that accounting records are properly maintained and held securely.

5.2.6 To ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the Section 151 officer

5.2.7 To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.

5.2.8 To incorporate appropriate controls to ensure that, where relevant:

- (a) all input is genuine, complete, accurate, timely and not previously processed
- (b) all processing is carried out in an accurate, complete and timely manner
- (c) output from the system is complete, accurate and timely.

5.2.9 To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.

- 5.2.10 To ensure there is a documented and tested business continuity plan to allow information system processing to resume quickly in the event of an interruption.
- 5.2.11 To ensure that systems are documented and staff trained in operations.
- 5.2.12 To consult with the Section 151 Officer before changing any existing system or introducing new systems.
- 5.2.13 To establish a scheme of delegation identifying officers authorised to act upon the Assistant Director's behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.
- 5.2.14 To supply lists of authorised officers, with specimen signatures and delegated limits, to the Section 151 Officer, together with any subsequent variations.
- 5.2.15 To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building. The Assistant Director ICT and Digital will have overall responsibility for business continuity in relation to ICT systems.
- 5.2.16 To ensure that, where appropriate, computer systems are registered in accordance with data protection legislation, that staff are aware of their responsibilities under the legislation and that no system operates live unless the Head of Legal has confirmed that all legislative requirements have been met.
- 5.2.17 To ensure that relevant standards and guidelines for computer systems issued by the Director Digital and IT are observed.
- 5.2.18 To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.
- 5.2.19 To comply with the copyright, designs and patents legislation and, in particular, to ensure that:
- (a) only software legally acquired and installed by the Council is used on its computers
  - (b) staff are aware of legislative provisions
  - (c) in developing systems, due regard is given to the issue of intellectual property rights.

## 5.3 Computing

### 5.3.1 Key Controls

The key controls for computing are:

- (a) The existence of and adherence to a corporate ICT Strategy.
- (b) The existence of a corporate procurement procedure for all hardware and software acquisitions in accordance with the Contract Procedure Rules

### Responsibilities of Director of Digital & IT

- 5.3.2 To ensure the currency and relevance of the ICT Strategy through regular review.
- 5.3.3 To ensure that all software acquired by the Council is licensed for use.
- 5.3.4 To ensure appropriate steps are in place to back up key systems.

### Responsibilities of the Extended Leadership Team

- 5.3.6 To seek the final approval for all Information and Communications Technology (ICT) development acquisitions and implementation from the Assistant Director ICT and Digital and the Assistant Director of Finance or the Chief Executive unless otherwise delegated.
- 5.3.7 To ensure that all activities and processes relating to the evaluation, development, acquisition and implementation of ICT conform to the Council's IT Strategy, Standards and Procedures.
- 5.3.8 To ensure that all ICT acquisitions are conducted in accordance with the Council's Contracts Procedure Rules and, where appropriate, relevant legislation and EU directives.
- 5.3.9 To ensure that all ICT acquisitions and developments are cost-justified and that the benefits are required and necessary to meet the Council's service and business objectives.
- 5.3.10 To ensure that before any new acquisition or development of information systems is undertaken, a project plan, business specification and estimated costs are submitted to the Director of Digital & IT for consideration before the project commences.

- 5.3.11 To submit all bids for the acquisition or the development of new information systems or information technology, whether to be met from within existing budgets, through growth bids or centrally controlled re-investment, in the first instance, to the Director Digital and IT for initial evaluation and, where appropriate, authorisation.
- 5.3.12 Prior to any ICT projects or acquisitions being submitted to Executive Members for approval, to ensure that authorisation is obtained from the Head of Digital & Innovation and the Assistant Director of Finance or the Chief Executive, as appropriate.
- 5.3.13 To ensure that, in order to facilitate the co-ordination and efficient use of the Council's IS/IT resources, the Head of Digital & Innovation is consulted before any negotiations commence or commitments are made to acquire, rent or lease any computer equipment (including communications technologies and peripherals), software or computer training.
- 5.3.14 To ensure that, in order that the Council's interests are protected, any contracts for ICT are submitted to the Assistant Director Law and Governance before being entered into.

## **5.4 Income and Expenditure**

### **Income**

- 5.4.1 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable, though not always possible, to obtain income in advance of supplying goods or services as this improves the Council's cash-flow and also avoids the time and cost of administering debts.

### **Key Controls**

- 5.4.2 The key controls for income are:
- (a) All income due to the Council is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed
  - (b) All income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery
  - (c) All money received by an employee on behalf of the Council is

paid without delay to the Section 151 Officer or, as he or she directs, to the Council's bank accounts, and properly recorded. The responsibility for cash collection should be separated from that:

- for identifying the amount due
- for reconciling the amount due to the amount received
- (d) Effective action is taken to pursue non-payment within defined timescales
- (e) Formal approval for debt write-off is obtained
- (f) Appropriate write-off action is taken within defined timescales
- (g) Appropriate accounting adjustments are made following write-off action
- (h) All appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule
- (i) Money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.
- (j) No income received is paid into an imprest account.

### **Responsibilities of the Section 151 Officer**

- 5.4.3 To agree arrangements for the collection of all income due to the Council and to supervise/approve the procedures, systems and documentation for its collection.
- 5.4.4 To order and supply to divisions all receipt forms, books or tickets and similar items and to satisfy himself or herself regarding the arrangements for their control.
- 5.4.5 To approve all debts to be written off in consultation with the relevant Assistant Director and to keep a record of all sums written off up to:
  - £5,000 for all debts with the exception of non-domestic rates
  - £10,000 for all debts relating to non-domestic rates
- 5.4.6 In consultation with Assistant Directors, to report to the Executive any irrecoverable sums over £5,000 in respect of all debts with the exception of non-domestic rates and £10,000 in respect of debts relating to non-domestic rates
- 5.4.7 To obtain the approval of the Executive in consultation with the relevant Assistant Director for writing off debts in excess of the approved limits specified in 5.4.5 and 5.4.6.
- 5.4.8 To ensure that appropriate accounting adjustments are made following write-off action.
- 5.4.9 To ensure that outdoor collections of Rates, Council Tax, Benefits

Overpayments and other miscellaneous income are, subject to proper safeguards, are paid in at approved Post Offices, bank branches or locations. . Any remaining outdoor and any indoor collections not banked during normal banking hours on the day of receipt, shall be placed either in a night safe or in a locked safe and banked the following day. These should be kept to a minimum and the night safe facility used for all weekend and bank holiday bankings.

5.4.10 To ensure that proper procedures for collection of income by credit or debit card, in person, by telephone or by electronic methods, are in place to minimise risk and ensure proper accountability of such transactions.

### **Responsibilities of Extended Leadership Team**

5.4.11 To establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, and to review it regularly, in line with corporate policies.

5.4.12 To separate the responsibility for identifying amounts due and the responsibility for collection as far as is practicable.

5.4.13 To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly subject to authorisation from the Section 151 Officer.

5.4.14 To issue official receipts or to maintain other documentation for income collection.

5.4.15 To ensure, where possible that at least two employees are present when post is opened so that money received by post is properly identified and recorded.

5.4.16 To hold securely receipts, tickets and other records of income for the appropriate period.

5.4.17 To ensure that income is paid fully, without deduction, and promptly into the appropriate Council bank account or cashier service (where relevant) in the form in which it is received. Appropriate details should be recorded onto paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a regular basis. Every cheque or similar instrument shall have a crossing approved by the Section 151 Officer.

5.4.18 To ensure the safe keeping of cash and cheques received until such time as they can properly be banked which in any event must be within 24 hours of receipt unless it is impracticable to do so.

5.4.19 To ensure income is not used to cash personal cheques or other payments

other than under arrangements approved by the Section 151 Officer and supported by a valid banker's cheque or credit card as appropriate.

- 5.4.20 To supply the Section 151 Officer with details relating to work done, goods supplied, services rendered or other amounts due, in order to enable the Section 151 Officer to record correctly the sums due to the Council and to ensure accounts are sent out promptly. To do this, Assistant Directors should use established performance management systems to monitor recovery of income and flag up areas of concern to the Section 151 Officer. Assistant Directors have a responsibility to assist the Section 151 Officer in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the Council's behalf.
- 5.4.21 To keep a record of every transfer of money between employees of the Council. The receiving officer must sign for the transfer and the transferor must retain a copy.
- 5.4.22 To recommend to the Section 151 Officer all debts to be written off and to keep a record of all sums written off up to the approved limit. Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.
- 5.4.23 To notify the Section 151 Officer of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Section 151 Officer.
- 5.4.24 In consultation with the Section 151 Officer and the Chief Executive, to submit, at least annually, a schedule of recommended fees and charges for services for consideration and approval by the Executive.
- 5.4.25 To raise sundry debtor requisition forms immediately after providing a service for which a cash payment was not received.

## **5.5 Ordering and Paying For Work, Goods And Services**

- 5.5.1 Public money should be spent with demonstrable probity and in accordance with the Council's policies. The Council's procedures should help to ensure that services obtain value for money from their purchasing arrangements.

### **General**

- 5.5.2 Every Officer and Member of the Council has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers

and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council.

- 5.5.3 Official orders must be in a form approved under section 19 of the Contract Procedure Rules. Official orders must be issued for all work, goods or services to be supplied to the Council, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases, instructions to Counsel or other exceptions specified by the Section 151 Officer.
- 5.5.4 Each order must conform with the Contract Procedure Rules. Standard terms and conditions must not be varied without the prior approval of the Section 151 Officer.
- 5.5.5 Apart from petty cash and other payments from advance accounts, the normal method of payment from the Council shall be electronic, drawn on the Council's bank accounts by the Section 151 Officer. The use of direct debit shall require the prior agreement of the Section 151 officer. The use of a Council credit card is subject to compliance with the Council Credit Card Usage Protocol attached.
- 5.5.6 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Council contracts, unless specifically authorised by the Section 151 Officer.

### **Key Controls**

- 5.5.7 The key controls for ordering and paying for work, goods and services are:
- (a) All goods and services shall be ordered only by authorised persons and are correctly recorded
  - (b) All goods and services shall be ordered in accordance with the Council's Contracts Procedure Rules for tenders and contracts unless they are purchased from sources within the Council.
  - (c) Goods and services received shall be checked to ensure they are in accordance with the order. Goods should not be received by the person who placed the order
  - (d) Payments shall not be made unless goods have been received by the Council to the correct price, quantity and quality standards
  - (e) All payments shall be made to the correct person, for the correct amount and are properly recorded, regardless of the payment method
  - (f) All appropriate evidence of the transaction and payment documents shall be retained and stored for the defined period, in accordance with the document retention schedule
  - (g) All expenditure, including VAT, shall be accurately recorded against the right budget and any exceptions are corrected
  - (h) In addition, the effect of e-business/e-commerce and electronic

- purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically
- (i) All purchases made by Council credit card shall comply with the Council Credit Card Usage protocol appended to these Rules.

### **Responsibilities of the Section 151 Officer**

- 5.5.8 To ensure that all the Council's financial systems and procedures are sound and properly administered.
- 5.5.9 To approve any changes to existing financial systems and to approve any new systems before they are introduced.
- 5.5.10 To approve the form of official orders and associated terms and conditions.
- 5.5.11 To make payments from the Council's funds on the Assistant Director's authorisation that the expenditure has been duly incurred in accordance with financial procedure rules.
- 5.5.12 To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.
- 5.5.13 To make payments to contractors on the certificate of the appropriate Assistant Director, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- 5.5.14 To provide advice and encouragement on making payments by the most economical means.
- 5.5.15 To examine such final accounts for contracts, to the extent they considers necessary. They shall be entitled to make any enquiries and receive any information and explanations which he considers necessary to satisfy himself of the accuracy of the accounts. On completion, to notify the certifying officer that the examination is complete and that a final certificate can be issued.

### **Responsibilities of Extended Leadership Team**

- 5.5.16 To ensure that the appropriate order form within the accountancy software system is used for all goods and services, other than the exceptions specified in 5.5.3, and that the order includes an estimate of the cost.
- 5.5.17 Except where the Section 151 Officer expressly authorises it, to ensure that orders are only used for goods and services provided to the relevant department or division.

5.5.18 To ensure that only those staff authorised by him or her authorise orders and to maintain an up-to-date list of such authorised staff, including specimen signatures (where appropriate) identifying in each case the limits of their authority. The authoriser of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that any necessary quotations or tenders and any trade discounts have been obtained. Value for money should always be achieved and orders must take account of the Council's Contract Procedure Rules .

5.5.19 To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. This check should, where possible, be carried out by a different officer from the person who authorised the order. Appropriate entries should then be made in inventories or stores records.

5.5.20 To ensure that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment, confirming:

- (a) receipt of goods or services
- (b) that the invoice has not previously been paid and is properly due from the Council.
- (c) that expenditure has been properly incurred and is within budget provision
- (d) that prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices
- (e) correct accounting treatment of tax
- (f) that the invoice is correctly coded
- (g) that discounts have been taken where available
- (h) that appropriate entries will be made in accounting records, inventories, stores books etc.

5.5.21 To ensure that two authorised Members of staff are involved in the ordering, receiving and payment process. If possible, a different officer from the person who authorised the order, and in every case, a different officer from the person checking a written invoice should authorise the invoice.

5.5.22 To ensure that the department maintains and reviews periodically a list of staff approved to authorise invoices. Names of authorising officers together with specimen signatures (where appropriate) and details of the limits of their authority shall be forwarded to the Section 151 Officer.

5.5.23 To ensure that payments are not made on a photocopied or faxed invoice, statement or other document other than the formal invoice, except where authorised by the Section 151 Officer and providing the supplier has confirmed that the document is an exact match of the original and can be supported by relevant documentation. The reason for the copy must be stated on the invoice.

- 5.5.24 To encourage suppliers of goods and services to receive payment by the most economical means for the Council. It is essential, however, that payments made by direct debit have the prior approval of the Section 151 officer
- 5.5.25 To ensure that the Council obtains best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, in line with the Council's Contract Rules of Procedure
- 5.5.26 To ensure that no amendment is made to incorrect accounts which include VAT. These accounts must be returned for correction or held pending receipt of a credit note and a correct account.
- 5.5.27 To ensure that all employees follow any guidance on invoice processing issued from time to time by the Section 151 Officer in relation to the requirements of the Late Payment of Commercial Debts (Interest) Act 1998.
- 5.5.28 To ensure that invoices are passed promptly for payment once all the necessary checks have been carried out in order for the Council to ensure that invoices are paid within 30 days of receipt.
- 5.5.29 To make payments to contractors on account of contracts only on a certificate issued by the appropriate Assistant Director, or an employee nominated by him in writing for the purpose. A certificate issued by a private architect, engineer or consultant engaged by the Council must be countersigned by the appropriate Assistant Director or nominee.
- 5.5.30 To authorise every extra or variation, in writing, unless carried out by a private architect, engineer or consultant or nominated employee and subject to the provisions of the contract in each case.
- 5.5.31 To ensure that any variation or extra, which exceeds £20,000 or 2.5% of the contract value whichever is the greater, is reported to the Executive as soon as practicable, setting out any measures which may be available to minimise the additional cost.
- 5.5.32 To report to the Executive on the final cost of any capital scheme.  
Where the total cost of the contract exceeds the contract sum by 5% in the case of contracts of less than or equal to £500,000 and 2.5% in the case of contracts in excess of £500,000 a report on the cost shall, after agreement of the final account, be made to the Executive. For the purposes of this regulation the contract sum shall include any increases or decreases made under price adjustment clauses.
- 5.5.33 To seek legal advice on claiming liquidated damages where completion of a

contract is delayed and to report accordingly to the Executive.

- 5.5.34 To ensure that employees are aware of the code of conduct for local government employees.
- 5.5.35 To ensure that loans, leasing or rental arrangements are arranged only by the Section 151 Officer, who has authority to approve operating leases without prior Executive approval providing there is no impact on the Council's capital resources. A notice period of (up to) four months is required for full details of requirements.
- 5.5.36 To notify the Section 151 Officer of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Section 151 Officer and, in any case, not later than a date specified by the Section 151 Officer from year to year.
- 5.5.37 With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the Section 151 Officer the systems and procedures to be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of subcontractors' tax status.
- 5.5.38 To notify the Section 151 Officer immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- 5.5.39 To ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the Council's record retention schedule.

## **5.6 Payments to Employees and Members**

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

### **Key Controls**

- 5.6.2 The key controls for payments to employees and Members are:
- (a) Proper authorisation procedures are in place and there is adherence to corporate timetables in relation to:

starters  
 leavers  
 variations  
 enhancements

and that payments are made on the basis of timesheets or claims

- (b) Frequent reconciliation of payroll expenditure against approved budget and bank account are undertaken
- (c) All appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule
- (d) That HMRC regulations are complied with.

### **Responsibilities of the Section 151 Officer**

- 5.6.3 To arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date.
- 5.6.4 To record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions.
- 5.6.5 To make arrangements for payment of all travel and subsistence claims or allowances.
- 5.6.6 To make arrangements for paying Members travel or other allowances upon receiving the prescribed form, duly completed and authorised.
- 5.6.7 To provide advice and encouragement to secure payment of salaries and wages by the most economical means.
- 5.6.8 To ensure that there are adequate arrangements for administering superannuation matters on a day-to-day basis.

### **Responsibilities of Extended Leadership Team**

- 5.6.9 To ensure appointments are made in accordance with the regulations of the Council and approved establishments, grades and scale of pay and that budget provision is adequate.
- 5.6.10 To notify the Section 151 Officer as soon as possible and in the form prescribed by them, of all matters affecting the payment of salaries, wages and pension emoluments, in particular:
  - (a) appointments, resignations, dismissals, suspensions, secondments and transfers

- (b) absences from duty for sickness or other reasons, apart from approved leave with pay.
- (c) details of approved leave with pay which has been authorised for any employee who is leaving the Council's service.
- (d) changes in remuneration, other than pay awards and agreements of general application.
- (e) information necessary to maintain records of service for pensions, income tax, national insurance and similar payroll related data.

5.6.11 To ensure that adequate and effective systems and procedures are operated, 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.  
 all salary related input data is received by the Section 151 Officer by the 5<sup>th</sup> working day of the month in which the payment is to be made.

5.6.12 To ensure that all time records or other pay documents are in a form prescribed or approved by the Section 151 officer and are certified in writing by, or on behalf of, the Assistant Director. The names of employees authorised to countersign these records shall be sent to the Section 151 officer by each Assistant Director, together with specimen signatures and any changes which may occur from time to time.

5.6.13 To ensure that payroll transactions are processed only through the payroll system. Assistant Directors should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. The HMRC applies a tight definition for employee status, and, in cases of doubt, advice should be sought from the Assistant Director of HR & OD

5.6.14 Where necessary to certify travel and subsistence claims and other allowances and to submit them, together with any supporting documents (including appropriate VAT receipts for fuel purchases in support of mileage claims subject to any exceptions that may be agreed by the Section 151 officer), to the Section 151 officer in the approved form, made up to the last day of the month. Claims should be submitted for the previous month (wherever possible) in line with the deadlines published on the intranet. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the Council ensuring that cost-effective use of travel arrangements is

achieved. Employees claims submitted more than three months after the expenses were incurred will be paid only with the express approval of the Section 151 officer. Due consideration should be given to tax implications and the Section 151 officer be informed where appropriate.

5.6.15 To ensure that the Section 151 Officer is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.

5.6.16 To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.

5.6.17 To ensure that the Section 151 Officer is regularly provided with the names of employees currently authorised to countersign these records together with specimen signatures.

### **Responsibilities of Members**

5.6.18 To submit claims for Members' travel and subsistence allowances on a regular basis to the Assistant Director Law and Governance using the prescribed form and including all supporting documents within two months of the meeting to which they apply. Exceptions to this rule are at the discretion of the Section 151 Officer.

## **5.7 Taxation**

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

### **Key Controls**

5.7.2 The key controls for taxation are:

- (a) Budget managers are provided with relevant information and kept up to date on tax issues
- (b) Budget managers are instructed on required record keeping
- (c) All taxable transactions are identified, properly carried out and accounted for within stipulated timescales
- (d) Records are maintained in accordance with instructions
- (e) Returns are made to the appropriate authorities within the stipulated timescale.

### **Responsibilities of the Section 151 Officer**

- 5.7.3 To complete all HMRC returns regarding PAYE.
- 5.7.4 To complete a monthly return of VAT inputs and outputs to HMRC.
- 5.7.5 To provide details to the HMRC regarding the construction industry tax deduction scheme.
- 5.7.6 To maintain up-to-date guidance for Council employees on taxation issues.

### **Responsibilities of Extended Leadership Team**

- 5.7.7 To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HMRC regulations.
- 5.7.8 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- 5.7.9 To ensure that all persons employed by the Council are added to the Council's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.
- 5.7.10 To follow the guidance on taxation issued by the Section 151 officer.

## **5.8 Trading Accounts and Units**

- 5.8.1 Trading accounts and business units are important as local authorities have developed a more commercial culture. Authorities are required to keep trading accounts for services provided on a basis other than straightforward recharge of cost.

### **Responsibilities of the Section 151 Officer**

- 5.8.2 To advise on the establishment and operation of trading accounts and business units.

### **Responsibilities of Extended Leadership Team**

- 5.8.3 To consult with the Section 151 officer and the Assistant Director Law and Governance & Monitoring Officer where a business unit wishes to enter into a contract with a third party where the contract expiry date exceeds the remaining life of their main contract with the Council. In general, such

contracts should not be entered into unless they can be terminated within the main contract period without penalty. Reference should be made to the Contract Procedure Rules and legal advice must be sought.

- 5.8.4 To observe all statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged, and to produce an annual report in support of the final accounts.
- 5.8.5 To ensure that the same accounting principles are applied in relation to trading accounts as for other services or business units.

## **6. External Relationships and Partnerships**

### **6.1 Introduction**

- 6.1.1 The Council provides a leadership role for the community and brings together the contributions of various stakeholders. It also acts to achieve the promotion or improvement of the economic, social or environmental well-being of its area.

### **Partnerships**

- 6.1.2 The Executive is responsible for approving delegations, including frameworks for any proposed partnerships.
- 6.1.3 The Executive can delegate functions – including those relating to partnerships – to officers. These are set out in the scheme of delegation that forms part of the Council's constitution. Where functions are delegated, the Executive remains accountable for them to Full Council.
- 6.1.4 The appropriate member of the Leadership Team will represent the Council on partnership and external bodies, in accordance with the scheme of delegation.
- 6.1.5 The Section 151 Officer must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. He or she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. He or she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- 6.1.6 Assistant Directors are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

## 6.2 Partnerships

6.2.1 A partnership is an agreement between two or more independent bodies to work collectively to achieve an objective. Partnerships play a key role in delivering community strategies and in helping to promote and improve the well-being of the area. Local authorities are working in partnership with many outside bodies – public agencies, private companies, community groups and voluntary organisations. Local authorities still deliver some services, but their distinctive leadership role is to bring together the contributions of various stakeholders. They therefore need to deliver a shared vision of services based on user wishes.

6.2.2 Local authorities mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations. Local authorities are measured by what they achieve in partnership with others.

### General

6.2.3 The main reasons for entering into a partnership are:

- (a) clear objectives and timescales which can be better achieved together
- (b) the ability to access new resources
- (c) the provision of new and better ways of delivering services
- (d) the creation of new relationships.

6.2.4 A partner is defined as either:

- (a) an organisation (private or public) undertaking, part funding or participating as a beneficiary in a project or a body whose nature or status give it a right or obligation to support the project.

or

- (b) a body whose nature or status gives it a right or obligation to support the project

6.2.5 Partners participate in projects by:

- (a) acting as a project deliverer or sponsor, solely or in concert with others
- (b) acting as a project funder or part funder
- (c) being the beneficiary group of the activity undertaken in a project.

6.2.6 Partners have common responsibilities:

- (a) to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation
- (b) to act in good faith at all times and in the best interests of the partnership's aims and objectives

- (c) to be open about any conflict of interests that might arise
- (d) to encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors
- (e) to hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature
- (f) to act wherever possible as ambassadors for the project.

### **Key Controls**

6.2.7 The key controls for Council partners are:

- (a) If appropriate, to be aware of their responsibilities under the Council's Financial Procedure rules and Contract Procedure Rules
- (b) To ensure that risk management processes are in place to identify and assess all known risks
- (c) To ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise
- (d) To agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences
- (e) To communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.
- (f) A partnership agreement should be in place containing details of how resources will be pooled and controls will be operated in partnership spending.
- (g) Regular spending statements should be available to all parties.

### **Responsibilities of the Section 151 Officer**

6.2.8 To advise on effective controls that will ensure that resources are not wasted.

6.2.9 To advise on the key elements of funding a project. They include:

- (a) a scheme appraisal for financial viability in both the current and future years
- (b) risk appraisal and management
- (c) resourcing, including taxation issues
- (d) audit, security and control requirements
- (e) carry-forward arrangements.

6.2.10 To ensure that the accounting arrangements are satisfactory.

### **Responsibilities of Extended Leadership Team**

- 6.2.11 To maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the Section 151 Officer. NB a contract for services is NOT a partnership.
- 6.2.12 To ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared for the Section 151 Officer.
- 6.2.13 To ensure that such agreements and arrangements do not impact adversely upon the services provided by the Council.
- 6.2.14 To ensure that all agreements and arrangements are properly documented.
- 6.2.15 To provide appropriate information to the Section 151 Officer to enable a note to be entered into the Council's statement of accounts concerning material items.

### **6.3 External Funding**

- 6.3.1 External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Council. Local authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers. Funds from external agencies such as the National Lottery provide additional resources to enable the Council to deliver services to the local community. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the Council's overall plan.

#### **Key Controls**

- 6.3.2 The key controls for external funding are:
- (a) To ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood
  - (b) To ensure that funds are acquired only to meet the priorities approved in the policy framework by Full Council
  - (c) To ensure that any match-funding requirements are given due consideration and are affordable prior to entering into long-term agreements and that future revenue budgets reflect these requirements.
  - (d) To ensure that grant conditions are approved as appropriate by the Chief Executive, Executive Directors and Directors or the Executive, prior to acceptance of grant or implementation of any scheme or

project associated  
with the grant.

### **Responsibilities of the Section 151 Officer**

- 6.3.3 To ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts.
- 6.3.4 To ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.
- 6.3.5 To ensure that audit requirements are met.

### **Responsibilities of Extended Leadership Team**

- 6.3.6 To ensure that all claims for funds are made by the due date.
- 6.3.7 To ensure that the project progresses in accordance with the agreed project plan and that all expenditure is properly incurred and recorded.
- 6.3.8 To ensure that the terms and conditions of the grant are complied with in full.
- 6.3.9 To prepare appropriate working papers and documentary evidence to enable the Section 151 Officer to sign grant declaration forms.

## **6.4 Work For Third Parties (Charging And Trading)**

- 6.4.1 Current legislation enables the Council to provide a range of services to other bodies. Such work may enable a 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 and that such work is intra-vires.

### **Key Controls**

- 6.4.2 The key controls for working with third parties are:
  - (a) To ensure that proposals are costed properly in accordance with guidance provided by the Section 151 Officer
  - (b) To ensure that contracts are drawn up using guidance provided by the Section 151 Officer and the Head of Legal and that the formal approvals process is adhered to
  - (c) To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

### **Responsibilities of Section 151 Officer**

- 6.4.3 To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

### **Responsibilities of Extended Leadership Team**

- 6.4.4 To ensure that any necessary approvals are obtained before any negotiations are concluded to work for third parties.
- 6.4.5 To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Section 151 Officer.
- 6.4.6 To ensure that appropriate insurance arrangements are made.
- 6.4.7 To ensure that the Council minimises the risk of any bad debts.
- 6.4.8 To ensure that no contract is subsidised by the Council.
- 6.4.9 To ensure that, wherever possible, payment is received in advance of the delivery of the service.
- 6.4.10 To ensure that the department/unit has the appropriate expertise to undertake the contract.
- 6.4.11 To ensure that such contracts do not impact adversely upon the services provided for the Council.
- 6.4.12 To ensure that all contracts are properly documented.
- 6.4.13 To provide appropriate information to the Section 151 Officer to enable a note to be entered into the statement of accounts.

## APPENDIX

### Credit Card Usage Protocol

Council credit cards are used to replace other methods of ordering. Particularly where it is an emergency, if a payment is required immediately or payment is made via the internet.

Such credit cards shall be used for the payment of valid business goods and expenses only and the misuse of such cards shall be grounds for disciplinary action

Just like all forms of ordering a budget or funding stream needs to be identified prior to a purchase being made.

Where goods are being purchased for an area where the cardholder is not the budget holder, cardholders must obtain approval to purchase from the relevant budget holder. In all circumstances the cardholder must ensure that there is sufficient budget available to meet the costs of the order.

Holders of purchasing cards must use them only for the purposes for which they have been issued and within the authorised purchase limits.

Cards must not be loaned to another person but other people can place an order on behalf of the cardholder if permission is expressly granted by the cardholder for this to happen.

Cards must never be used for personal or private purchases. Only in absolutely exceptional circumstances should cash be withdrawn using the card and receipts must then be provided for all items of that cash expenditure.

If in doubt advice should be sought from the Assistant Director of Finance & Section 151 Officer

#### **Prevention against Fraud**

Reasonable precautions should be taken to prevent fraudulent use of the card. Corporate Cards should not be used by anyone other than the named card holder (unless express permission is given by the cardholder) and PIN numbers (if applicable) should not be written down or disclosed to third parties.

Cardholders should also take care when giving out card details over the phone. The cardholder (or those ordering on the cardholders' behalf) should always initiate the

phone call and be certain that it is the correct person they are giving the card details to.

Users should avoid providing their full card details on any application/registration forms. It is safer to provide the details by phone.

Users should ensure that any purchases placed via the internet are made at secure and reputable web sites.

Card details should never be sent by email.

### **Budget and Payment Process**

Users should use the card as if using a debit card or any other credit card.

Users should ensure that any purchases placed via the internet are made at secure and reputable web sites.

The card holder is solely responsible for every transaction processed on their card and must obtain an itemised receipt/payment confirmation for each transaction.

Expenditure will come through in a statement and the card user will be contacted to identify which budget it should be charged to

Statements will be reviewed and reconciled monthly by Finance but it is the responsibility of budget holders to ensure cards are used appropriately and purchases have an auditable trail.